ATH
Group of Companies

Amalgamated Telecom Holdings Limited and Subsidiary Companies | ANNUAL REPORT 2014

ATH Group of Companies

Vision Statement

"To be an internationally competitive ICT investment company in the Pacific".

Mission Statement

"To enhance shareholder value by pursuing areas that leverage off our core investment in ICT".

Values

ATH's values are:

Integrity

Practising good corporate governance and being faithful to our stakeholders.

Accountability

Helping our stakeholders understand how we make decisions, taking ownership and being answerable and responsible for our actions.

Innovation

Being at the forefront of product development and offerings.

Efficiency

Delivering on time, and getting things right the first time.

Effectiveness

Ensuring that our business is aligned with, and ultimately contributes to, the achievement of our vision.

Goals

ATH's goals are:

- Enhance shareholder value.
- Exploit convergence between the information and telecommunication sectors to enter new areas of business.
- Acquire existing businesses or create and invest in newly established businesses to achieve growth.
- Become a company operating internationally and prominent in the Pacific.
- Adopt international best practices, standards and methods of operation.

Amalgamated Telecom Holdings Limited and Subsidiary Companies

On the regulatory front, it is important for regulators and the Commerce Commission to realise that the ICT industry ecosystems are extremely resource and capital-intensive with long investment cycles. Regulatory foresight is required in ensuring that efficient price signals are relayed to investors and that the returns on these capital investments support the ongoing reinvestment and innovation critical for the long-term benefit of end users and the sustainability of the industry.

Dear Shareholders

It is my pleasure to announce a Group consolidated profit after tax of $14.469 million attributable to the members of the holding company for the financial year ended 31 March 2014 (FY 2013/2014).

We have concluded another year of customer-centric service to the nation hence strengthening our position as the pre-eminent provider of telecommunication services to the community in Fiji and in the region.

Our financial performance has been robust despite the intense competition faced in the telecommunications sector. ATH Group's products and services remain the prime choice of Fijian consumers in terms of quality, functionality and affordability.

The result this year has come about from some hard decisions including the refreshing of infrastructure and the continuing restructure undergone over the past four years. This culminated with the acquisition of the remaining 51% shareholding in FINTEL from the Government of Fiji, which is a key step in ensuring end-to-end delivery of services.

Our forward-looking investments in next-generation technology and network infrastructure are ushering in the future of telecommunications to Fiji. As a result, in FY 2013/2014, your company has the distinction of being the first country in the South Pacific to commercially launch 4G mobile services, driving the digital age of mobile broadband services.

More importantly, the ATH Group of Companies is now seeking growth opportunities and the past financial year witnessed some of these initiatives. The first is the connecting of Vanuatu to Fiji through submarine optical fibre cable. This follows on from the earlier launch of the Tonga to Fiji submarine cable and these initiatives make the group a key player on a regional basis and set the platform for further collaboration and expansion.

It is now accepted that traditional telecommunications companies are challenged by the natural substitution of high-margin voice and text messaging services (SMS) by Voice over IP (VOIP) and Instant Messaging (IM) alternatives, which run over the top of broadband and Internet services.

On the regulatory front, it is important for regulators and the Commerce Commission to realise that the Information and Communications Technology (ICT) industry ecosystems are extremely resource and capital-intensive with long investment cycles. Regulatory foresight is required in ensuring that efficient price signals are relayed to investors and that the returns on these capital investments support the ongoing reinvestment and innovation critical for the long-term benefit of end users and the sustainability of the industry.

Given adequate level of support, the ATH Group of Companies will take leadership in delivering ubiquitous, high quality and affordable digital connectivity to customers in all markets that we operate in.

ATH has played a significant role in connecting people in Fiji and now the Pacific to each other, thereby improving business opportunities, standard of living and breaking down barriers that once prevented seamless business and living.

Economic Outlook

During FY 2013/2014, Fiji's economy grew by an estimated 3.6%, better than initially forecasted. For the coming year this figure is expected to increase to 3.8%. There was low inflation and continuing record low interest rates. During the year the Government of Fiji demonstrated a consistent policy of aggressively investing in infrastructure projects, development of rural infrastructure and transportation networks.

The successful upgrades provided by infrastructure projects, together with modern ICT infrastructure and sound policy is a key enabler of a sustainable, vibrant Fijian economy that will generate economic growth.

It is clear that ATH, through its subsidiary companies, will continue to play a leading role in the national economies that the group participates in.

Group Results

The ATH Group has been able to achieve good results despite the challenging economic times. Consolidated sales revenue for the ATH Group grew by 4% taking revenue to $281 million. This is due to the strong and continued growth in Internet and broadband services across the key operating companies.

The consolidated profit after income tax attributable to the members of the holding company for the financial year

Fiji and the region are at the cusp of momentous developments that are arising from a rejuvenation of multiple sectors of the economy. It is my belief that the next generation of ICTs and empowering digital services will be a pivotal driver of the nation's development and inclusiveness objectives.

In the year ahead, the ATH Group looks to make several beachheads and forward-looking investments towards a vibrant digital future. We excitedly anticipate the benefits that would accrue to the country, company and all Fijians alike in the years ahead.

was $14.469 million. In the previous financial year, the members of the holding company recorded a consolidated loss after income tax of $15.905 million.

The holding company achieved a higher profit after income tax in the current financial year of $22.027 million compared to $16.547 million for the previous financial year.

In line with the performance of the ATH Group of Companies and taking into account forward investment requirements for growth and capital expenditures to serve the explosion in demand for mobile broadband and fixed broadband digital services, the Board of Directors is happy to propose for shareholders' consideration a full year's dividend of 5 cents per share of which 3 cents was paid as interim dividend and 2 cents recommended as final dividend, representing 146% of consolidated profit after income tax attributable to members of the holding company.

Cash flow remained healthy with the Group recording consolidated EBITDA of $93.109 million resulting in free cash flow of $43.717 million, after capital expenditures and acquisitions.

Key Personnel Changes

During the year, several key personnel changes took place. Telecom Fiji Limited appointed Mr Mothilal De Silva as Chief Executive Officer in September 2013. Mr De Silva has been appointed for an initial two-year term. He has 14 years of executive management experience within the telecommunications and technologies industries and has expertise in next generation telecommunications technologies.

Another major change is the departure of FINTEL Chief Executive Officer, Mr Ioane Koroivuki, who elected not to be reappointed at the conclusion of his contract. Mr Koroivuki had served close to 34 years with FINTEL at his departure. The Boards of ATH and FINTEL acknowledge his contribution to the company and wish him well in the future. Mr George Samisoni, who has also been with FINTEL for 34 years, has been appointed Acting CEO.

As of this report, Mr Aslam Khan who was the founding CEO of Vodafone Fiji, has retired after over 20 years of dedicated service to the company and to the industry as a whole. Mr Pradeep Lal who has over 10 years of working at Vodafone under the leadership of Mr Khan, takes over as CEO.

On behalf of the shareholders and the Board, I would like to thank all these gentlemen for their loyalty and hard work during some of the most difficult and challenging times faced by the industry, and I would also like to welcome the new CEOs to a rapidly changing environment filled with immense challenges and opportunities.

Looking to the Future

Fiji and the region are at the cusp of momentous developments that are arising from a rejuvenation of multiple sectors of the economy. It is my belief that the next generation of ICTs and empowering digital services will be a pivotal driver of the nation's development and inclusiveness objectives.

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Appreciation

It is my pleasure to extend my profound gratitude to our multiple stakeholders, including our customers, partners, suppliers, shareholders and, most importantly, our dedicated team of people who work for the ATH Group and to the respective CEOs and the management teams that lead the different teams that together number 785 people.

The day-to-day guidance, support and advice I receive from the fellow members of the Board are as always required and much appreciated.

Ajith Kodagoda
Chairman

Data and Broadband Drives Group Growth

The consolidation and restructure in the ATH Group over the past four years has brought a focus to each of the subsidiaries' outlook, aligning objectives and enhancing co-operation in areas of mutual benefit. The process of disrupting some businesses and shedding others has not been a trivial exercise, however, it was necessary to clearly map our position into the future.

Originally a legacy telecommunications company, ATH is now moving full steam ahead in areas such as data and broadband Internet services. Data and broadband Internet take-up and usage was a key growth factor this business year, continuing a trend that emerged as the availability and affordability of smart phones and tablets increased. This growth in usage is reflected in a corresponding growth in revenue from these streams.

In the 2013 annual ITU survey titled *Measuring the Information Society*, Fiji was ranked 12th out of 28 countries in Asia and the Pacific region - one rank below China - in the ICT Development Index. Fiji is ranked ahead of Papua New Guinea, Solomon Islands, Tonga and Tuvalu but impressively it also ranks ahead of some large Asian countries such as Indonesia and the Philippines. This underscores the important contribution of the ATH Group, in driving towards the goals of Fiji's broadband and ICT policies by getting people connected through mobile and Internet technologies.

In July 2013, the first allocation of radio spectrum by auction encompassing 4G LTE (Long-Term Evolution) technology deployment was conducted by the Department of Communications. A total of 105 Mhz of spectrum was auctioned in the 700, 800 and 1800Mhz bands. Vodafone Fiji Limited (VFL) and Telecom Fiji Limited (TFL) won frequency allocations in the auction, with both companies securing the allowed maximum of 30Mhz each. This has enabled VFL to roll out its much-anticipated 4G services and will allow TFL to upgrade its broadband offerings.

In June 2013, FINTEL successfully facilitated Tonga's fibre-optic cable to the SCCN via FINTEL's Vatuwaqa Communications Centre, the first Pacific Island cable system to be landed there. A second connection between Vanuatu and Fiji was completed in early 2014. Both Tonga and Vanuatu are now able to directly benefit from the high speeds available on the Southern Cross Cable, allowing individuals and businesses in those countries to access broadband Internet, and high-speed data services. Just as the rapid modernisation of communications technology and services has propelled Fiji upwards on the ICT Development Index, connecting our Pacific Island neighbours will be key enablers in their respective economies for e-commerce, e-education, e-health and e-government. Indeed both countries have reported spectacular growth in total international bandwidth consumption as a result of being connected to the world via submarine optical fibre.

As part of the restructure the Group is undergoing to rationalise its business, in December 2013 the holding company sold its 51% shareholding in Pacific Emerging Technologies (Fiji) Limited to the minority shareholder for $850,000. The sale will enable ATH to focus on those aspects of the telecommunications business that it does best.

Telecom Fiji Limited

TFL's Internet and data revenue streams continued strong growth, with a $1.45 million increase over the previous year. The company achieved total turnover of $83.7 million. A cost-rationalisation programme saw the streamlining of business processes and reduction in overall operational costs such as human resources and motor vehicle fleet. Voice revenue continued its decline, reflecting the global trend, as traditional services are substituted for Internet-enabled services.

The highly competitive telecommunications market in Fiji has pushed TFL to adapt its pricing strategy in light of the strong competition. While this has resulted in a decline in gross margins, the company has been able to secure customers and achieve continued volume growth, especially in broadband data and Internet services where TFL achieved the strongest growth.

The increase in direct costs of approximately $4 million was offset by similar reductions in personnel, operating and finance costs. As part of the restructure in December 2013 to March 2014, TFL head count reduced by 170. While the year ended with a net loss after taxes (NPAT) of $15.4 million compared to a loss of $4.1 million the prior year, the significant increase in net loss during the current year is due to a one-off adjustment accounting for the impairment of near-obsolete telecommunications equipment of $8.1 million and other one-off costs.

As Vodafone continued its 3G network rollout and launch of its 4G LTE services, TFL was instrumental in providing

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the optical fibre backhaul and bearer network to make this a reality. Given the immense speeds now being delivered by wireless technologies, traditional microwave radio backhaul technologies are no longer able to support these new demands. With an extensive optical fibre network already deployed, TFL is in an ideal position to support the broadband rollouts of all network providers.

TFL also looks to continue pursuing growth opportunities in the broadband space and at the time of this report, has commercially launched Infinity, its "fibre to the home" service. This is a landmark achievement for the company, again putting Fiji on the map as one of the first Pacific Island countries to deliver fibre to the home.

Vodafone Fiji Limited

Vodafone Fiji continued a trend of strong growth driven largely by data connections and the demand for Internet-enabled devices, including smart phones and tablets. As covered by the Chairman, the technological highlight of the year was the introduction of 4G LTE services in late 2013.

A fourth consecutive year of growth was recorded with all key performance indicators closing higher than previous years. Vodafone closed the financial year with an increased NPAT of $39.0 million. Sales revenue increased by $7.3 million, anchored by voice and SMS which remain the main revenue contributors while data revenue showed the strongest growth. Though cost of sales increased by $9.3 million this was largely offset by reduction in key operational and finance cost.

While Vodafone took the difficult decision of recording a $69 million loss on disposal of its network in the last financial year, the impact of that has been made up by the gain in operational efficiencies achieved.

Vodafone continues its reputation as a reliable and dependable service provider offering various networking solutions, especially in the corporate and business segments, making Vodafone a one-stop shop. The introduction of 4G LTE prompted a rapid uptake of the service in the corporate business market as Vodafone's broadband Internet has proven to be the fastest in Fiji. In the retail and consumer segment, voice revenues were challenged by over-the-top smart phone applications, but this was moderated by sustained voice call promotional campaigns and bundled offers throughout the year.

Additionally, 20 new base stations were commissioned increasing network capacity and boosting network activity and airtime usage.

FINTEL

Fiji International Telecommunications Limited's internal restructure and a re-focusing on core business have brought a turnaround from the negative financial results of the previous year. FINTEL recorded a net profit after tax (NPAT) of $6.3 million for FY 2013/2014. The positive growth, including a 37.9% revenue increase, is a significant improvement from the Net Loss after tax of $2.6 million for the last financial year.

A decline in international voice revenues, previously one of FINTEL's major revenue streams, meant a review of business strategies was necessary.

In August 2013, ATH acquired the remaining 51% of shares held in FINTEL by the Government of Fiji for $9 million.

In March 2014, FINTEL sold its freehold land and building in Suva, known as Mercury House, to the ultimate parent entity, Fiji National Provident Fund for $4.6 million, with a net gain after Capital Gains Tax (CGT) of $1.2 million made on the sale.

These transactions enabled ATH and FINTEL to focus on its core business operations. In an earlier restructuring, both Kidanet and FINTEL achieved headcount reduction of 24 to reflect the market environment the companies operate in. Furthermore, collaboration with Telecom Fiji has seen improvement in infrastructure utilisation and capital efficiency as the companies now collaborate to meet the requirements of retail broadband customers.

Connection to other Pacific Islands and taking advantage of the revenue stream generated by connecting these countries to the Southern Cross Cable Network has been an important development to help stabilise FINTEL revenues. More importantly, the relationships established will be an important element of bringing about wider participation of the ATH Group in the Pacific Islands and helping to foster greater collaboration with operators in these markets.

Fiji's international capacity usage on the Southern Cross Cable has increased five-fold, from 1Gbps in 2009 to 5Gbps in 2013 as broadband Internet demand remains strong

In the 2013 annual ITU survey titled Measuring the Information Society, Fiji was ranked 12th out of 28 countries in Asia and the Pacific region - one rank below China - in the ICT Development Index. Fiji is ranked ahead of Papua New Guinea, Solomon Islands, Tonga and Tuvalu but impressively it also ranks ahead of some large Asian countries such as Indonesia and the Philippines.

with mobile broadband service penetration increasing significantly.

For the long-term, the twin challenges of demand growth and persistent price and margin erosion continues to be a challenge to the business. On this front, given that FINTEL operates under comprehensive price regulation, there needs to be adequate consideration given to ensure that such prices generate sufficient return to capital, to enable sustained investment in the future to ensure that Fiji continues to reap the benefits of being connected to the world through high speed submarine optical fibre cables.

FINTEL is a key strategic asset not just for the ATH Group but for the country and increasingly for the region as well because it is the key means by which Fiji, Tonga and Vanuatu are connected to the world. As we continue to expect exponential volume growth in evolving to an interconnected digital future, the prime focus of the company will be to ensure the robustness and resilience of the services it provides to its customers.

Fiji Directories Limited

With the digital evolution firmly under way, Fiji Directories Limited looked to secure the key contributions of its printed directory while focussing development on the company's online search products and applications during the year. While the printed Fiji Telephone Directory remains the market leader as a local search resource, this will undeniably migrate towards online search as broadband Internet and smart phones and devices become ubiquitous. During FY 2013/2014, an average of 30,000 online users a month was recorded, a 270% increase over the previous year. Online search is dominated by the biggest Internet companies in the world, however, local providers are able to succeed and provide value with their intimate knowledge of the local context that delivers relevant results to end users.

There was significant growth in the sales revenue of the business in comparison to the last financial period. Total revenue was $4.4 million for the financial year, an increase of 8.1% against the previous financial year. Print sales revenue recorded a 7.6% increase; new business increased by 6.3%, while online revenue increased by 38.4% on a year-on-year basis. Overall the company achieved a net profit after tax of $1.6 million, an increase of 9.9% in comparison to the previous year.

Fiji Directories Limited will continue to grow its print sales, while also recognising the huge potential in digital innovations and the opportunities to grow its product portfolio.

Vodafone ATH Fiji Foundation

The Vodafone ATH Foundation is the Corporate Social Responsibility vehicle through which the ATH Group applies the benefits of its technologies and resources towards achieving social good. The Foundation's total social investment during FY 2013/2014 amounted to $633,068.

The focus over the past year has been on embedding mobile technology in the Foundation's mainstream programmes to promote inclusion in education and improve social mobility.

Looking to the Future

While realigning ATH Group's core objectives has not been easy, the benefits of doing so have been realised broadly through the companies. Improved cooperation, integration and synergies within the businesses brought better focus to what we do. We continue to strive for improved efficiencies and effectiveness in our companies. More importantly, the Group is now actively exploring its options for growth and collaboration both with its existing operating companies and also with our regional neighbours and partners.

The ATH Group continues to deliver sound results. We have mentioned in previous years that the core voice and messaging revenues are being disrupted by newer online services and models, most notably, the impact of over-the-top applications and web services.

In the midst of this disruption there are also excellent opportunities for growth. For example, while the Internet is the key force behind the tremendous changes we are witnessing, the idea of the "Internet of Things" (also known as the "Internet of Everything") and "Mobile to Mobile" ("M2M") communications is predicting over 18 billion connected devices by 2018 instead of the initial smart phone, PCs and tablet forecasts of 6.5 billion. In short, the opportunities are immense and the force of disruption brought on by these changes will no longer be confined to the technology and communications sector but instead drive tremendous change across society.

We continue to strive for improved efficiencies and effectiveness in our companies. More importantly, the Group is now actively exploring its options for growth and collaboration both with its existing operating companies and also with our regional neighbours and partners.

These developments are already taking hold as we witness connected TVs, connected cars and wearables being rolled out as standard fare in the consumer segment and drive the next wave of connected devices that in turn drive the demand for telecommunications services.

As the landscape of the ICT sector globally changes dramatically, the ATH Group and its companies stand ready to embrace opportunities to ensure that our customers continue to receive world-class products, applications and services. We are dedicated to connecting the country and improving opportunities and standard of living for people through the widespread use of ICT. This way we can help increase productivity and the well being of society by redefining how business is conducted, generating new products and services and improving the manner in which public services are delivered.

Ivan Fong
General Manager &
Company Secretary

Board of Directors

Ajith Kodagoda
Chairman

Taito Waqa
Director

Arun Narsey
Director

Akosita Drova
Director

Tom Ricketts
Director

Umarji Musa
Director

Ivan Fong
Company Secretary &
General Manager

In accordance with the Reserve Bank of Fiji's Corporate Governance Code, ATH provides the following corporate governance statement for FY 2013/2014.

Role of the Board

The role of the Board is to assume accountability for the success of the company by taking responsibility for its direction and management in order to meet its objective of enhancing corporate profit and shareholder value.

The regular business of the Board, during its meetings, covers business investments and strategic matters, governance and compliance, the General Manager's report, and the performance of subsidiary companies.

Composition of the Board

The Board comprises of seven Non-Executive Directors of which four are Strategic Investor Directors appointed by FNPF and three are Fiji Directors appointed by Government.

The Directors in office on 31 March 2014 are:

Name		Date of Appointment
Ajith Kodagoda	Fiji Director	16 July 2009
Akosita Drova	Fiji Director	27 August 2013
Umarji Musa	Fiji Director	23 August 2010
Taito Waqa	Strategic Investor Director	21 August 2008
Arun Narsey	Strategic Investor Director	01 September 2010
Tom Ricketts	Strategic Investor Director	06 August 2009

As at 31 March 2014 there is one vacant position on the Board.

The directors are appointed in line with the company's Memorandum of Association and are elected at the company's Annual General Meeting. One third of Fiji Directors retire by rotation each year and is eligible for re-election. The FNPF is excluded from participating in this election process.

A total fee of $59,855 was paid to Directors for their service during the year in accordance with the shareholders resolution at the 15th Annual General Meeting. The company also met other expenses mainly for travel and accommodation which were incurred during the course of their duties for ATH. Directors were also covered under a Directors' and Officers' Insurance Policy and a Personal Accident Insurance Policy.

The Board met six times during FY 2013/2014. Attendance was as follows:

Director	Number of Meetings Entitled to Attended	Number of Meetings Attended	Apologies Received
Ajith Kodagoda	6	6	0
Akosita Drova	2	1	1
Taito Waqa	6	4	2
Arun Narsey	6	6	0
Tom Ricketts	6	5	1
Umarji Musa	6	6	0

Board Sub-Committees

The Board has formally constituted three committees: the Corporate Governance Committee, the Audit and Finance Committee and the Human Resources Committee. The Corporate Governance Committee comprises of all the Directors, and is also chaired by the Board Chairman.

The Corporate Governance Committee is responsible for ensuring that the Board operates effectively and efficiently and that the company has appropriate employment practices.

The Human Resources Committee is responsible for advising the Board on human resources issues which includes the remuneration and conditions of employment of the General Manager and senior management and succession planning.

The Audit and Financial Commitee is responsible for monitoring ATH's financial plans and strategies, monitoring the external audit of the company's affairs, reviewing the quarterly and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange requirements.

General Manager and Company Secretary

Mr Ivan Fong is the General Manager for ATH. The General Manager is responsible for developing and implementing business strategies and policy guidelines; managing budgets, financial report and key performance indicators; providing company secretarial duties and functions; ensuring compliance with regulatory and statutory requirements; managing effective relationships with internal and external parties; and leading and developing a team of staff.

Timely and Balanced Disclosure

As a listed company, ATH is subject to the rules and regulations for listed companies as set out by the South Pacific Stock Exchange and Reserve Bank of Fiji. This includes market announcements of material information, six monthly unaudited financials, audited financials and annual report.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. ATH believes that all Directors and executives uphold the code of conduct and ethical standards of the company.

Register of Interests

A register of interests is maintained by the company in line with the code of conduct.

Rights of Shareholders

In line with South Pacific Stock Exchange's requirements, the company issues market announcements of material information, six monthly unaudited financials, audited financials and annual report. The same information is posted on SPSE and ATH websites. All shareholders are invited to the AGM and are given an opportunity to communicate directly with the Board of Directors.

Accountability and Audit

ATH is audited annually by an independent external auditor. The company also has an Audit and Finance Committee which provides oversight of the company's internal controls and operations, verifying and safeguarding the integrity of the company's financial reporting.

Risk Management

The Directors of the company are always mindful of potential risks that may arise in the course of its business. While the company does not have a separate Risk Management Committee it has contingencies to address this as the need arises.

Establishment and Ownership

Amalgamated Telecom Holdings Limited ("ATH") was incorporated as a public company on 10 March 1998, as a vehicle through which the Fiji Government's investments in the telecommunications sector were consolidated for the purpose of privatisation under its public sector reform programme.

ATH commenced operations on 16 December 1998 following the sale of a 49% strategic stake in the company to the Fiji National Provident Fund ("FNPF") as part of a tender in which a number of international parties participated. The FNPF subsequently consolidated its control of ATH in September 1999 after it acquired a further 2% of the issued shares in accordance with contractual obligations. Government's shareholding as a result, was reduced to 49%.

In February 2002, Government sold a further 9.7% of its shares through a Private Placement with institutional investors, including the FNPF, which acquired further shares. An additional 4.7% of Government's shares were sold in a Public Offer a month later. Government is currently ATH's second largest shareholder with 34.6% interest, while the FNPF is the largest shareholder with 58.2%.

The Company

ATH is Fiji's principal telecommunications holding company, through its investments and provision of direct services in a broad range of telecommunications and related services. The principal activities of the ATH Group include provision of:

- voice, internet and data related services;
- business communications solutions;
- ICT and surveillance products;
- Transaction management and prepaid services;
- directory information services;
- Business Processing Outsourcing (BPO), including call centre services;
- international telecommunications facilities.

Group Structure

Telecom Fiji Limited is a 100% owned subsidiary of ATH and provides fixed telephony services, broadband internet, international voice and data connectivity, sale of telephone equipment and sale of office and computer equipment.

Fiji's telephone directory is published by Fiji Directories Limited, a joint venture between ATH (90%), and Edward H O Brien (Fiji) Limited (10%). Fiji Directories Limited's principal business activities are compiling and publishing the Fiji telephone directory and providing access to the same online.

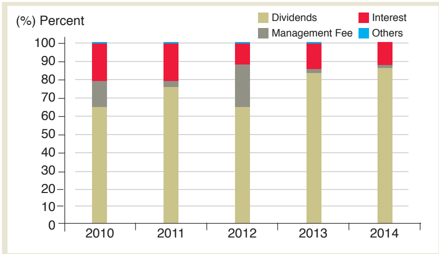
Vodafone Fiji Limited (Vodafone) is the country's leading provider of mobile telecommunications service and mobile phone money transfer service. Until 30 June 2014, it was a joint venture between ATH (51%) and Vodafone International Holdings BV (49%) (VIH). On 1 July 2014, Fiji National Provident Fund purchased VIH's 49% shareholding in Vodafone, making Vodafone fully locally owned.

ATH Technology Park Limited is a 100% subsidiary of ATH, and was established as the vehicle through which the proposed ATH Technology Park at Vatuwaqa could be developed, owned and operated. The ATH Technology Park property was sold to FNPF on 9 January 2014 for a consideration of $6.3 million.

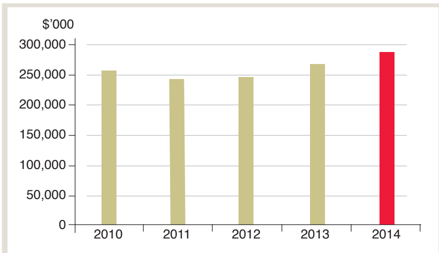
Pacific Emerging Technologies Limited (PET) was a joint venture between ATH (51%) and Pacific Electronic Commerce Pty Limited (PEC) (49%) and provided electronic payments service through its Payecomm system. ATH sold its shares in PET to PEC on 6 December 2013 for a consideration of $850,000.

Fiji International Telecommunications Limited was a joint venture between the Fiji Government (51%) and ATH (49%) which provides and operates international telecommunication facilities into and out of Fiji. On 22 August 2013 ATH acquired Government's 51% shareholding in FINTEL for a consideration of $9 million making FINTEL a 100% subsidiary of ATH.

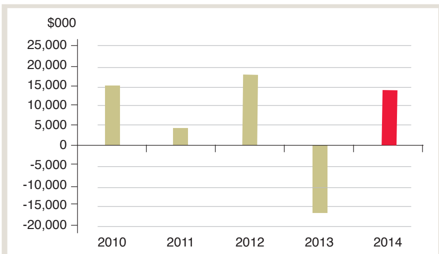
Holding Company Revenue Sources (%)



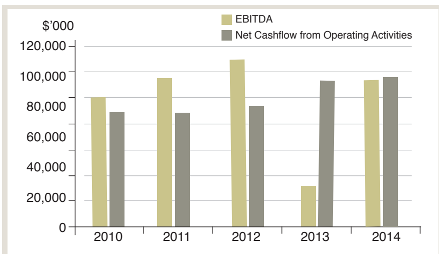
Consolidated Sales Revenue ($'000)

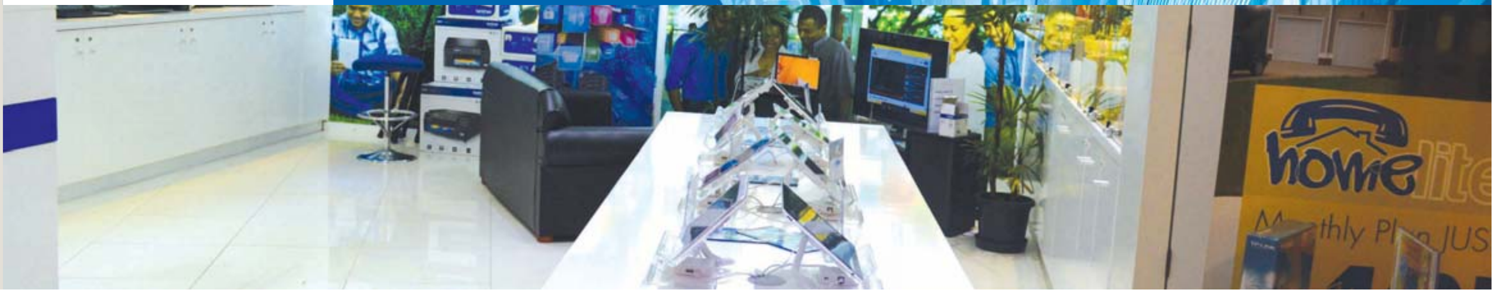


Consolidated Net Profit/Loss After Tax & Minority Interests ($'000)



Consolidated EBITDA and Net Operating Cash Flow ($'000)





TELECOM FIJI LIMITED

Tom Ricketts
Chairman

Sashi Singh
Director

Tevita Kuruvakadua
Director

Daryl Tarte
Director

Umarji Musa
Director

Mothilal DeSilva
Chief Executive Officer

Samuela Vadei
Company Secretary

Overview

In line with last year's forecast Telecom Fiji Limited continued to ramp up its drive for growing internet usage which resulted in a growth of $1.45 million in revenues for Internet and data revenue streams. This was predominantly driven by growths in residential subscriptions and increased sales of corporate data services together with the casual usage of internet services at TFL's Connect Cafes.

Telecom Fiji also continued with its cost rationalisation programme, which saw the streamlining of business processes and reduction in overall operational resources such as human capital and motor vehicle fleet. Cost savings from these rationalisation programmes are expected to be reflected in the new financial year and onwards.

Appointment of CEO

In September 2013 Telecom Fiji appointed Mothilal De Silva as its CEO with an initial term of two years. Mr De Silva is a Sri-Lankan national with over 14 years of executive management experience within the telecommunications and technologies industries and has expertise in next generation telecommunications technologies.

Overall Business Performance

The company managed to stabilise its core revenues and achieved a marginal growth that was underpinned by a strong growth in data and Internet revenues complemented by growth in equipment sales. On the flip side calling revenues continued to decline in line with global trends whereby traditional voice services are being substituted by Internet-enabled services such as instant messaging and VOIP applications. The continuing trend of fixed-to-mobile substitution also remains a challenge for Telecom Fiji's fixed line services.

The increase in direct costs of approximately $4 million was largely offset by similar reductions in personnel, operating and finance costs. The year ended with a net loss after taxes of $15.4 million compared to a loss of $4.1 million the prior year. The significant increase in net loss during the current year is attributed to the effects of one-off adjustments accounting for the impairment of near-obsolete telecommunications equipment of $8.1 million and other one-off costs.

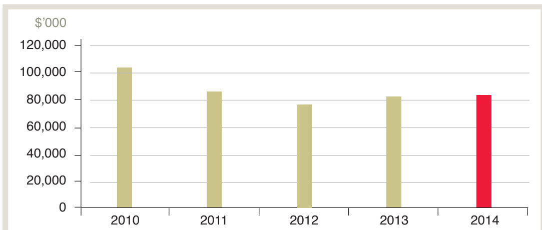
FY 2013/2014 results included a positive adjustment of $2.9 million for the sale of Telecom Fiji's Walu Bay property. Taking into account the one-off adjustments it can be concluded that the company's core operational and financial performance was similar to the prior year.

Sales and Marketing

Telecom Fiji has continued to strengthen its retail presence with the opening of the flagship TFL Shop outlets at Challenge Plaza in Lautoka and MHCC in Suva and Connect Internet Cafe in Lami Town. This retail presence has invigorated Telecom Fiji's retail sales and customer services. The company is exploring opportunities for strategic alliances with other retail outlet operators in its endeavour to further increase its retail presence.

Additionally, the company launched “Connect Unifi” which is a public WiFi service enabling both casual prepaid usage and seamless access for existing post-pay residential customers to enjoy their internet services while away from home. The Connect Unifi service is available in most towns and cities around Fiji with plans to further extend coverage into other suburbs and schools. Telecom Fiji also forged strategic partnerships with the Public Rental Board and Total service stations providing WiFi access to their customers.

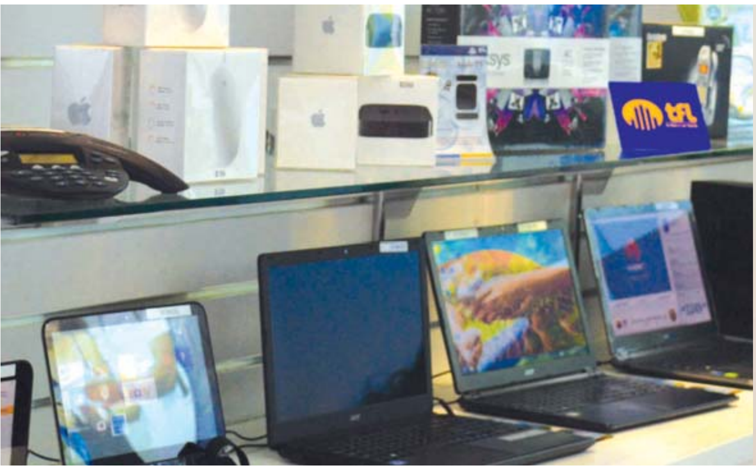
Sales Revenue



In the corporate space, Telecom Fiji continued to strengthen its relationship and win opportunities. Telecom Fiji has been engaged to upgrade the Government's core IT network infrastructure providing high-speed and high-bandwidth connectivity to key government centres throughout Fiji by means of Telecom Fiji's Optic Fibre Network. This upgrade would support the Fiji Government's e-gov and information accessibility initiatives. Telecom Fiji's Optic Fibre Network is also the enabler of Vodafone Fiji's 4G LTE network which is riding on Optic Fibre Network for backhaul transmission from its base stations.

The banking, airline and contact centre businesses, amongst others where telecommunications services are mission critical, continue to trust Telecom Fiji's network infrastructure and data centre for their business and disaster recovery needs. These are enabled through Telecom Fiji's Cloud Services which offer data centre co-location services and failover data link services.

Telecom Fiji continues to be the preferred communications solution provider given the extensive support it is able to provide for its solutions and successfully implemented Private



Automatic Branch Exchange (PABX) solutions for government departments, hospitality industry and commercial banks in the past year.

New Products and Services

Telecom Cloud Services were introduced to business customers requiring certain applications such as cloud-based surveillance, Internet security, data centre hosting and co-location. Other business applications will be introduced specifically for small and medium enterprises in future.

Connect Unifi was launched during the year to increase internet accessibility for the general public. With Connect Unifi anyone with a WiFi enabled smartphone or tablet can access internet on a prepaid or pay-as-you-go casual user basis or Connect Broadband users can use their home username and password to access the internet while being on the go. Connect Unifi is currently available in all major business centres and is being expanded to other areas including schools and other public areas.

The Flight Information Display Service was released with major hotels signing up. This service makes flight information available to hotels and resorts on a real-time basis, and is online with the flight information system at Nadi International Airport.

Connect Web Stream service has gained significant popularity not only amongst locals but also former Fiji residents and foreigners living overseas. This is a locally developed service that enables viewers to watch local content in real time either on a user-pay basis or for free. Connect Web Stream service has been used for university graduations, sporting events such as the Marist Sevens and Fiji FACT soccer tournament and many other socially relevant events such as church services.

Marketing and Corporate Social Responsibility

Telecom Fiji is proud to be a partner in the consortium sponsoring Fiji Rugby for the next five years. In addition to this, Telecom Fiji has continued its support for other events such as the Kula Film Awards, Tadra Kahani, USP Open Day, Prime Minister's Exporter of the Year Awards and the Trade Pasifika Show amongst others. Telecom Fiji believes these events positively contribute to the economy and wellbeing of Fijians.

In its efforts to support the Fiji Government's vision of accessibility to information for every citizen of Fiji, the company has provided free computers and free Internet access to rural schools along the King's Road in Viti Levu and has supported the Fiji Police's Duavata programme by donating computers and providing Internet access to some community police posts.

Cost Rationalisation and Improvements

Telecom Fiji continued with its efforts to improve cost efficiencies in line with ATH's overall initiative to streamline and consolidate operations. As a result of this programme, the company embarked on resource rescaling exercise whereby it reduced its human capital by 20% during the year. Additionally, the company's vehicle fleet was reduced by 15% together with the rationalisation of floor space in its various premises.

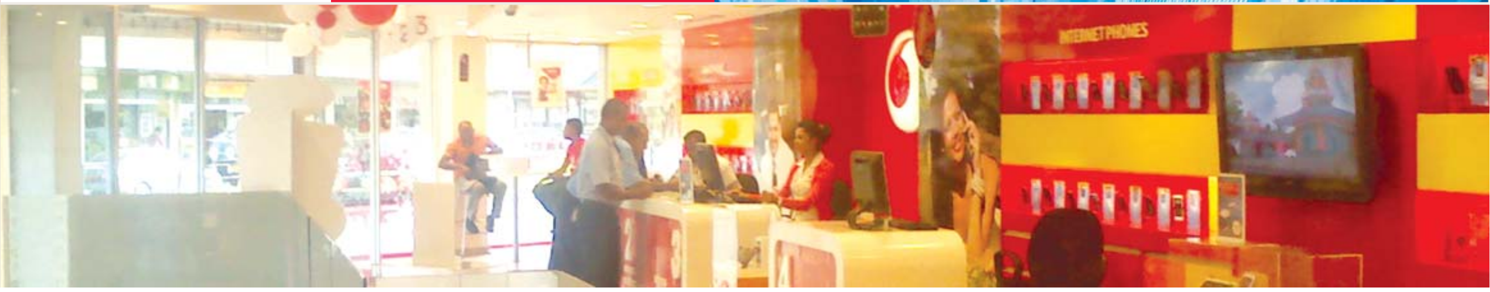
The company is currently in the process of evaluating its options in terms of surplus resources and assets including buildings.

As a result of maintaining a healthy cash flow Telecom Fiji was able to restructure its borrowings from FNPF resulting in a reduction in interests costs of the term loan .

Forecast

Telecom Fiji is optimistic that the recent streamlining and resource rationalisation exercise will bear fruits in the new financial year and future years. The immediate annualised savings relating to HR and fleet will result in an estimated $6 million contribution to EBITDA in next financial year. With the leadership of the new CEO, the company is resolute in improving its services and financial results in the new financial year.

The company will continue to strengthen its presence in the market by way of enhancing its existing products and services while introducing innovative solutions.



Ajith Kodagoda
Chairman

Isikeli Tikoduadua
Director

Robin Yarrow
Director

Russell Hewitt
Director

Fiona Harnett
Director

Anthony Zac Summers
Director

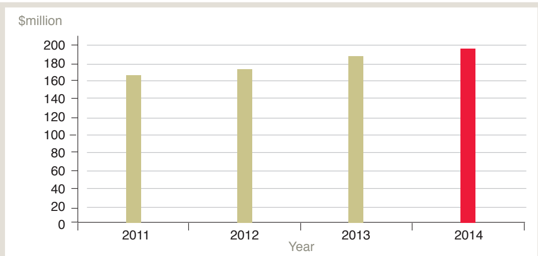
Aslam Khan
Managing Director

Pradeep Lal
Company Secretary

Vodafone Fiji scooped the prestigious President's Award for Business Excellence in 2013 and set a record for itself - it was the third such award in as many attempts. The award recognises Vodafone and reaffirms its ongoing commitment to quality and business excellence to deliver outstanding results. The independent and systematic 360-degree assessment of the business using the internationally acclaimed Malcolm Balridge Business Assessment framework is an excellent testament of Vodafone's robust business processes, systems and people to delivering world-class services to customers.

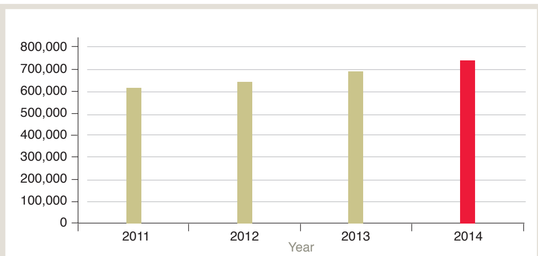
The company recorded another year of growth in subscriber numbers. The growth is driven largely by data connections with the demand for Internet-enabled devices continuing to show strong growth as global price reductions in prices for smart phones and tablets make the devices more affordable.

Revenue



The launch of Vodafone's 4G Long-Term Evolution (LTE) network combined with the expansion in coverage into new territories now takes Vodafone's broadband coverage to 96% of Fiji's population. The total mobile subscriber base for Vodafone stands at around 745,000, representing 7.3% growth over the last financial year. This growth is quite an achievement given the very competitive telecommunications sector in a maturing market with overall mobile penetration well over 100%.

Mobile Connections



The key financial performance indicators closed higher than previous years on the back of strong performance across all key revenue streams. Revenues continued to grow for the fourth consecutive year in FY 2013/2014. Voice and SMS remain the main revenue contributors while data revenue recorded the strongest growth. Voice and messaging revenues are being increasingly challenged by smart phone applications. Data products and services, in the meantime, provide a new growth opportunity for the business.

With data demonstrating strong growth opportunity, Vodafone was the first operator in Fiji to launch its 4G LTE network in December 2013, keeping Fiji on par with the rest of the world in mobile network technology evolution. Vodafone Fiji is one of the first operators in the Oceania region to launch a 4G LTE network in 2013.

Corporate & Business Marketing

Vodafone's Corporate and Business Marketing division experienced another year of steady growth over the last financial year. This was primarily driven by new and exciting offers on mobile Internet, ICT solutions, and 4G LTE Broadband.

Vodafone's Fiji's 4G LTE Broadband Internet service is proven to be the fastest Internet service in Fiji. The launch was well received in the market with rapid uptake from the corporate business market as user experience through 4G data speeds raises the bar in Fiji. 4G postpaid plans offer larger data packages starting at 30GB with free WiFi routers/pocket MiFis as add-ons. 4G mobile broadband postpaid plans include Data Angel, a unique feature that allows customers freedom, control and convenience in managing their data plans.

With the introduction of 4G LTE, Vodafone continues to stamp its mark as a reliable and dependable service provider, offering various types of networking solutions, especially in the corporate and business segments. The company has been providing WAN, IPVPN and dedicated Internet services for a number of years and has now added new services to the business solution suite. These additional business solutions include cloud and hosted services, hosted email, DNS, back-up and disaster recovery solutions. Other services include infrastructure as a service, security as a service and software as a service. These services have gained rapid popularity in the market as they have proven to be a reliable, secure, and cost-effective business solution, making Vodafone a one-stop shop for business solutions.

Retail and Consumer Market

Recharge and Voice and SMS

Whilst voice revenue still accounts for a substantial percentage of the overall revenues, it is increasingly being challenged by "over-the-top" smart phone applications. Despite this, the company still maintains voice revenues in a highly challenging

and competitive market. Sustained voice call promotional campaigns throughout the year, and bundled offers helped in maintaining voice revenues whilst the addition of some new green field sites also contributed in acquiring new voice customers. Twenty new base stations were commissioned during the financial period, increasing network capacity and coverage to boost network activity and drive airtime usage.

Similar to voice revenues, SMS revenues are also under pressure for most network operators globally due to over-the-top smart phone applications. The situation is no different in Fiji. However, value added services continue to hold revenues in the messaging space through products like Colour-Ring-Back-Tones, text subscriptions, information on demand, media partner text promotions and Vodafone's own SMS-based promotions. Highlights of the year were the Hibiscus promotion and the MH Christmas promotion that attracted the most number of premium priced texts. New features and enhancements to some of the popular VAS products have helped in acquiring new customers and repeat uptake for increased revenues.

Prepaid Data

Data remains the key growth area for the business. The upgrade to network infrastructure continued in FY 2013/2014 to cater for increased demand in data products and services. With this upgrade, the business is well positioned to capitalise on the increased demand for data products and services. A concerted and sustained data campaign known as "Redhood" was conducted during the year to create awareness for data products and services. This was supported by competitive price offering on data products such as the 3G and 4G Flashnets dongles, smart phones and tablets, which helped acquire new prepaid data customers to the network. Smart phone penetration as a percentage of customer base now stands at 30%.

Wi-Fi hotspots were also introduced in high traffic zones such as food courts, malls, picnic parks and cinema areas.

Dealers

The Vodafone dealer networks remain a key conduit for Vodafone in its distribution channel for the delivery of Vodafone's product and service to its end consumer. Enhancing the capacity and capabilities of our dealer network was a key focus for FY 2013/2014. Ongoing dealer training coupled with the introduction of a new range of products and new dealer service points continued to drive traffic into the dealer channel. Major dealers and strategic business partners have played a vital role through their outlets Fiji wide in improving Vodafone's on-ground presence, customer interface, branding and after sales customer support.

The increased demand for data products in the consumer market has prompted the need to provide convenient access and sufficient support for these products. Smart devices that provide accessibility of data services through mobile devices are readily available at dealer outlets with flexible payment options.

Sponsorships

Fiji Rugby Union

Vodafone headed a consortium to successfully win the rights to sponsor all properties under the Fiji Rugby Union umbrella. This includes the naming rights to the popular National 7s side to be now known as the Vodafone Fiji 7s. A total of $40 million worth of investment has been committed to the Fiji Rugby Union by the consortium of sponsors in the next five years for the development of the sport across all levels of Fiji Rugby. The consortium led by Vodafone and also includes Fiji Airways, C J Patel Group, Home Finance Bank and Telecom Fiji Limited.

Fiji National Rugby League

Vodafone Fiji extended its long-standing association with Fiji Rugby League with increased sponsorship to the league team. The new sponsorship deal will provide financial support for development of the sport until 2017. The once fledgling sport has grown in leaps and bounds since Vodafone's financial support eight years ago. It is now the fastest growing team sport in the country. Last year, the Vodafone Fiji Bati side participated at the Rugby League World Cup, reaching the semi-final stages.

Fiji Football Association

Vodafone Fiji, in alliance with one of its strategic business partners, has successfully renewed their sponsorship agreement with Fiji Football Association for a further five-year period for an estimated $5 million. This completes the trifecta of all three major team sports now under the Vodafone sponsorship. The football sponsorship with partner sponsors C J Patel secures all major tournaments and national league competition under the Fiji FA umbrella.

The "big three" sponsorship deal opens up new opportunities for the business for brand association, marketing and cross-leveraging of these properties to maximise sales and marketing which Vodafone is expected to fully capitalise on over the next financial year.

Other Sponsorships

Vodafone Fiji continued to actively engage with the community through its sponsorship of other public events and projects that benefited large cross sections of the community such as the municipal festivals and important national, business and educational forums.

Ajith Kodagoda
Chairman

Sashi Singh
Director

Tevita Kuruvakadua
Director

Vilash Chand
Director

Aisake Taito
Director

George Samisoni
Acting Chief Executive Officer

Overview

FINTEL recorded encouraging positive financial results for the year in comparison to the net loss recorded in FY 2013/2014. The internal restructuring and re-focusing on local, regional and international core business have paid dividends.

The continuous review and realignment of the internal cost structures, coupled with the fold-back of the subsidiary operations of KIDANET to capitalise on synergies available within the parent company, contributed to the achievement of the positive return and delivery of key objectives.

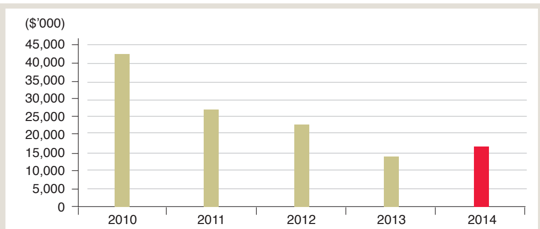
The continuing decline in the international voice business, previously a major contributor to FINTEL's overall revenues, remains a concern and prompted the review of business strategies. Consequently the company secured two new regional cable landings, with the Tonga-Fiji cable and the Vanuatu-Fiji cable. In addition, this also enabled FINTEL to provide onward connections and ancillary businesses around the Southern Cross Cable Network Access (SCCN), co-location services and broadband Internet.

These will be the key services and products for FINTEL going forward, in alignment with its mission, vision and values.

Financial Performance

FINTEL recorded a profit before tax (PBT) of $7.6 million and profit after tax (PAT) of $6.3 million during the year. The positive growth is a significant improvement from the loss of $2.6 million for the corresponding period last year.

Consolidated Sales Revenue



Technology

Global international bandwidth demand, measured in terms of used international capacity, reached 138Tbps in 2013. This represents a 4.5-fold increase from the 30Tbps of demand used globally in 2009.

For the same period, Fiji's international capacity usage on the Southern Cross Cable increased 5.0-fold, from 1Gbps in 2009 to a total of 5Gbps in 2013.

FINTEL continues to provide an efficient network, ensuring operations meet changing customer and market needs and providing efficient and effective network availability and quality.

The Southern Cross Cable Network continues to provide the core backbone infrastructure for the efficient delivery of services to meet global demands of the national network requirements. The network now is able to deliver quadruple the available capacity with recent network-wide upgrades

Network development activities continue to focus on the enhancement of its core, Internet and data infrastructures and service delivery over radio-based networks as key to the growth of incremental business to customers.

Exciting major projects undertaken during the year were the submarine cable connectivity to Pacific island neighbours Tonga and Vanuatu. Both cable systems are now operational; the Tonga cable system from June 2013 and the Vanuatu cable system from February 2014.

Operational Performance

Broadband Internet demand remains strong with the penetration of mobile broadband service increasing significantly.

FINTEL, as with the international networks industry, continues to face the twin challenges of demand growth and persistent price and margin erosion. Expanding bandwidth requirements compel carriers to upgrade existing infrastructure and invest in new networks. At the same time, capacity prices march downwards.

Other ancillary services provided by FINTEL such as video conferencing, occasional use television and streaming continue to provide a cost effective service to corporate organisations, NGOs, educational institutions, religious organisations and individuals.

Telehousing and co-location services at FINTEL's Vatuwaqa Communications Centre provide efficient and effective services to both the domestic, regional and international corporate customers. Organisations are now opting for security and redundancy, both of which FINTEL provides, apart from the direct connectivity to the international gateway.

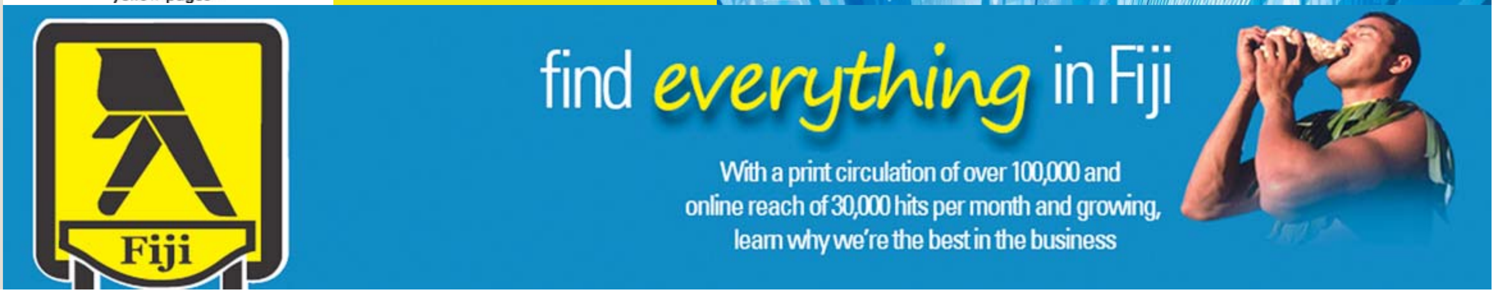
Southern Cross Cable Network (SCCN)

FINTEL participated in the 100 Gigabit per second (Gbps) upgrade of the Southern Cross Cable Network (SCCN) in July 2013 and SCCN has since announced an additional 500Gbs to be added to the cable network by July 2014.

The continued expansion of the network using the best 100G technology available underpins SCCN's strategy to support the development of high-speed broadband in Australia, New Zealand, Hawaii and Fiji and ensures that Fiji, via FINTEL continues to keep step with global connectivity opportunities.

These developments cement the Southern Cross position as the only single system provider of highly resilient international capacity solutions between key data locations in Australia, New Zealand and the USA.

FINTEL continues to value channel partners both in the domestic, regional and international sectors given the new market order and its positioning on the international gateway and endeavours to work with these partners to provide the best of gateway services.



Aslam Khan
Chairman

Kim Askew
Director

Ravuni Uluilakeba
Director

Arun Narsey
Director

Sitla Chandra
Company Secretary

Overview

Print Heritage - A Digital Future

In FY 2013/2014, Fiji Directories Limited continued to build on the strength of its print heritage. The Yellow Pages brand is still the most trusted and reliable search directory for businesses and households. Its proven track record built over decades of quality and consistent delivery is the hallmark of its continued dominance in the directory service.

Our primary product, the Fiji Telephone Directory, remains the market leader as a dependable local search resource in virtually all homes and businesses in Fiji. This is largely attributed to the Yellow Pages being a media tool designed to connect local customers and businesses 24 hours a day.

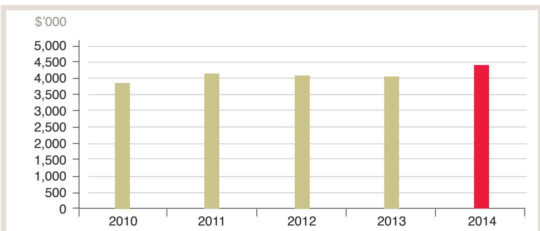
While the print medium remains our core product, there is also unprecedented growth and development around our online search products and applications. FY 2013/2014 saw us reach an average of 30,000 online users each month. This represents an increase of 270% over the previous financial year and demonstrates that with the increasing online connectivity of users, search and directory listings will also migrate accordingly. While the Fiji Telephone Directory content is available online and on mobile devices, the online medium complements this by integration with interactive location maps, business descriptions and social networking, enabling endless possibilities to search, share and communicate.

Online Advertising

The Yellow Pages is the largest online advertiser in Fiji. With a sophisticated network of data management and analytical tools, our customer benefits are maximised as our business model uses a mix of print, online and mobile. The Yellow Pages offers rich and comprehensive content that covers the nation and beyond to deliver value for our advertisers. Managing and leveraging this data is critical to secure constant growth. Yellow Pages has therefore moved swiftly into the digital realm, increasing usage, maximising return on investment and ultimately increasing shareholder value.

FY 2013/2014 in Focus

Sales Revenue



Over the years, Fijian businesses have valued the Yellow Pages because its advertisements are perceived by customers as a reliable pointer to their businesses. While the company has a rich tradition as a "print" company, it critically recognises the ubiquity of the Internet enabling online search and began in FY 2013/2014 with a new focus on online products, further improving its position as the largest digital directory advertiser in Fiji and a leading performance media and marketing solutions provider.

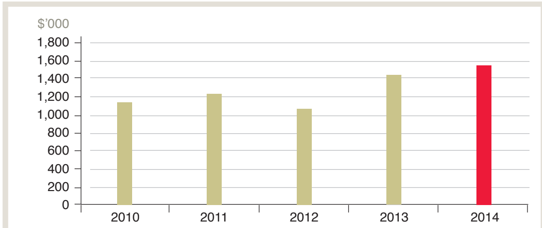
Financials

There was significant growth in the sales revenue of the business in comparison to the last financial period. The print sales revenue increased by 7.6% in comparison to the last financial year and the company witnessed major growth from new business of 6.3%.

There was also strong growth in online revenue of 38.4% in comparison to the previous financial year.

Overall there was increase in Net Profit after Tax of 9.9% in comparison to the last year.

Net Profit After Tax



Fiji Directories declared an increase of 16.67 % in dividend payment to shareholders over the last financial year.

Looking Ahead

Fiji Directories continues to grow and flourish in both modes of media marketing - print and digital. We entered FY 2013/2014 buoyed by a healthier economic environment in Fiji, growing advertiser activity and a refreshed management team. The revamp of our core products, particularly the online products, brought about a reinvigoration and a new direction for the transformation of our business values and strategies, however this transformation is far from over.

Together with the guidance of the Board, a dedicated and committed workforce, new opportunities for online and digital innovation and a growing product portfolio, we are well positioned to continue the strong growth in FY 2014/2015.

Vodafone ATH Fiji Foundation

This year the Foundation's focus was on embedding mobile technology in all its mainstream programmes to promote inclusion in education and improve social mobility. This strategy was adopted under the Mobile for Good ('M4G') programme which will succeed the Sustainable Funding and World of Difference ('WOD") programme in 2015.

mWomen

mWomen, Fiji's (and the Pacific's) first-ever SMS-based interactive counselling and advisory channel was launched by Fiji's Goodwill Ambassador for Women, Madam Nazhat Shameem, enabled by M4G. Today, in excess of 25,000 subscribers receive information and awareness on child abuse, sexual assault, rape and domestic violence, and 11,000 enquiries were received for advice on avenues to seek redress and support.

mWomen received a global recognition at the GSMA summit in the Philippines for being the first to conceptualise and launch a ubiquitous mobile technology driven platform for dealing with issues faced by women and children in the region. The GSMA has adopted mWomen as part of its Pacific strategy. mWomen is working in partnership with the Ministry of Women Social Welfare and Poverty Alleviation, Empower Pacific, the Legal Aid Commission and the police to create a greater social impact on women and child issues in Fiji. Adding a feather in the cap, mWomen celebrated the International Women's Day in March which saw the launch of Fiji's first-ever gender policy to promote gender equity, gender equality, and instil social justice by removing all forms of gender discrimination to attain sustainable development.

mEducation

mEducation aims to link schools to a new era of online learning for higher achievement, improved student behaviour, engagement, performance, and attendance. This year 24 schools received grants of 10 netbooks including one year of free Internet connection provided by the Foundation under the mEducation programme. Under the "50/50" funding programme four corporate customers took the opportunity to jointly fund with the foundation, technology in schools; Cousteau Resort/Savusavu Community Foundation, Home Finance Company, and Shop and Save joined hands to assist schools with netbooks, broadband devices, and free internet connection.

mYouth

In consultation with the ILO, the Ministry of Youth, and National Employment Centre, the mYouth channel was launched during the International Youth Day and the National Youth Week, in August, aimed at addressing issues pertaining to youth in Fiji. The channel currently has approximately 17,000 subscribers who access guidance tips for leadership development, income generation, drug and substance abuse, teenage pregnancy, violence, bullying, materialism, education disparity, mental health, and poverty.

mHealth

Ten World of Difference programme candidates this year continued their work to make a difference in our communities. Last year, the mHealth channel, under World of Difference and relevant charity partners, Spinal Injury Association, Fiji Cancer Society, Kidney Foundation, Action for The Children and the Aged, Fiji Medical Association, Sangam Nursing School, Sangam Fiji Foundation, FCOSS National Volunteer, Lions Club of Labasa and other network partners reached over 50,000 subscribers with SMS advisory on sex education, kidney, cancer, general wellbeing, physical fitness, diabetes, and high blood pressure. It continues to raise awareness on the non-communicable disease crisis in Fiji with the engagement of a panel of doctors comprised of general practitioners, hospital doctors, and specialists.

mAbility

mAbility, the SMS channel under our charity partner Spinal Injury Association, is revolutionising data collection on people with disabilities and delivery of services to them in remote areas of Fiji. This year, the SIA, with the help of the Foundation and relevant stakeholders, brought in four containers of wheelchairs from overseas worth approximately $6 million. These are being distributed free of charge in our communities.

Under the Sustainable Funding programme, the Foundation, in partnership with the Fiji College of General Practitioners sent six children with heart ailments for treatment in India. All surgeries were successful. The Rotary Pacific Water for Life implemented four projects to 185 households serving a population of 1163 people in villages in Ra, Naitasiri, Kadavu, and Namosi. Projects included upgrading water dams, piping systems, and installing storage tanks. Free health screening was conducted during Vodafone Festival of the Friendly North, Vunimoli Festival and in Labasa Town in partnership with Sangam Nursing School. This year 26 staff members of Vodafone helped raise funds for individuals and charities under Double your Dollar; the Employee Engagement programme of the Foundation. This demonstrates our passion for the vanua.

mFarmacy

In another first for Fiji, an mFarmacy channel is being mooted as a technology programme to strengthen the livelihood of

Lionel Yee
Chairman

Ivan Fong
Director

Divik Deo
Director

Elenoa Biukoto
Director

Iliesa Volau
Director

Arunesh Vishwa
Director

Ambalika D Kutty
Foundation Executive / Secretary

farmers who in turn build communities and sustain lives. mFarmacy is focussed on health and food security to improve the productivity and income of smallholder farmers. It aims to improve and share information on land-based, sea, fresh water, backyard, potting, innovative farming of medicinal and herbal health enhancing foods to that of organic and integrated fertilizer production. The intent is to enable farmers to employ simple approaches with the greatest impact and address farm health related problems using mobile communications. Stakeholder consultations and model farm visits were made this year in preparation for launch in June 2014.

Vodafone ATH Fiji Foundation Social Investment 2013/2014 (Audited)

Duke of Edinburgh Awards	$62,493
Vunimoli Secondary School	2,500
Wainimala Secondary School	2,500
Richmond High School	2,500
Kadavu Provincial	2,500
Adi Moapa Secondary School	2,500
Gau Secondary School	2,500
Cicia High School	2,500
Tailevu North College	2,500
Lomary Secondary School	2,500
Yasayasa Moala College	2,500
Nilsen High School	2,500
Koro High School	2,500
Vunisea Secondary	2,500
Naleba College	2,500
Ratu Finau Secondary School	2,500
Nakoroqara Youth Club	2,500
Kadavu Provincial School	2,493
Ratu Litiniara Secondary School	2,500
Cathedral Secondary School	2,500
Labasa Arya School	2,500
Dreketi High School	2,500
Ratu Luke Secondary School	2,500
Nacula Youth Association	2,500
Solove Youth Club	2,500
New Start Youth Link	2,500

Mobile for Good	$141,020
mEducation Schools	57,449
mChannel	30,500
ACATA Trust	10,713
Wings of Morning Ministry	10,000
Women Empowerment	10,000
Fiji Medical Association	8,600
Spinal Injury Association	6,500
Fiji Cancer Society	4,799
Fiji Association of Women	2,000
Vodafone Fiji Limited - Red Alert	459
Employee Engagement	**$20,605**
Sheik Feroz	1,000
Vunimoli Secondary School	1,000
Northern Charity Alliance	1,000
QVS Old Boys Association	1,000
Chandra M Naidu	1,000
Abdul Atik	1,000
Madhunesh Lal	1,000
Shaneel Chand	1,000
Saras Wati	1,000
Centenary Church Choir	1,000
Chand Kumar	1,000
Raghwa Maharaj	1,000
Daniel Vikash Prasad	1,000

Ronika Lata Kumar	1,000
Abdul Shalim	1,000
Seema Ram	1,000
Safina Nazhat	735
Keleni Naikatini	720
Old Peoples Home & Dilkusha	560
Soqosoqo Vakamarama	550
Savitra Wati	500
St Christopher's Home	500
Sanjila Lata	350
Satya Nand	270
Teresia Wakololagi	220
Raveen Prasad	200
Sustainable funding	**$119,000**
Rotary Pacific Water for Life Foundation	50,000
Rotary Club of Taveuni	20,000
Lions Club of Labasa	20,000
Rotary Club of Taveuni - Eye Project	15,000
Lions Club of Ba	10,000
Northern Charity Alliance	4,000
World of Difference & Red Alert Programme	**$289,950**
Grand Total	**$633,068**

FINANCIAL STATEMENT CONTENTS

Amalgamated Telecom Holdings Limited and Subsidiary Companies

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of Amalgamated Telecom Holdings Limited (the holding company) and of the group as at 31 March 2014, the related statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and report as follows:

Directors

The names of directors in office at the date of this report are:

Mr Ajith Kodagoda - Chairman	Mr Tom Ricketts
Ms Akosita Drova	Mr Taito Waqa
Mr Arun Narsey	Mr Umarji Musa

Principal Activities

The principal activities of the holding company during the year were that of investments and provision of management services.

The principal activities of the subsidiary company, Telecom Fiji Limited, during the year were provision of telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services, marketing and selling of prepaid transactions cards, and operating a call centre.

The principal activities of the subsidiary company, Vodafone Fiji Limited, during the year were provision of cellular mobile telecommunication services and M-Paisa services.

The principal activities of the subsidiary company, Fiji International Telecommunications Limited, during the year were provision and operation of international telecommunications facilities into and out of Fiji, provision of internet connection and internet related services.

The principal activities of the subsidiary company, Fiji Directories Limited, during the year were that of compiling and publishing the Fiji telephone directory and providing access to it through internet.

The principal activities of the subsidiary company, ATH Technology Park Limited, until the prior year 2013 were to develop, operate and manage Technology Park. During the year, the subsidiary company sold its leasehold land and capital work in progress relating to Technology Park to the ultimate holding entity, Fiji National Provident Fund. As a result, the subsidiary company did not carry out any commercial operations during the year.

The subsidiary companies, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, Internet Services Fiji Limited and FINTEL Internet Services Limited did not operate during the year.

There were no significant changes in the nature of these activities during the financial year.

Results

The profit after income tax of the holding company for the year was $22,027,000, after providing for income tax expense (2013: Profit of $16,547,000 after providing for income tax expense).

The consolidated profit after income tax attributable to the members of the holding company for the financial year was $14,469,000 after providing for income tax expense (2013: Loss of $15,905,000 after providing for income tax benefit).

Dividends

Dividends of $21,105,000 were declared by the holding company during the year ended 31 March 2014 (2013: $18,995,000).

Reserves

Except for the movements disclosed in the statements of changes in equity, it is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Bad and Doubtful Debts

Prior to the completion of the financial statements of the holding company and the group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for doubtful debts. In the opinion of the directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the holding company and the group, inadequate to any substantial extent.

Current and Non-Current Assets

Prior to the completion of the financial statements of the holding company and the group, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the holding company and the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the holding company's and the group's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the holding company and the group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the holding company and the group in the current financial year.

Significant Events During the Year

During the year:

(i) On 22 August 2013, the holding company acquired 357,000 shares in the subsidiary company, Fiji International Telecommunications Limited, held by the Government of Fiji for a consideration of $9,000,000 based on the net assets position of Fiji International Telecommunications Limited as at 31 March 2013.

(ii) During December 2013, the holding company sold all of its 51% shareholding in the subsidiary company, Pacific Emerging Technologies (Fiji) Limited, to Pacific Electronic Commerce Pty Limited for a consideration of $850,000.

(iii) The subsidiary company, Telecom Fiji Limited, carried out Cost Reduction programme with respect to the reduction of Human Resources costs through the implementation of the Redundancy programme and the Organisational Structural consolidation exercise. The Redundancy programme and the Organisational Structural consolidation exercise was carried out in three phases, wherein, the first two phases were completed during the year and the third phase was completed subsequent to balance date. The total payout for third phase amounting to $182,000 has been accrued by the subsidiary company as at balance date.

Total restructure cost to the subsidiary company for the Redundancy programme and the Organisational Structural consolidation exercise for all phases for the financial year ended 31 March 2014 amounted to $700,000.

(iv) In March 2014, the subsidiary company, Fiji International Telecommunications Limited, sold its freehold land and building in Suva City, known as Mercury House, for a consideration of $4,600,000 to its ultimate parent entity, Fiji National Provident Fund. The net gain on disposal of the freehold land and building after Capital Gains Tax was $1,226,000.

The financial effects of the above events have been incorporated in the financial statements for the year ended 31 March 2014.

Furthermore, the subsidiary company, Telecom Fiji Limited, started the process of finding a potential buyer for the sale of Ganilau house building. The asset has not been classified as non-current assets held for sale in the financial statements as the subsidiary company is still in the process of negotiating with the potential buyer on various terms and conditions.

Events Subsequent to Balance Date

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the holding company and the group, the results of those operations, or the state of affairs of the holding company and the group in future financial years.

Other Circumstances

As at the date of this report:

(i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which any company in the group could become liable; and

(iii) no contingent liabilities or other liabilities of any company in the group has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the holding company or the group to meet its obligations as and when they fall due.

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of any company in the group or of a related corporation) by reason of a contract made by any company in the group or by a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

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

Dated this 27th day of June 2014.

Director

Director

In accordance with a resolution of the board of directors of Amalgamated Telecom Holdings Limited, we state that in the opinion of the directors:

(i) the accompanying statements of profit or loss and other comprehensive income of the holding company and of the group are drawn up so as to give a true and fair view of the results of the holding company and of the group for the year ended 31 March 2014;

(ii) the accompanying statements of changes in equity of the holding company and of the group are drawn up so as to give a true and fair view of the changes in equity of the holding company and of the group for the year ended 31 March 2014;

(iii) the accompanying statements of financial position of the holding company and of the group are drawn up so as to give a true and fair view of the state of affairs of the holding company and of the group as at 31 March 2014;

(iv) the accompanying statements of cash flows of the holding company and of the group are drawn up so as to give a true and fair view of the cash flows of the holding company and of the group for the year ended 31 March 2014;

(v) at the date of this statement, there are reasonable grounds to believe that the holding company and the group will be able to pay their debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the holding company and the group.

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

Dated this 27th day of June 2014.

Director

Director

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Offices in Suva and Lautoka

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INDEPENDENT AUDITORS' REPORT

To the members of Amalgamated Telecom Holdings Limited

We have audited the accompanying financial statements of Amalgamated Telecom Holdings Limited (the holding company) and of the group, which comprise the statements of financial position as at 31 March 2014, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 27 to 73.

Director's and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the holding company's and the group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the holding company's and the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the holding company and of the group as at 31 March 2014, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion:

a) proper books of account have been kept by the holding company and the group, so far as it appears from our examination of those books;

b) the financial statements are in agreement with the books of account; and

c) to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1983 in the manner so required.

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

SUVA, FIJI
27 JUNE 2014

BDO
BDO
CHARTERED ACCOUNTANTS

	Notes	Consolidated		Holding Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Continuing Operations					
Revenue	8	281,004	270,469	22,381	16,653
Direct costs	9	(86,680)	(73,815)	-	-
Gross profit		194,324	196,654	22,381	16,653
Other income	10	6,567	10,712	24	60
Amortisation of intangible assets	18	(7,064)	(7,390)	-	-
Depreciation	17	(39,381)	(49,821)	(8)	(6)
Impairment of investments in subsidiaries		-	-	-	(153)
Impairment loss on property, plant and equipment	17	(8,641)	(3,353)	-	-
Impairment loss on intangible assets	18	-	(4,922)	-	-
Reversal of allowance for doubtful debts	23	390	952	-	-
Reversal of provision for stock obsolescence		513	-	-	-
Loss on disposal of property, plant and equipment	17	-	(69,316)	-	-
Marketing and promotion expenses		(7,515)	(6,554)	(16)	(14)
Personnel costs	11	(37,814)	(40,938)	(273)	(266)
Restructure costs		(700)	-	-	-
Operating expenses	13	(54,015)	(57,064)	(1,805)	(1,328)
Operating profit / (loss)		46,664	(31,040)	20,303	14,946
Finance income / (cost) - net	12	(2,195)	(3,606)	1,965	2,128
Profit / (loss) before income tax		44,469	(34,646)	22,268	17,074
Income tax (expense) / benefit	14(a)	(11,643)	6,768	(241)	(527)
Profit / (loss) after income tax		32,826	(27,878)	22,027	16,547
Discontinued Operations					
Gain on disposal of subsidiary company, Pacific Emerging Technologies (Fiji) Limited	7	912	-	-	-
Profit / (loss) for the year		33,738	(27,878)	22,027	16,547

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Restatement of non-controlling interest arising from restatement of reserves in subsidiary acquired - Fiji International Telecommunications Limited	15	-	153	-	-
Total other comprehensive income		-	153	-	-
Total comprehensive income / (loss) for the year		33,738	(27,725)	22,027	16,547
Profit / (loss) attributable to:					
Equity holders of the holding company		14,469	(15,905)	22,027	16,547
Non-controlling interests		19,269	(11,973)	-	-
		33,738	(27,878)	22,027	16,547
Total comprehensive income / (loss) attributable to:					
Equity holders of the holding company		14,469	(15,905)	22,027	16,547
Non-controlling interests		19,269	(11,820)	-	-
		33,738	(27,725)	22,027	16,547
Earnings / (loss) per share for profit / (loss) attributable to the equity holders of the holding company during the year (expressed in cents per share)					
- Basic and diluted earnings / (loss) per share	16	3	(4)		

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Attributable to equity holders of the holding company				Non- controlling interests	Total
Consolidated	Share capital $'000	Share premium reserve $'000	Retained earnings $'000	Total $'000	$'000	$'000
Balance as at 1 April 2012	105,526	2,074	98,912	206,512	64,646	271,158
Loss for the year ended 31 March 2013	-	-	(15,905)	(15,905)	(11,973)	(27,878)
Restatement of non-controlling interest arising from restatement of reserves in subsidiary acquired - Fiji International Telecommunications Limited (Note 15)	-	-	-	-	153	153
Dividends paid or provided (Note 30)	-	-	(18,995)	(18,995)	(14,820)	(33,815)
Balance as at 31 March 2013	**105,526**	**2,074**	**64,012**	**171,612**	**38,006**	**209,618**
Profit for the year ended 31 March 2014	-	-	14,469	14,469	19,269	33,738
Increase in equity due to acquisition of 51% non-controlling interests of Fiji International Telecommunications Limited (Note 6)	-	-	8,319	8,319	-	8,319
Decrease in non-controlling interests of Fiji International Telecommunications Limited upon acquisition of non-controlling interest (Note 6)	-	-	-	-	(17,319)	(17,319)
Decrease in non-controlling interests of Pacific Emerging Technologies (Fiji) Limited upon disposal	-	-	-	-	(979)	(979)
Dividends paid or provided (Note 30)	-	-	(21,105)	(21,105)	(14,840)	(35,945)
Balance as at 31 March 2014	**105,526**	**2,074**	**65,695**	**173,295**	**24,137**	**197,432**
Holding Company						
Balance as at 1 April 2012	105,526	2,074	123,258	230,858		
Profit for the year ended 31 March 2013	-	-	16,547	16,547		
Dividends paid or provided (Note 30)	-	-	(18,995)	(18,995)		
Balance as at 31 March 2013	**105,526**	**2,074**	**120,810**	**228,410**		
Profit for the year ended 31 March 2014	-	-	22,027	22,027		
Dividends paid or provided (Note 30)	-	-	(21,105)	(21,105)		
Balance as at 31 March 2014	**105,526**	**2,074**	**121,732**	**229,332**		

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Statements of Financial Position

As at 31 March 2014

	Notes	Consolidated		Holding Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Assets					
Non-current assets					
Property, plant and equipment	17	230,108	263,864	19	7
Intangible assets	18	25,210	25,128	-	-
Available-for-sale financial assets	19	-	-	183,860	175,710
Held-to-maturity investments	20	34,997	37,001	34,997	37,001
Deferred tax assets	14(b)	5,571	8,895	4	6
Trade and other receivables	23	6,137	4,983	4,983	4,983
		302,023	339,871	223,863	217,707
Current assets					
Deferred expenses		109	80	-	-
Advance tax	14(e)	595	5,412	305	82
Held-to-maturity investments	20	7,208	16,341	2,000	11,331
Inventories	21	11,333	10,901	-	-
M-PAiSA trust account	22	3,950	2,833	-	-
Trade and other receivables	23	42,232	47,995	30,033	25,340
Cash on hand and at bank	24	29,363	21,048	4,457	899
		94,790	104,610	36,795	37,652
Total assets		**396,813**	**444,481**	**260,658**	**255,359**
Shareholders' equity and liabilities					
Shareholders' equity attributable to members of the holding company and the group					
Issued capital	25	105,526	105,526	105,526	105,526
Share premium reserve		2,074	2,074	2,074	2,074
Retained earnings		65,695	64,012	121,732	120,810
Equity attributable to the owners of the parent		173,295	171,612	229,332	228,410
Equity - non-controlling interests		24,137	38,006	-	-
Total shareholders' equity		197,432	209,618	229,332	228,410
Liabilities					
Non-current liabilities					
Deferred tax liabilities	14(d)	18,906	19,676	-	-
Borrowings	26	62,701	80,071	17,368	12,566
Provisions	27	513	998	-	-
Trade and other payables	28	8,246	9,142	-	-
Deferred income	29	260	304	-	-
		90,626	110,191	17,368	12,566
Current liabilities					
Borrowings	26	14,419	8,768	5,235	1,261
Provisions	27	14,580	18,891	8,477	12,688
Trade and other payables	28	75,806	94,180	246	434
E-value in circulation	22	3,950	2,833	-	-
		108,755	124,672	13,958	14,383
Total liabilities		199,381	234,863	31,326	26,949
Total equity and liabilities		**396,813**	**444,481**	**260,658**	**255,359**

The above statements of financial position should be read in conjunction with the accompanying notes.

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

Director

Director

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Operating activities					
Receipts from customers		283,208	272,354	-	-
Payments to suppliers and employees		(182,963)	(163,525)	(734)	(1,826)
Net cash generated from / (used in) operations		100,245	108,829	(734)	(1,826)
Interest received		2,741	2,954	2,726	2,819
Interest paid		(4,686)	(6,456)	(750)	(677)
Dividends received		-	-	22,080	11,200
Income taxes paid		(4,048)	(12,588)	(463)	(1,964)
Net cash inflows from operating activities		94,252	92,739	22,859	9,552
Investing activities					
Payments for property, plant and equipment		(33,372)	(49,144)	(20)	(2)
Payments for intangible assets		(8,163)	(4,730)	-	-
Proceeds from sale of property, plant and equipment, net of CGT		9,872	4,137	-	33
Redemption of held-to-maturity investments		12,229	320	11,329	320
Payment for held-to-maturity investments		(4,308)	-	-	-
Payments to acquire available-for-sale financial assets		(9,000)	-	(9,000)	-
Proceeds from sale of available-for-sale financial assets		850	-	850	-
Advances to related entities, net		(270)	-	(5,910)	-
Net cash (used in) / from investing activities		(32,162)	(49,417)	(2,751)	351
Financing activities					
Dividends paid to equity holders of the holding company		(25,326)	(14,774)	(25,326)	(14,774)
Dividends paid to non-controlling interests		(18,087)	(8,414)	-	-
Loans and advances from / (to) subsidiary companies		-	-	4,057	(577)
Loan repayments		(29,589)	(51,928)	(2,281)	(1,884)
Finance lease repayments		(138)	-	-	-
Proceeds from borrowings		17,520	25,783	7,000	-
Net cash used in financing activities		(55,620)	(49,333)	(16,550)	(17,235)
Net increase / (decrease) in cash and cash equivalents		6,470	(6,011)	3,558	(7,332)
Effect of exchange rate movement on cash and cash equivalents		474	63	-	-
Reduction in cash and cash equivalents due to disposal of shares in Pacific Emerging Technologies (Fiji) Limited		(1,839)	-	-	-
Cash and cash equivalents at the beginning of the financial year		25,058	31,006	899	8,231
Cash and cash equivalents at end of year	24	30,163	25,058	4,457	899

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. GENERAL INFORMATION

Amalgamated Telecom Holdings Limited (the holding company) is a limited liability company incorporated and domiciled in Fiji. The holding company is listed on the South Pacific Stock Exchange, Suva. The address of its registered office and principal place of business is Harbour Front Building, Rodwell Road, Suva.

The principal activities of the group are described in Note 37.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

a) New Standards and Amendments effective for the year ended 31 March 2014

A number of new standards and amendments effective for the first time for periods beginning on (or after) 1 July 2012 and 1 January 2013, have been adopted in these financial statements. The nature and effect of each new standard and amendment adopted by the holding company and the group is detailed below. Not all new standards and amendments effective for the first time for periods beginning on (or after) 1 July 2012 and 1 January 2013 affect the holding company's and the group's financial statements.

i) Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)

The amendments introduce new terminology, whose use is not mandatory. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- Items that will not be reclassified subsequently to profit or loss; and
- Items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

ii) IFRS 10 – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)

IFRS 10 replaces the parts of IAS 27 - Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 - Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when:

- it has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee; and
- it has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

Other changes introduced by IFRS 10 include the introduction of the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders.

The adoption of IFRS 10 did not result in having a significant impact to the group.

iii) IFRS 13 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market condition regardless of whether that price is directly observable or estimated using another valuation technique. The application of IFRS 13 may result in changes in how companies determine fair values for financial reporting purposes. In addition, IFRS 13 requires extensive disclosures about fair value measurements.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

a) New Standards and Amendments effective for the year ended 31 March 2014 (Cont'd)

iii) IFRS 13 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013) (Cont'd)

IFRS 13 did not materially affect any fair value measurements of the holding company's or the group's assets or liabilities, with changes being limited to presentation and disclosure, and therefore has no effect on the holding company's or the group's financial position or performance.

In addition, IFRS 13 is to be applied prospectively and therefore comparative disclosures have not been presented.

b) New Standards and Amendments effective for the year ended 31 March 2014 that have no significant impact to the group

The following new standards and amendments are also effective for the first time in these financial statements. However, none have a material effect on the holding company or the group.

- IFRS 7 - Financial Instruments: Disclosures (Amendments - Offsetting Financial Assets and Financial Liabilities).
- IFRS 12 - Disclosure of Interests in Other Entities.
- IAS 16 - Property, Plant & Equipment (Improvements to IFRS (2009 - 2011 Cycle)).
- IAS 1 - Presentation of Financial Statements (Improvements to IFRS (2009 - 2011 Cycle)).
- IAS 19 - Employee Benefits (Revised in 2011).
- IAS 32 - Financial Instruments: Presentation (Improvements to IFRS (2009 - 2011 Cycle)).
- Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12).
- IAS 27 - Separate Financial Statements (Amendments).

c) New standards and amendments not yet effective

The following new standards and amendments, which are not yet effective and have not been adopted early in these financial statements, may have an effect on the holding company's or the group's future financial statements:

i) Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (effective for annual periods beginning on or after 1 January 2014)

The International Accounting Standards Board (IASB) has issued an amendment to IFRS 10 Consolidated Financial Statements to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

An investment entity is defined as an entity that:

a) Obtains funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;
b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The application guidance to IFRS 10 clarifies that an entity must consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An entity must meet all three elements of the definition to be an investment entity.

The group is still in the process of analysing the impact of this amendment to the financial statements of the group.

ii) IFRS 9 – Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)

IFRS 9 is a new standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

c) New standards and amendments not yet effective. (Cont'd)

ii) IFRS 9 – Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015) (Cont'd)

cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. With regard to financial liabilities, the recognition and measurement guidance is unchanged from IAS 39. An additional presentational requirement has been added for liabilities designated at fair value through profit or loss.

iii) Other amendments, listed below, have not been analysed in detail:

- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IFRS 7 and IFRS 9 (effective for annual periods beginning on or after 1 January 2015).

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the holding company and of the group have been prepared in accordance with the Companies Act, 1983 and International Financial Reporting Standards (IFRS) as required by the Fiji Institute of Accountants.

3.1 Basis of preparation

The financial statements of the holding company and of the group have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 5.

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

3.2 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of all the companies that comprises the group, being the Amalgamated Telecom Holdings Limited (holding company) and its subsidiary companies. A list of subsidiary companies appears in Note 34 to the financial statements.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

The holding company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed below.

Control is achieved when the holding company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the holding company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The holding company considers all relevant facts and circumstances in assessing whether or not the holding company's voting rights in an investee are sufficient to give it power.

Consolidation of a subsidiary company begins when the holding company obtains control over the subsidiary company and ceases when the holding company loses control of the subsidiary company.

The purchase method of accounting is used to account for the acquisition of subsidiary companies by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the group's statement of profit or loss as fair value gain on acquisition.

Changes in the holding company's ownership interest in a subsidiary company that does not result in the holding company losing control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly reflected directly in the statement of changes in equity of the group.

The group derecognises the assets and liabilities of the former subsidiary from the group's statement of financial position upon loss of control over a subsidiary company effective from the date the group losses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the group.

The financial statements of Amalgamated Telecom Nominees Limited have not been incorporated in the consolidated financial statements for the reasons stated in Note 34.

In the prior year, while the holding company owned 49% in Fiji International Telecommunications Limited, the holding company also managed the 51% shareholding of the Government of Fiji in Fiji International Telecommunications Limited based on a management agreement. As the holding company controlled the affairs of Fiji International Telecommunications Limited, the results of Fiji International Telecommunications Limited had been incorporated in the financial statements of the group from the date of acquisition. In the current year, the holding company has acquired the remaining 51% shares of Fiji International Telecommunications Limited (refer note 6).

Non-Controlling Interests

Non-controlling interests represents that part of the net results of operations and net assets of the subsidiary companies, which are not owned, directly or indirectly by the holding company.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd.)

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3.3 Allowance for doubtful debts

The group establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end. Bad debts are written off during the period when they are identified.

The group periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts. The group has individually assessed allowances and collectively assessed allowances. Individually assessed allowances are made against individually significant trade and other receivables and those that are not significant, including groups of trade and other receivables with similar credit risk characteristics.

All other trade and other receivables that do not have an individually assessed allowance are assessed collectively for impairment. Collectively assessed allowances are maintained to reduce the carrying amount of portfolios of similar trade and other receivables to their estimated recoverable amounts at balance date.

3.4 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has a right to defer settlement of the liability for at least 12 months after the balance date.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statements of profit or loss in the period in which they are incurred.

3.6 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents includes cash on hand, cash in banks, short term deposits with banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

3.7 Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Dividend distribution

Dividend distribution to the holding company's shareholders are recognised as a liability in the holding company's financial statements in the period in which the dividends are declared by the holding company's directors.

3.9 Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing net profit or loss after income tax attributable to members of the holding company by the weighted average number of ordinary shares during the year.

Diluted earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

3.10 Employee benefits

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave and sick leave

The liability for annual leave is recognized in the provision for employee benefits. Liabilities for annual leave are expected to be settled within 12 months of the reporting date and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefits

The liability for retirement benefits is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, periods of service and probability of payout. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Bonus plans

The group pays bonuses to employees based on the achievement of individual objectives by the employees and performance of the respective subsidiary companies. The group recognises a provision where contractually obliged or where there is a past practice, subject to performance evaluation.

Termination benefits

The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a formal plan without the possibility of withdrawal; or providing termination benefits as a result for an offer made for redundancy. Benefits falling due more than 12 months of the balance date are disclosed at the present value.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits (Cont'd)

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

3.11 Financial assets

The group classifies its financial assets in the following categories: held-to-maturity investments, available-for-sale financial assets, and receivables. The classification depends on the nature and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

Held-to-maturity investments in Fiji Government Registered Stock by the group are recorded at their amortised cost and not remeasured to market values as they are considered likely to be held to maturity in line with investment objectives and fixed price nature of the investments.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Available-for-sale financial assets include investments in subsidiary companies and are accounted for at cost less any accumulated impairment charges in the financial statements of the holding company.

The holding company assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(c) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The group's receivables comprise 'trade and other receivables' as disclosed in the statements of financial position (Note 23). Bad debts are written off during the period in which they are identified.

Trade receivables and other receivables are recorded at amortised cost less impairment.

3.12 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statements of profit or loss in the period in which they arise.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Government grants

Government grants are recognised in the statements of financial position initially as deferred income where there is reasonable assurance that they will be received and that the group will comply with the conditions attached to them. Grants that compensate the group for expenses incurred are recognised as revenue in the statements of profit or loss on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognised in the statements of profit or loss as revenue on a systematic basis over the useful life of the asset.

3.14 Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the statements of profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statements of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable profit nor accounting profit.

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax (Cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statements of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Capital Gains Tax

The Capital Gains Tax (CGT) is applicable at 10% on capital gains realised on the sale or disposal of certain 'capital assets' as set out in the Capital Gains Tax Decree. Accordingly, the group provides for potential capital gains tax liability that may arise if capital assets were to be ultimately sold or traded.

3.16 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiary companies is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives generally over two to five years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(c) IRU network capacity

The subsidiary company, Telecom Fiji Limited, has acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Optus Networks Pty Limited to lease IRU network capacity for a period of 3 years (for IP Transit) and 12 years (for STM-1 and STM-4) via Australia and USA links. The acquisition price is recognised at cost less accumulated amortisation and impairment losses.

The subsidiary company, Fiji International Telecommunications Limited, has also acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Sothern Cross Cables Limited to lease IRU network capacity for a period of 3 to 10 years via Australia and USA links. The IRU network capacity is recorded at cost less accumulated amortisation and impairment losses.

The IRU network capacity is amortised over its estimated economic useful lives, as follows:

	Australia Link	USA Link
- IP Transit	33.33% - 50%	33.33%
- STM-1	8% - 33.33%	8% - 33.33%
- STM-4	8% - 33.33%	8% - 33.33%

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Intangible assets (Cont'd)

(c) IRU network capacity (Cont'd)

The estimated economic useful lives of the IRU network capacity are reviewed, and adjusted if appropriate, at each balance date.

(d) Spectrum licences

Spectrum licences are capitalised on the basis of the cost incurred to acquire the licences. The licences are capable of being used as at the date of purchase, but cannot be used until the associated network assets necessary are available for use. Amortisation of the licences commence when the associated network assets are deployed and economic benefits are derived. The licences are amortised over shorter of the remaining licence rights and their estimated economic useful lives.

(e) Investment in movie productions

In the prior year, investments in movie productions had been valued at cost and reduced by an impairment charge to arrive at a carrying amount which was an amount the group expected to recover from the exploitation of the copyright in accordance with the Production Investment Agreement.

3.17 Inventories

Inventories comprise of merchandise and consumables, and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of inventories has been determined on a weighted average cost basis or first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

3.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Group as lessee

Assets held under finance leases are included as property, plant and equipment or intangible assets and are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in statements of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the group's control and the group remains committed to a sale.

3.20 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of a replaced part is de-recognised. All other repairs and maintenance are charged to the statements of profit or loss during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Freehold land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

- Leasehold land	Term of lease
- Leasehold buildings and improvements	2.5% - 11.11%
- Buildings on freehold land	7% - 11.11%
- Exchange plant and telecommunication infrastructure	6% - 10%
- Subscriber equipment	5% - 33.33%
- Trunk network plant	6% - 10%
- Plant and machinery	6% - 25%
- Motor vehicles	20% - 33.33%
- Furniture, fittings and office equipment	10% - 20%
- Computer equipment	20% - 25%

Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

Capital work in progress principally relates to costs and expenses incurred for capital works in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

3.21 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Provisions (Con'd).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

3.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group provides telecommunication services which include fixed line, mobile and internet communication services, M-PAiSA services, sale of telecommunication related equipment, compilation and publication of the Fiji Telephone Directory, provision of management and call centre services.

a) Sale of telecommunication, data and internet services

Revenue from telephony services is recognised based on billing cycles through the month. Unbilled revenue from the billing cycle date to the end of each month is recognised as revenue in the month the service is provided.

Revenue from prepaid products and fixed monthly charges billed in advance is deferred and recognised as revenue either once the related service has been provided or when the product date has expired, whichever falls earlier.

Revenue from international public and dedicated telecommunications services is recognised upon the use of service by the customers. As the group conducts its business in association with its local operators and its overseas counterparts, net revenue disclosed in profit or loss is after the payments to these parties (classified as "cost of sales") have been taken into account.

Revenue from the provision of data and internet services is recognised upon the use of service by its customers.

Revenue from installation, connection and associated costs are recognised upon completion of the installation or connection.

Revenue is brought to account on an accrual basis.

b) Airtime and gaming revenue

Revenue from airtime and gaming services is recognised when earned.

Revenue is deferred in respect of that portion of fixed monthly charges, which have been billed in advance. Allowance is made for the amount of prepaid airtime revenue as at balance date in respect of which service has not been provided.

c) M-PAiSA

M-PAiSA is a Vodafone service allowing customers to transfer money using a mobile phone. M-PAiSA is available to all Vodafone subscribers (Prepay and PostPay). Revenue from this service is earned from transfers and withdrawal transactions performed by customers. A tariff that is generated depending on the funds being transacted is applied on all transactions which cumulatively are reported as M-PAiSA transaction commission revenue.

d) Sale of equipment

Sale of equipment is recognised when a group entity sells a product to the customer. Revenue is recognised at the point the product is dispatched from the warehouse or sold at a group retail outlet.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Revenue recognition (Cont'd)

e) Revenue from published and on-line directory

Revenue from publication of telephone directories is recognised upon dispatch of the directories for distribution. Advance billings and monies collected in advance are deferred. Costs including overhead expenses incurred in relation to securing advertisements and in the publication of the directories are also deferred until the associated revenues are recognised.

Revenue from contracts in relation to on-line directory is recognised over the term of the contract.

f) Rental income

Rental income is recognised on a normal accrual basis. Rental income represents income earned from renting out of building space.

g) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

h) Management fees income

Management fees income is recognised on an accrual basis.

i) Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

3.23 Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

For reporting purposes, the group considers itself to be operating predominantly in the telecommunications industry and revenue from other sources are not material. In addition, the group operates predominantly in Fiji only and hence one geographical segment for reporting purposes. The group has disclosed three reportable operating segments as follows (as outlined in Note 36):

- Fixed line telecommunications ("Fixed Line Telecom") segment includes all fixed line telecommunication services including the sale or lease of telecommunications related office equipment, accessories and services including prepaid telephony and card services;
- Mobile telecommunications ("Mobile Telecom") segment includes all mobile telecommunication services including the sale of associated equipment, accessories and services; and
- Other segment comprises provision of international public and dedicated telecommunications, data and internet services, directory services, call centre and management services.

3.24 Trade and other payables

Trade payables and other accounts payable are recognized when the group becomes obliged to make future payments resulting from purchase of goods and services.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.25 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. An allowance for doubtful debts of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Trade receivables (Cont'd)

Allowance is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statements of profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the statements of profit or loss.

3.26 Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

(a) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of VAT.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The VAT component of cash flows arising from operating and investing activities which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3.27 Share capital

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

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rate and credit spreads will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the group to a decline in revenues. The group operates in Fiji and changes to government's policies affect the economic situation and ultimately the revenue of the group. To address this, the group reviews its pricing and product range regularly and responds appropriately to these changes.

(i) Foreign exchange risk

The group largely procures most of its telecommunication equipment and supplies from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions and recognised liabilities.

Management has set up a policy to require the group companies to manage its foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji dollar. For significant settlements, the group companies seeks quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign exchange risk (Cont'd)

As at year end, liabilities denominated in foreign currencies are significant and hence changes in the US dollar and Euro by 10% (increase or decrease) is expected to have a significant impact on the net profit and equity balances currently reflected in the group's financial statements.

The carrying amount of the group's significant foreign currency denominated monetary liabilities at the end of reporting period are as follows:

	Consolidated	
	2014 F$'000	2013 F$'000
US Dollars	12,076	12,586
Euro	5,531	10,571

Further, the following table details the group's sensitivity to a 10% increase and decrease in the Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/weaken by 10% against the USD and Euro with all other variables held constant, pre-tax profit impact is as follows:

	Consolidated			
	Profit or (loss) 2014		Profit or (loss) 2013	
	Strengthen F$'000	Weaken F$'000	Strengthen F$'000	Weaken F$'000
US Dollars	1,208	(1,476)	1,258	(1,537)
Euro	554	(677)	1,058	(1,293)

(ii) Price risk

The group does not have investments in equity securities quoted on stock exchange and hence is not exposed to equity securities price risk. The group is not exposed to commodity price risk.

(iii) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies established which govern the telecommunication sector in Fiji. Specifically, retail and wholesale prices are regulated by Fiji Commerce Commission and the group's operating environment is regulated by Telecommunications Authority of Fiji.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

(iv) Cash flows and fair value interest rate risk

The group has interest-bearing asset in the form of short term and long term deposits. Generally, these are at fixed interest rates and hence, there are no interest rate risks during the period of investment. For re-investment of short and long term deposits, the group negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates on this, the group has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the group does not require simulations to be performed over impact on net profits arising from changes in interest rates.

During the year, the holding company has obtained loan from its parent entity, Fiji National Provident Fund. The borrowing is at fixed interest rate over the 5 year term of the loan.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iv) Cash flows and fair value interest rate risk (Cont'd)

The subsidiary company, Telecom Fiji Limited, has significant interest-bearing borrowing from its ultimate parent entity, Fiji National Provident Fund. During the year, the borrowing was at fixed interest rate for the initial 5 years of the loan term and varied for the remaining 5 years of the loan term. However, during the year, the subsidiary company has restructured its borrowing with Fiji National Provident Fund by entering into a Deed of Variation of Loan Agreement effective from 1 April 2014, with new terms and conditions. Accordingly, effective from 1 April 2014, the borrowing is at fixed interest rate for the first 2 years of the loan term and varied for the remaining 2 years of the loan term. Accordingly, the group is not exposed to interest rate risk for the initial 2 years of the loan term.

The subsidiary company, Vodafone Fiji Limited, also has significant interest-bearing borrowing from its ultimate parent entity, Fiji National Provident Fund. The borrowing is at fixed interest rate over the remaining 3 year term of the loan.

In relation to the bank overdraft from bank, the group is exposed to interest rate risk as the bank overdraft is at floating interest rates.

The risks are managed closely by the directors and the management within the approved policy parameters. For additional borrowings, the group negotiates an appropriate interest rate with banks and other lenders with the board approval and borrows from banks and other financial institutions which offers the overall favourable terms, including the interest rate.

(b) Credit risk

Credit risk is the risk of financial loss as a result of failure by a customer or counterparty to meet its contractual obligations. Credit risk is managed at group and at individual company level. Credit risk arises from cash at banks, deposits with banks, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Deposits are made only with reputable financial institutions which are regulated by Reserve Bank of Fiji with known sound financial standing.

All new customers undergo a credit check before a credit account is allowed. Individual credit limits are set based on internal ratings in accordance with limits set by the executive management. The utilisation of credit limits is regularly monitored. Sales to retail customers can be on credit depending on whether the customer has a pre-approved credit account or otherwise in cash. The group holds security deposits for a large number of its customers.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The group cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the group is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

d) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations for its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure availability of funding. The group monitors liquidity through rolling forecasts of the group's cash flow position and maintaining adequate funding arrangements. Also, reasonable portion of revenues are billed and collected in advance or generally within 30 days.

The table below analyses the group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Consolidated			
31 March 2014	Less than 1 year $'000	Between 1 and 2 years $'000	Between 3 and 5 years $'000	Over 5 years $'000
Financial assets:				
Cash on hand and at bank	29,363	-	-	-
Held-to-maturity investments	7,208	-	11,947	23,050
Trade and other receivables	42,232	6,137	-	-
	78,803	6,137	11,947	23,050
31 March 2014				
Financial liabilities:				
Trade and other payables	63,988	3,216	-	-
Finance lease	162	162	27	-
Borrowings	14,257	34,851	23,023	4,638
	78,407	38,229	23,050	4,638

4.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt. The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash on hand and at bank and short term deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Capital risk management (Cont'd)

	Consolidated 2014 F$'000	Consolidated 2013 F$'000
The gearing ratios at 31 March 2014 and 2013 were as follows:		
Total borrowings (Note 26)	77,120	88,839
Less: Cash on hand and at bank (Note 24)	(29,363)	(21,048)
Less: Short term deposits (Note 24)	(800)	(4,010)
Net debt	46,957	63,781
Total equity	197,432	209,618
Total capital (Total equity plus Net debt)	244,389	273,399
Gearing ratio (Net debt / Total capital x 100)	19%	23%
Debt to equity ratio % (Net debt / Total equity)	24%	30%

4.3 Fair value estimation

The carrying value less allowance for doubtful debts of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities are estimated to approximate their fair values.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In application of the group's accounting policies, which are described in note 3, the directors and the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are discussed below.

(a) Impairment of property, plant and equipment

The group assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable allowance for impairment is created. The director's and management's assessment of recoverable amount involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 31 March 2014, allowance for impairment amounting to $8,641,000 (2013: $3,353,000) has been made on property, plant and equipment. The directors and the management reasonably believe that no further indicators for impairment exist as at balance date.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

(b) Depreciation of property, plant and equipment

In relation to acquired property, plant and equipment, the directors and the management apply judgement to determine the depreciation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The director's and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(c) Amortisation / impairment of intangible assets

In relation to acquired intangible assets, the directors and the management apply judgement to determine the amortisation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, amortization is accelerated or allowance for impairment is made. The director's and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 31 March 2014, allowance for impairment amounting to $Nil (2013: $4,922,000) has been made on intangible assets. The directors and the management reasonably believe that no further indicators for impairment exist as at balance date.

(d) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level, all debtors in the +120 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly fully provided for. Receivables considered uncollectable are written off in the year in which they are identified.

(e) Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences and for all tax losses to the extent it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely level of future taxable profits together with future planning strategies. The director's and management's assessment of taxable profit forecast involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(f) Deferred tax liabilities

Deferred tax liabilities are recognised on taxable temporary differences over accounting and tax carrying amounts in respect of property, plant and equipment, computer software, IRU network capacity and unrealised exchange gain, and are measured at the tax rates that are expected to apply in the period in which the liabilities are expected to be settled. The management's decision in recording its deferred tax liabilities require significant judgment about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that may result in outcomes that may be different from the assessment.

(g) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified. The directors and the management have performed a comprehensive assessment of the inventories as at balance date, and reasonably believe that adequate provisions have been maintained.

NOTE 6. ACQUISITION OF NON-CONTROLLING INTEREST IN SUBSIDIARY, FIJI INTERNATIONAL TELECOMMUNICATIONS LIMITED (FINTEL)

During March 2012, the holding company acquired 49% shareholding in Fiji International Telecommunications Limited from Cable & Wireless, UK. The remaining 51% shareholding in Fiji International Telecommunications Limited was held by the Government of Fiji. However, the Government's shareholding was managed by the holding company for which management fees was received in prior years by the holding company. The management control included appointment of directors by the company to the Board of Fiji International Telecommunications Limited.

Considering the controlling rights from the management of Government's 51% shareholding, even though, the holding company owned less than half of the voting power in Fiji International Telecommunications Limited, from the control point of view, the acquisition of 49% of the issued share capital was treated as the holding company obtaining effective control of Fiji International Telecommunications Limited and accordingly, Fiji International Telecommunications Limited was treated as a subsidiary in the group financial statements effective from financial year ended 31 March 2012.

In the current year, in July 2013, the holding company entered into a share sale and purchase agreement with Government of Fiji to acquire the remaining 51% shareholding in FINTEL for a consideration of $9,000,000 based on the net assets disclosed in the audited financial statements of FINTEL for the year ended 31 March 2013. The transaction was completed on 22 August 2013 and accordingly, the share transfer took place.

On the basis that negotiations for acquiring 51% shareholding had commenced in prior year ended 31 March 2013 and in principle approvals for the sale and purchase were agreed subject to agreement on consideration which was negotiated and agreed based on the net assets as at 31 March 2013, for the purpose of computing and presenting the effect of this acquisition in the group financial statements, the effective date is taken as 1 April 2013.

The following summarises the consideration transferred and the identifiable net assets acquired of Fiji International Telecommunications Limited as at the effective date of acquisition from 1 April 2013:

51% of identifiable net assets as at 31 March 2013	$17,319,000
Cash consideration for 51% shareholding	(9,000,000)
Increase in equity due to acquisition of 51% shareholding of FINTEL	$ 8,319,000

The above increase in equity due to acquisition of additional shareholding of Fiji International Telecommunications Limited was allocated to the equity holders of the holding company in the group's statements of changes in equity.

NOTE 7. DISPOSAL OF SUBSIDIARY, PACIFIC EMERGING TECHNOLOGIES (FIJI) LIMITED

During the year, in September 2013, the holding company entered into a Share Sale and Purchase Agreement with Pacific Electronic Commerce Pty Limited to dispose all of its 51% shareholding in the subsidiary, Pacific Emerging Technologies (Fiji) Limited.

The sale transaction was completed on 6 December 2013 and Pacific Emerging Technologies (Fiji) Limited's identifiable net assets position as at 30 November 2013 was considered in computing and presenting the effect of this disposal in the group financial statements.

The above transaction was treated as a "Loss of Control of a Subsidiary" in accordance with IFRS 10 - Consolidated Financial Statements and accordingly, assets and liabilities of the former subsidiary have been de-recognised from the group's statement of financial position as at 31 March 2014.

The effect of the above disposal was presented as a discontinued operation in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. Accordingly, the effect on the disposal of the subsidiary was presented in the group's statement of profit or loss.

The effect of the disposal of the subsidiary in the group's financial statements have been presented as follows:

Group's share of net liabilities de-recognised	$ 62,000
Proceeds from disposal	850,000
Gain on disposal of subsidiary	$ 912,000

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
NOTE 8. REVENUE				
Access fees	13,591	9,784	-	-
Call revenue	140,085	187,561	-	-
Card services revenue	4,515	3,514	-	-
Data network and internet revenue	81,907	34,431	-	-
Dividends from subsidiary companies	-	-	22,260	16,380
Directory revenue	4,318	4,104	-	-
Equipment and ancillaries	33,323	25,033	-	-
Gaming revenue	2,435	3,428	-	-
Management fees	-	-	121	273
Other sales and service	830	2,614	-	-
	281,004	270,469	22,381	16,653
NOTE 9. DIRECT COSTS				
Airtime and PSTN charges	51,452	36,765	-	-
Directory production costs	462	398	-	-
Equipment and ancillary costs	34,766	36,652	-	-
	86,680	73,815	-	-
NOTE 10. OTHER INCOME				
Amortisation of government grant	45	45	1	1
Bad debts recovered	131	41	-	-
Exchange gain:				
- realized	-	890	-	-
- unrealized	359	398	-	-
Gain on sale of property, plant and equipment	4,279	3,001	-	33
Others	1,753	6,337	23	26
	6,567	10,712	24	60
NOTE 11. PERSONNEL COSTS				
Wages and salaries, including leave pay and other benefits	31,069	34,260	242	229
Superannuation contributions	3,095	3,662	25	31
Other personnel costs	3,650	3,016	6	6
	37,814	40,938	273	266
NOTE 12. FINANCE INCOME / (COST) - NET				
Finance income:				
- Interest income on held-to-maturity investments	2,505	2,790	2,445	2,691
- Interest income on advances to related parties	-	60	285	230
Finance cost:				
- Borrowings	(4,700)	(6,456)	(765)	(793)
Finance income / (cost) - net	(2,195)	(3,606)	1,965	2,128

NOTE 13. OPERATING EXPENSES

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Auditors' remuneration				
- Audit services	115	141	8	10
- Other services	44	45	9	5
Bad debts and impairment of receivables (net)	667	832	-	935
Consultancy and contractors fees	530	593	-	-
Directors' remuneration - fees and allowances	220	278	60	63
Electricity	6,536	6,712	10	13
Exchange loss - realised	82	-	-	-
Insurance	4,579	3,829	82	48
Legal and professional fees	354	204	54	30
Licence and support service fees	10,109	9,471	-	-
Loss on disposal of property, plant and equipment	192	-	-	-
Operating leases	4,760	5,353	47	47
Provision for stock obsolescence	560	310	-	-
Repairs and maintenance	4,610	5,092	2	3
Travelling and transportation	2,383	2,343	53	18
Other operating expenses	18,274	21,861	1,480	156
	54,015	57,064	1,805	1,328

NOTE 14. INCOME TAX

Income Tax Rate

Income tax expense / (benefit) for the year ended 31 March 2014 have been computed using tax rate of 18.5% for the holding company and 20% for the subsidiary companies (2013: 20% for the holding company and the subsidiary companies). Deferred tax assets and liabilities have been computed using tax rate of 10% for the holding company and 20% for the subsidiary companies (2013: 18.5% for holding company and 20% for the subsidiary companies).

(a) Income tax expense / (benefit)

Numerical reconciliation of income tax to prima facie tax expense / (benefit)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Profit / (loss) before income tax	44,469	(34,646)	22,268	17,074
Prima facie tax expense / (benefit)	8,894	(6,929)	4,120	3,415
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Export income allowances	(73)	(15)	-	-
Non-deductible expenses	431	529	225	279
Dividend income	-	-	(4,118)	(3,276)
Exempt income	(543)	-	-	-
Reversal of impairment loss on investment in subsidiaries	-	(46)	-	-
Amortisation of Government grant	(9)	(9)	-	-
Investment allowances	(9)	(552)	-	-

NOTE 14. INCOME TAX (CONT'D)

(a) Income tax expense / (benefit) (Cont'd)

Numerical reconciliation of income tax to prima facie tax expense / (benefit) (Cont'd)	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Temporary deductible differences and tax losses not recognised in current year	864	90	-	-
De-recognition of prior years deferred tax assets on tax losses	2,328	-	-	-
Under / (over) provision in income tax in prior years	8	(19)	9	76
Under / (over) provision of deferred income tax in prior years	(20)	(226)	-	2
Effect of change in tax rate for the holding company from 18.5% to 10%	6	-	5	-
Others	(234)	409	-	31
Income tax expense / (benefit) attributable to operating profit / (loss)	11,643	(6,768)	241	527
Income tax expense / (benefit) comprises of movement in:				
Current tax liability	8,854	(5,195)	239	527
Deferred tax assets	3,571	(398)	2	-
Deferred tax liabilities	(782)	(1,175)	-	-
	11,643	(6,768)	241	527
(b) Deferred tax assets				
Allowance for doubtful debts for trade and other receivables	3,338	3,122	-	-
Provision for employee entitlements	1,317	1,432	4	5
Provision for stock obsolescence	576	576	-	-
Tax losses	49	3,303	-	-
Deferred income	179	162	-	-
Unrealised exchange loss	57	35	-	-
Others	55	265	-	1
	5,571	8,895	4	6

(c) Un-recognised deferred tax assets

Deferred tax assets amounting to $16,092,000 (2013: $22,783,000) relating to estimated tax losses of $80,460,000 (2013: $113,914,000) and deferred tax assets amounting to $Nil (2013: $17,000) relating to temporary deductible differences of $Nil (2013: $85,000) have not been brought to account by the group as its realisation is not considered to be probable. The deferred tax assets will only be realised if:

(i) the respective company in the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(ii) the respective company in the group continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the respective company in realising the benefit from the deductions for the losses.

NOTE 14. INCOME TAX (CONT'D)

(d) Deferred tax liabilities

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Deferred expenses	21	16	-	-
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity and spectrum licences for accounting and income tax purpose	18,790	19,580	-	-
Unrealised exchange gain	95	80	-	-
	18,906	19,676	-	-

(e) Advance tax / (current tax liability)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Balance at the beginning of the year	5,412	(6,057)	82	(1,388)
Tax liability for current year	(8,845)	(937)	(231)	(527)
Tax paid during the year	4,040	12,258	463	1,964
Withholding taxes paid	8	-	-	-
Adjustment upon disposal of Pacific Emerging Technologies (Fiji) Limited	(11)	-	-	-
Under / (over) provision of income tax	(9)	21	(9)	1
Others	-	127	-	32
	595	5,412	305	82

NOTE 15. RESTATEMENT OF NON-CONTROLLING INTERESTS

In the prior year, subsidiary company, Fiji International Telecommunications Limited recorded a restatement of deferred tax liability arising from excess deferred tax recorded in previous years. A restatement of the deferred tax liability and asset revaluation reserve was recorded in the prior year of $300,000 by the subsidiary company. Consequently, non-controlling interest initially recorded on acquisition of the subsidiary company had to be restated. This resulted in an adjustment of $153,000 in the prior year.

NOTE 16. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share

Basic and diluted earnings / (loss) per share are calculated in accordance with the policy outlined in Note 3.9.

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit / (loss) attributable to equity holders of the holding company	14,469	(15,905)
Weighted average number of ordinary shares in issue (Nos.)	422,104,868	422,104,868
Basic and diluted earnings / (loss) per share (cents per share)	3	(4)

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Leasehold land and buildings (a) $'000	Telecommunications equipment and plant (c) $'000	Freehold land & buildings (b) $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital spares $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2014									
Opening net book amount	21,893	212,429	3,358	8,380	4,934	537	1,545	10,788	263,864
Additions	303	3,107	-	1,318	493	1,874	2,684	14,857	24,636
Additions transferred to intangible asset - computer software	-	-	-	-	-	-	-	(852)	(852)
Disposals	(1,596)	(327)	(3,310)	-	-	(1)	-	(856)	(6,090)
Disposals through sale of shares in subsidiary company	-	-	-	(112)	-	-	-	-	(112)
Reclassification to inventories	-	-	-	-	-	-	-	(50)	(50)
Transfers	142	16,715	-	527	148	-	-	(17,532)	-
Consumed during the year	-	-	-	-	-	-	(2,930)	-	(2,930)
Depreciation	(1,310)	(32,263)	(48)	(4,163)	(1,117)	(491)	-	-	(39,392)
Project cost written off against accumulated impairment allowance	-	-	-	-	-	-	-	(325)	(325)
Impairment loss (d)	(233)	(8,403)	-	-	-	-	(5)	-	(8,641)
Closing net book amount	19,199	191,258	-	5,950	4,458	1,919	1,294	6,030	230,108
At 31 March 2014									
Cost	42,087	620,258	-	50,668	18,076	11,514	1,421	6,030	750,054
Accumulated depreciation	(22,655)	(418,638)	-	(44,718)	(13,618)	(9,595)	-	-	(509,224)
Accumulated impairment allowance	(233)	(10,362)	-	-	-	-	(127)	-	(10,722)
Net book amount	19,199	191,258	-	5,950	4,458	1,919	1,294	6,030	230,108

CONSOLIDATED	Leasehold land and buildings (a) $'000	Telecommunications equipment and plant (c) $'000	Freehold land & buildings (b) $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital spares $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2013									
Opening net book amount	24,018	295,722	3,435	12,691	6,043	1,054	1,692	10,174	354,829
Additions	217	656	-	222	173	106	2,676	46,928	50,978
Additions transferred to intangible asset - computer software	-	(13,282)	-	-	-	-	-	(930)	(14,212)
Disposals	(948)	(69,935)	-	(113)	-	(7)	-	(173)	(71,176)
Transfers	-	43,932	-	344	52	-	-	(44,328)	-
Consumed during the year	-	-	-	-	-	-	(2,847)	-	(2,847)
Reclassification to inventories	-	-	-	-	-	-	-	(558)	(558)
Reversal of impairment loss	-	-	-	-	-	-	24	-	24
Depreciation	(1,394)	(41,636)	(77)	(4,764)	(1,334)	(616)	-	-	(49,821)
Impairment loss (d)	-	(3,028)	-	-	-	-	-	(325)	(3,353)
Closing net book amount	21,893	212,429	3,358	8,380	4,934	537	1,545	10,788	263,864
At 31 March 2013									
Cost	43,386	616,465	3,687	50,782	18,500	11,324	1,667	11,113	756,924
Accumulated depreciation	(21,493)	(401,008)	(329)	(42,402)	(13,566)	(10,787)	-	-	(489,585)
Accumulated impairment allowance	-	(3,028)	-	-	-	-	(122)	(325)	(3,475)
Net book amount	21,893	212,429	3,358	8,380	4,934	537	1,545	10,788	263,864

NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

HOLDING COMPANY	Leasehold land and buildings $'000	Telecommunications equipment and plant $'000	Freehold land & buildings $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital spares $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2014									
Opening net book amount	-	-	-	6	1	-	-	-	7
Additions	-	-	-	20	-	-	-	-	20
Depreciation	-	-	-	(8)	-	-	-	-	(8)
Closing net book amount	-	-	-	18	1	-	-	-	19
At 31 March 2014									
Cost	-	-	-	158	165	-	-	-	323
Accumulated depreciation	-	-	-	(140)	(164)	-	-	-	(304)
Net book amount	-	-	-	18	1	-	-	-	19
Year ended 31 March 2013									
Opening net book amount	-	-	-	11	-	-	-	-	11
Additions	-	-	-	1	1	-	-	-	2
Depreciation	-	-	-	(6)	-	-	-	-	(6)
Closing net book amount	-	-	-	6	1	-	-	-	7
At 31 March 2013									
Cost	-	-	-	140	165	-	-	-	305
Accumulated depreciation	-	-	-	(134)	(164)	-	-	-	(298)
Net book amount	-	-	-	6	1	-	-	-	7

(a) Included in leasehold land and buildings are properties shared by subsidiary company, Telecom Fiji Limited, and Post Fiji Limited and reflects the amount to the extent funded by the subsidiary company up to 30 June 1996 and any subsequent costs incurred by the subsidiary company on the properties thereafter. The titles in relation to the shared land and buildings are not held in the name of subsidiary company. Furthermore, there is an ownership dispute between Post Fiji Limited and the subsidiary company in respect to TFL New Wing Building in Suva. The dispute is currently subject to court proceedings.

(b) In March 2014, the freehold land and building of the subsidiary company, Fiji International Telecommunications Limited, in Suva City, known as Mercury House, were sold for a consideration of $4,600,000 to ultimate parent entity, Fiji National Provident Fund. Accordingly, the carrying value of the freehold land and building has been disposed off from the books during the year. The net gain on disposal of the property, net of Capital Gains Tax was $1,226,000.

(c) During the prior year, subsidiary company, Vodafone Fiji Limited, undertook a major network transformation program where it replaced its entire mobile telecommunications infrastructure. As a result, the old network assets with a carrying value of $69,316,000 were disposed off from the books.

Based on physical verification carried out during the year by the management of the subsidiary company, Fiji International Telecommunications Limited, telecommunications equipment and plant which were not in usable condition costing $3,095,000 with accumulated depreciation of $3,091,000 were disposed and / or written off during the year.

In the current year, in the books of the subsidiary company, Fiji Directories Limited, 3 months depreciation expense in relation to plant and equipment of sales department amounting to $11,000 has been deferred.

(d) In the prior years, the subsidiary company, Telecom Fiji Limited, had acquired e-ticketing bus consoles and related equipment & accessories amounting to $884,000 in respect to the bus fare e-ticketing project which was recorded as capital work in progress. However, the management was of the view that the e-ticketing bus consoles amounting to $558,000 could be used by the subsidiary company for other economic benefit subject to further test or configuration and accordingly, these e-ticketing bus consoles had been transferred to inventories. Full provision for stock obsolescence had been recorded on this balance in the prior year.

NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The remaining related bus fare e-ticketing project equipment amounting to $325,000 was recorded under capital work in progress and full impairment allowance had been created for this balance in the prior year. In the current year, the company has written off the related bus fare e-ticketing project equipment cost against the accumulated impairment allowance.

Based on the impairment assessment performed by the subsidiary companies, Telecom Fiji Limited and Fiji International Telecommunications Limited, an impairment allowance amounting to $8,641,000 (2013: $3,353,000) has been recognised on building improvements, telecommunications equipment and plant, capital spares, and capital work in progress for the year ended 31 March 2014.

NOTE 18. INTANGIBLE ASSETS

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross carrying amount	113,081	124,914	-	-
Less: accumulated amortisation	(82,949)	(94,864)	-	-
Less: accumulated impairment	(4,922)	(4,922)	-	-
Total intangible assets, net	25,210	25,128	-	-
Intangible assets are as follows:				
a) Computer software costs				
Gross carrying amount:				
Balance as at 1 April	33,084	32,386	-	-
Additions	343	53	-	-
Reclassified from property, plant and equipment	852	930	-	-
Disposals through sale of shares in subsidiary	(1,325)	-	-	-
Disposals	-	(285)	-	-
Balance as at 31 March	32,954	33,084	-	-
Accumulated amortisation:				
Balance as at 1 April	28,090	25,425	-	-
Amortisation	2,900	2,795	-	-
Disposals through sale of shares in subsidiary	(1,125)	-	-	-
Disposals	-	(130)	-	-
Balance as at 31 March	29,865	28,090	-	-
Net book amount	3,089	4,994	-	-

NOTE 18. INTANGIBLE ASSETS (CONT'D)

b) Indefeasible Rights of Use capacity

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross carrying amount:				
Balance as at 1 April	73,976	18,629	-	-
Reclassified from property, plant and equipment	-	53,949	-	-
Additions	3,088	1,398	-	-
Balance as at 31 March	77,064	73,976	-	-
Accumulated amortization:				
Balance as at 1 April	48,920	3,658	-	-
Reclassified from property, plant and equipment	-	40,667	-	-
Amortisation	4,125	4,595	-	-
Balance as at 31 March	53,045	48,920	-	-
Accumulated impairment allowance:				
Balance as at 1 April	4,922	-	-	-
Impairment loss	-	4,922	-	-
Balance as at 31 March	4,922	4,922	-	-
Net book amount	19,097	20,134	-	-

Indefeasible Rights of Use ("IRU") capacity relates to the lease of IRU network capacity by subsidiary companies, Telecom Fiji Limited and Fiji International Telecommunications Limited. The IRU network capacity purchase consideration or lease consideration is capitalised to intangible assets, and is amortised over its estimated economic useful life.

In the current year, the economic useful life of IP transit for Australia and USA link belonging to subsidiary company, Telecom Fiji Limited, had ended. Accordingly, the IP transit for Australia and USA link have been fully amortised.

On 29 August 2013, the subsidiary company, Telecom Fiji Limited, entered into a variation agreement with Optus Network Pty Limited to switch the existing STM-1 service of USA link and replace with additional capacity comprising one STM-4 service of Australia link. The replacement was on the condition that the company purchases minimum 600MB of bundled IP services under the Evolve SD with a committed term of no less than 12 months. Accordingly, the subsidiary company has purchased IP services of Australia link in the current year. The IP services purchase consideration is capitalised to intangible assets, and is amortised over its economic useful life of 2 years.

c) Spectrum Licences

	Consolidated 2014	Consolidated 2013	Holding 2014	Holding 2013
Gross carrying amount:				
Additions	3,063	-	-	-
Balance as at 31 March	3,063	-	-	-
Accumulated amortisation:				
Amortisation	39	-	-	-
Balance as at 31 March	39	-	-	-
Net book amount	3,024	-	-	-

NOTE 18. INTANGIBLE ASSETS (CONT'D)

c) Spectrum Licences (Cont'd).

Spectrum licences includes licenses acquired by the subsidiary companies, Telecom Fiji Limited and Vodafone Fiji Limited during the year from Department of Communications with an initial 5 year term starting from 2 September 2013, then extending to further 10 years conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

d) Movie productions

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross carrying amount	-	17,854	-	-
Accumulated impairment allowance	-	(17,854)	-	-
Net book amount	-	-	-	-

Investments in movie productions comprised of investments in "Straight Edge", "Smilodon", "The Great North Pole Elf Strike" and "Pirate Islands 2" movie projects. These investments were made during prior years from 2004 to 2006, and were valued at cost and reduced by an impairment charge to arrive at a carrying amount which is an amount the group expected to recover from the exploitation of the copyright in accordance with the Production Investment Agreement. During the year, the investment in movie productions were written off against the accumulated impairment allowance as in the opinion of the management and directors, no further income from the exploitation of the copyright is expected.

NOTE 19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets consist of equity investments in subsidiary companies, all of which are unlisted, carried at cost less any accumulated allowances for impairment and denominated in local currencies (Note 34). Carrying values are as follows:

Shares in subsidiary companies:				
Non-current				
At cost	-	-	184,260	177,013
Allowance for impairment	-	-	(400)	(1,303)
	-	-	183,860	175,710

NOTE 20. HELD-TO-MATURITY INVESTMENTS

Non-current				
Fiji Government Registered Stock (a)	34,980	36,979	34,980	36,979
Add: unamortised premium	17	22	17	22
Total non-current held-to-maturity investments	34,997	37,001	34,997	37,001
Current				
Fiji Government Registered Stock (a)	2,000	11,331	2,000	11,331
Short term deposits (b)	5,208	5,010	-	-
Total current held-to-maturity investments	7,208	16,341	2,000	11,331
Total	42,205	53,342	36,997	48,332

NOTE 20. HELD-TO-MATURITY INVESTMENTS (CONT'D)

(a) The carrying values of the Fiji Government Registered stock are considered to be their reasonable approximation of their fair values.

The holding company has provided government bonds amounting to $14,000,000 as security for the loan obtained during the year from its parent entity, Fiji National Provident Fund. Refer note 26(a).

(b) Certain short term deposit matures within three months. Accordingly, such deposit has been considered as cash and cash equivalents for the purpose of the statements of cash flows. Refer Note 24.

	Consolidated		Holding Company	
NOTE 21. INVENTORIES	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Merchandise and consumables	14,078	12,991	-	-
Less: provision for stock obsolescence	(2,924)	(2,924)	-	-
	11,154	10,067	-	-
Goods in transit	179	834	-	-
	11,333	10,901	-	-
NOTE 22. M-PAiSA TRUST FUND				
M-PAiSA trust account	3,950	2,833	-	-
E-value in circulation	(3,950)	(2,833)	-	-
	-	-	-	-

The subsidiary company, Vodafone Fiji Limited, has a trust account in relation to the M-PAiSA product. This is to support the e-value currently in circulation.

NOTE 23. TRADE AND OTHER RECEIVABLES

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Non-current				
Advance to Amalgamated Telecom Nominees Limited (a)	4,983	4,983	4,983	4,983
Prepayments	179	-	-	-
Other receivables	975	-	-	-
	6,137	4,983	4,983	4,983
Current				
Trade receivables (b)	50,235	52,604	-	-
Less: unearned income	(1,577)	(1,471)	-	-
	48,658	51,133	-	-
Less: allowance for doubtful debts	(16,640)	(16,848)	-	-
Trade receivables, net	32,018	34,285	-	-
Accrued revenue	1,727	3,826	444	736
Dividends receivable	-	-	18,060	17,880
Receivable from related parties	1,165	2,142	12,793	7,675
Other receivables and advances	7,382	8,013	271	584
Less: allowance for doubtful debts	(60)	(271)	(1,535)	(1,535)
	10,214	13,710	30,033	25,340
	42,232	47,995	30,033	25,340

NOTE 23. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The advance to Amalgamated Telecom Nominees Limited is unsecured and subject to interest at the rate of 1.2% per annum.

(b) Trade receivables that are less than 3 to 4 months past due are not considered impaired. As at 31 March 2014, trade receivables of $25,904,000 (2013: $34,285,000) were not considered impaired.

As of 31 March 2014, trade receivables for the group of $16,690,000 (2013: $17,119,000) were impaired and provided for.

The holding company impaired and provided for receivables from a related company, ATH Call Centre Limited, amounting to $1,535,000 (2013: $1,535,000). The individually impaired receivables mainly relates to customers, who have defaulted in payments.

Movements in the allowance for doubtful debts of trade and other receivables are as follows:

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
As at 1 April	17,119	17,424	1,535	600
Additional allowance during the year	604	925	-	935
Amounts written off during the year	(383)	(278)	-	-
Reversal of provision upon disposal of subsidiary	(250)	-	-	-
Reversals during the year	(390)	(952)	-	-
As at 31 March	16,700	17,119	1,535	1,535

The charge and reversal of allowance for doubtful debts have been included in "Operating expenses" and "Other income" in the statements of profit or loss (Note 13 and Note 10 respectively). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group generally obtains security deposits for all new land line and internet connections. Apart from these, it does not hold any collateral as security. The total carrying amount of security deposits in relation to the above trade receivables carried by the group is $5,030,000 (2013: $4,898,000).

NOTE 24. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

Cash on hand and at bank	29,363	21,048	4,457	899
Short term deposits	800	4,010	-	-
	30,163	25,058	4,457	899

NOTE 25. SHARE CAPITAL

	Number of issued shares (Nos.)	Value of ordinary shares $'000	Total $'000
As at 31 March 2014 and 2013	422,104,868	105,526	105,526

The total authorised number of ordinary shares of the company is 40,000,000,000 shares (2013: 40,000,000,000 shares) with a par value of $0.25 per share (2013: $0.25 per share). All issued shares are fully paid.

NOTE 26. BORROWINGS

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current				
Term loans - Fiji National Provident Fund (a)	51,463	67,505	6,318	-
Term loan - Bank of South Pacific (b)	3,681	4,189	3,681	4,189
Term loan - Westpac Banking Corporation (c)	7,368	8,377	7,369	8,377
Finance lease - Southern Cross Cables Limited	189	-	-	-
	62,701	80,071	17,368	12,566
Current				
Term loans - Fiji National Provident Fund (a)	12,790	7,507	1,711	-
Term loan - Bank of South Pacific (b)	489	420	489	420
Term loan - Westpac Banking Corporation (c)	978	841	979	841
Finance lease - Southern Cross Cables Limited	162	-	-	-
Advances - ATH Technology Park Limited	-	-	2,056	-
	14,419	8,768	5,235	1,261
Total borrowings	77,120	88,839	22,603	13,827

(a) Term Loans - Fiji National Provident Fund

Borrowing by Amalgamated Telecom Holdings Limited

During the year, on 21 August 2013, the holding company obtained loan amounting to $9,000,000 from its parent entity, Fiji National Provident Fund, to finance purchase of 51% of government's shareholding in Fiji International Telecommunications Limited. The interest rate on the loan is fixed at 3.5% over the term of the loan with maturity date of 21 August 2018. The loan is payable at monthly repayments of $163,725 inclusive of interest. The loan is secured by deed of assignment over government bonds amounting to $14,000,000.

Borrowing by Telecom Fiji Limited

During the year, the interest rate on the loan obtained by subsidiary company, Telecom Fiji Limited, was fixed at 6.5% for the initial 5 years of the loan term and was to be varied for the remaining 5 years of the loan term. Any rate changes are to be agreed in writing between the subsidiary company and Fiji National Provident Fund. The loan was payable at monthly repayments of $897,000 inclusive of interest.

Furthermore, during the year, the subsidiary company restructured its borrowing with Fiji National Provident Fund by entering into a Deed of Variation of Loan Agreement effective from 1 April 2014, with new terms and conditions. Accordingly, borrowing has been apportioned between current and non-current based on the new terms as set out in the Deed of Variation of Loan Agreement.

Effective 1 April 2014, the interest rate on this loan has been fixed at 4.25% for the first 2 years of the loan term and will be varied for the remaining 2 years of the loan term. The loan will be payable at monthly repayments of $1,034,000 inclusive of interest.

Term loan from Fiji National Provident Fund is secured by:

(i) 1st registered mortgage debenture over all the assets of the subsidiary company, Telecom Fiji Limited, except for TFL New Wing building in Suva.

(ii) Comprehensive insurance cover over the property with improvements thereon.

The Fiji National Provident Fund loan facility also allows the subsidiary company, Telecom Fiji Limited, to redraw the excess loan repayments made at any given time with 5 working days' notice during the term of the loan on the condition that there is no breach in security and financial covenants. The excess loan payments made reduces the overall loan balance and can be withdrawn without any penalty or fees. As at 1 April 2014, the available redraw facility amounts to $9,330,000.

NOTE 26. BORROWINGS (CONT'D)

(a) Term Loans - Fiji National Provident Fund (Cont'd)

Borrowing by Vodafone Fiji Limited

The subsidiary company, Vodafone Fiji Limited, has term loan of $20,000,000 from Fiji National Provident Fund. The interest rate on the loan was fixed at 4.95% over the term of the loan with maturity date of 27 April 2015 and is secured by a registered equitable mortgage debenture over all assets and undertakings of the subsidiary company, including called and uncalled capital.

Subsequent to balance date, the subsidiary company restructured its borrowing with Fiji National Provident Fund by entering into a Deed of Variation of Loan Agreement effective from April 2014, with new terms and conditions. The loan maturity is now in April 2017.

(b) Term loan - Bank of South Pacific

The loan from Bank of South Pacific is unsecured and subject to interest rate of 3.5% per annum with monthly repayments of $52,000.

(c) Term loan - Westpac Banking Corporation

The loan from Westpac Banking Corporation is unsecured and subject to interest rate of 3.5% per annum with monthly repayments of $104,700.

(d) ANZ Bank Facilities

The subsidiary company, Telecom Fiji Limited, has indemnity guarantee and visa business credit card facilities with ANZ Banking Group Limited. These facilities are secured by letter of charge over term deposit funds. The subsidiary company has also given negative pledge to ANZ Bank Group Limited.

NOTE 27. PROVISIONS

	Employee entitlements (a) $'000	Directory production costs $'000	Dividends $'000	Total $'000
<u>Consolidated</u>				
As at 1 April 2013	7,179	47	12,663	19,889
Additional provisions recognized	5,454	50	8,442	13,946
Paid during the year	(6,032)	(47)	(12,663)	(18,742)
Carrying amount as at 31 March 2014	6,601	50	8,442	15,093
<u>Holding Company</u>				
As at 1 April 2013	25	-	12,663	12,688
Additional provisions recognized	18	-	8,442	8,460
Paid during the year	(8)	-	(12,663)	(12,671)
Carrying amount as at 31 March 2014	35	-	8,442	8,477

NOTE 27. PROVISIONS (CONT'D)

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Analysis of total provisions:				
Non-current	513	998	-	-
Current	14,580	18,891	8,477	12,688
	15,093	19,889	8,477	12,688
(a) Employee entitlements consists of the following:				
Annual leave	692	840	35	25
Bonus	5,374	5,033	-	-
Long service leave	179	354	-	-
Retirement benefits	356	666	-	-
Others	-	286	-	-
	6,601	7,179	35	25

Annual Leave

Generally annual leave is taken within one year of entitlement and accordingly it is expected that a significant portion of the total annual leave balance will be utilised within the next financial year. Note 3.10 outlines the accounting policy and underlying basis for these accruals.

Long service leave and retirement benefits

Long service leave and retirement benefits are accrued for employees entitled to the same under their terms of employment. Note 3.10 outlines the accounting policy and underlying basis for these accruals.

Bonus

Bonus provisions are expected to be significantly settled within 12 months after the end of the financial year. Note 3.10 outlines the accounting policy and underlying basis for these accruals.

NOTE 28. TRADE AND OTHER PAYABLES

Non-current				
Trade payables and accruals	3,216	4,244	-	-
Subscriber deposits	5,030	4,898	-	-
	8,246	9,142	-	-
Current				
Trade payables and accruals	48,394	58,092	246	434
Owing to related parties	754	4,831	-	-
Dividend payable	14,840	18,087	-	-
Deferred revenue	11,818	13,170	-	-
	75,806	94,180	246	434
Total	84,052	103,322	246	434

The fair value of current liabilities and non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
NOTE 29. DEFERRED INCOME				
Non-current				
Government grant	6,459	6,459	-	-
Less: Accumulated amortization	(6,199)	(6,155)	-	-
	260	304	-	-
NOTE 30. DIVIDENDS				
Ordinary shares				
Final dividend for the year	8,442	12,663	8,442	12,663
Interim dividend for the year	12,663	6,332	12,663	6,332
	21,105	18,995	21,105	18,995
NOTE 31. CONTINGENT LIABILITIES				
Following is a summary of estimated contingent liabilities:				
Bank and performance guarantees	1,314	1,696	-	-
Litigations	110	105	-	-
	1,424	1,801	-	-

(a) Legal claims

Various claims have been brought against subsidiary company, Telecom Fiji Limited. The directors have obtained legal advice on these claims and are confident that no significant liability other than those that have been brought to account or have been disclosed will eventuate.

(b) Dispute with Post Fiji Limited

Included in leasehold land and buildings are properties shared by subsidiary company, Telecom Fiji Limited, with Post Fiji Limited and reflect the amount to the extent funded by the subsidiary company up to 30 June 1996 and any subsequent costs incurred by the subsidiary company on the properties thereafter. The titles in relation to the shared land and buildings are not registered in the name of the subsidiary company. Furthermore, there is an ownership dispute with Post Fiji Limited in respect to Telecom Fiji Limited New Wing Building in Suva. The dispute is currently subject to court proceedings.

Based on the opinion of the solicitors, no significant liability is expected to arise ultimately in respect to this litigation.

(c) Dispute over land lease arrears

There is a dispute in relation to the outstanding lease arrears owed by the subsidiary company, Telecom Fiji Limited. During the year ended 31 March 2008, the Ministry had assessed lease arrears to be $1,142,000 while the subsidiary company's assessment of the lease arrears, after considering the payments made to the Ministry, amounted to $741,000. Difference of $401,000 has not been recorded by the company. Also, the company had made submission to the Ministry with supporting information and requested the Ministry to adjust the difference accordingly. The Ministry has still not responded to the submissions made by the subsidiary company as at balance date.

In the opinion of the management, no significant liability is expected to eventuate upon ultimate resolution of this matter.

NOTE 32. COMMITMENTS

(a) Capital commitments

Capital expenditure commitments as at balance date are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Intangible assets	-	65	-	65
Property, plant and equipment	48,262	19,001	-	-
	48,262	19,066	-	65

Capital expenditure commitments primarily relate to various capital investment schemes, programs and initiatives approved by the Board of Directors of the subsidiary companies.

(b) Operating leases

i) The group leases various premises and lands under non-cancellable operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
Within one year	3,624	4,979	46	58
Later than one year but not later than five years	7,604	6,804	137	-
Later than five years	25,086	25,047	-	-
	36,314	36,830	183	58

ii) On 5 November 2004, Vodafone Fiji Limited entered into a lease agreement with Fiji National Provident Fund for its head office. The term of the lease is for 10 years beginning from the date of occupation and ending in December 2015. Under the agreement, rent is payable at $42,000 per month.

Vodafone Fiji Limited has also entered into various lease agreements with various parties for its warehouses and retail outlets throughout the country. The terms of the lease vary from 2 to 5 years and lease rentals range from $1,000 to $20,000 per month.

The subsidiary company entered into various lease agreements with various parties for its base stations. The term of the various leases range from 1 to 99 years and lease rentals range from $1,000 to $12,000 per annum.

(c) Maintenance and support service

The subsidiary company, Telecom Fiji Limited, is committed to pay a sum of $1,941,000 (2013: $2,650,000) in future to Huawei Technologies (Australia) Pty Limited as part of maintenance and support service agreement for a remaining period of 18 months. The agreement was signed on 10 November 2011.

(d) Sponsorship agreement with Fiji Rugby Union

On 2 February 2014, the subsidiary company, Vodafone Fiji Limited, has entered into a sponsorship agreement with Fiji Rugby Union.

As per the terms of the agreement, Fiji Rugby Union has granted sponsorship rights in respect to its rugby teams and tournaments on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company and its Consortium sponsors, which include corporate entities outside the group, for sponsorship in cash and sponsorship in kind for a period of 5 years.

NOTE 32. COMMITMENTS (CONT'D)

(e) Licence fees

Certain subsidiaries within the group is committed to pay licence to the Government of Fiji based on the audited annual gross revenue which arises directly from the provision of services under the Licence in the preceding year and such annual gross revenue shall be calculated net of settlement with other licenses in Fiji.

Certain subsidiaries are also committed to pay Universal Service Levy to the Government of Fiji based on the audited annual gross revenue which arises directly from the provision of services under the Licence in the current year and such annual gross revenue shall be calculated net of settlements with other licences in Fiji.

(f) Operating lease income

The group has leased out its building space under non-cancellable operating leases. The lease has varying terms, escalation clauses and renewal rights. On renewal, the term of the lease is renegotiated. The group also earns rental income from colocations.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	999	691	-	-
Later than one year but not later than five years	204	331	-	-
Later than five years	-	23	-	-
	1,203	1,045	-	-

NOTE 33. RELATED PARTY DISCLOSURES

(a) Parent entity

The company is a subsidiary of Fiji National Provident Fund.

(b) Directors

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

Mr Ajith Kodagoda - Chairman
Mr Arun Narsey
Ms Akosita Drova (appointed 27/08/13)
Mr David Kolitagane (resigned 27/08/13)
Mr Tom Ricketts
Mr Taito Waqa
Mr Umarji Musa

Directors' remuneration is disclosed under Note 13.

NOTE 33. RELATED PARTY DISCLOSURES (CONT'D)

(c) Sales of services and interest

The following transactions were carried out with related parties:

	Consolidated		Holding Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
By ATH:				
- Interest income from subsidiary companies	60	60	344	230
- Management fee from subsidiary companies	-	-	121	273

During the year, the group provided telecommunication related services to the Fiji National Provident Fund, Government of Fiji, other Government owned entities, directors and director related entities and to executives. These services were provided at normal commercial rates, terms and conditions.

(d) Superannuation

Fiji National Provident Fund	3,095	3,662	25	30

(e) Purchases of services

Following is a summary of different purchase transactions the holding company had with the subsidiary companies and the related entities, and the group had with the related entities during the year:

Advertising expense	10	13	7	7
Communications and internet	-	-	12	14
Interest expenses and fees	3,798	5,027	183	-
Operating leases - parent entity	47	47	47	47
Rental	606	568	-	-
Sale of property	10,100	-	-	-
Roaming call revenue	761	4,583	-	-
Roaming call charges	179	351	-	-
Billing charges	525	1,235	-	-
Network support charges	434	1,040	-	-
Isaac support	-	83	-	-
Others	-	-	22	-

(f) Other transactions

Dividends from subsidiary companies	-	-	22,260	16,380
Management fees from subsidiary companies	-	-	121	273

All transactions with related parties are conducted on commercial terms and conditions.

(g) Key management compensation

Salaries and other short-term employee benefits	4,360	4,428	162	150

NOTE 33. RELATED PARTY DISCLOSURES (CONT'D)

	Consolidated 2014 $'000	Consolidated 2013 $'000	Holding Company 2014 $'000	Holding Company 2013 $'000
(h) Year-end balances arising from sales/purchases of services				
Receivables from related parties (Note 23):				
- Dividend receivable from subsidiary companies	-	-	18,060	17,880
- Subsidiary companies	326	266	12,793	6,451
- Ultimate holding entity	299	47	-	-
- Other related parties of the group	540	1,829	-	1,224
Payables to related parties (Note 28):				
- Ultimate holding entity	539	548	-	-
- Other related parties of the group	215	4,283	-	-
(i) Loans and advances to / (from) related parties				
Advance to Amalgamated Telecom Nominees Limited (Note 23)	4,983	4,983	4,983	4,983
Advance from ATH Technology Park Limited	-	-	(2,057)	-
Refer Note 23 for terms underlying the advance to subsidiary.				
(j) Borrowings from ultimate parent entity				
Term loans - Fiji National Provident Fund (Note 26)	64,253	75,012	8,029	-

NOTE 34. SUBSIDIARY COMPANIES

The financial statements of the group incorporate the assets, liabilities and results of the following subsidiary companies in accordance with the accounting policy described in Note 3.2:

	Immediate parent	Class of shares	Equity holding (%) 2014	Equity holding (%) 2013
Telecom Fiji Limited	ATH	Ordinary	100%	100%
Fiji International Telecommunications Limited	ATH	Ordinary	100%	49%
Vodafone Fiji Limited	ATH	Ordinary	51%	51%
Fiji Directories Limited	ATH	Ordinary	90%	90%
ATH Call Centre Limited	ATH	Ordinary	100%	100%
ATH Technology Park Limited	ATH	Ordinary	100%	100%
Internet Services Fiji Limited	TFL	Ordinary	100%	100%
Transtel Limited	TFL	Ordinary	100%	100%
Xceed Pasifika Limited	TFL	Ordinary	100%	100%
FINTEL Internet Services Limited	FINTEL	Ordinary	100%	100%
Pacific Emerging Technologies (Fiji) Limited	ATH	Ordinary	0%	51%

All companies are incorporated in Fiji and have the same balance date as the parent entity.

The financial statements of Vodafone Fiji Limited are audited by Ernst & Young Fiji.

The principal activity of Amalgamated Telecom Nominees Limited (ATN) is to hold the shares of Amalgamated Telecom Holdings Limited for the qualifying employees of the group under Employee Share Option Plan. Accordingly, the financial statements of ATN are not consolidated in the group financial statements. In accordance with the Employee Share Option Plan Trust Deed dated 8 October 2002 and amendments thereto, any surplus balance in the Cash Fund upon liquidation of ATN and after satisfaction of all obligations will be paid to the holding company.

NOTE 35. ASSOCIATED ENTITY

Entity	Place of Incorporation	% Owned	Investment Book Value ($)
Amalgamated Telecom Holdings (PNG) Limited (non-operating entity)	PNG	50%	1

NOTE 36. SEGMENT REPORTING

31 March 2014	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Consolidated $'000
Revenue					
External customer	75,682	187,735	13,882	3,705	281,004
Inter-segment - operating	8,003	7,245	31,472	(46,720)	-
Other revenue	5,203	2,213	4,335	(5,184)	6,567
Total revenue	88,888	197,193	49,689	(48,199)	287,571
Expenses					
Depreciation and amortisation	28,668	14,910	2,867	-	46,445
Redundancy	700	-	-	-	700
Finance cost / (income)	3,160	1,127	(2,092)	-	2,195
Direct and other expenditure	71,838	132,306	14,257	(24,639)	193,762
Total expenses	104,366	148,343	15,032	(24,639)	243,102
Segment profit before tax	(15,478)	48,850	34,657	(23,560)	44,469
Operating assets	170,261	157,672	310,326	(242,041)	396,218
Operating liabilities	101,497	108,894	44,414	(55,424)	199,381
Other disclosures					
Capital expenditure	8,636	14,914	1,086	-	24,636

NOTE 36. SEGMENT REPORTING (CONT'D)

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Consolidated $'000
31 March 2013					
Revenue					
External customer	79,236	177,978	34,347	(21,092)	270,469
Inter-segment - operating	3,940	9,716	5,170	(18,826)	-
Other revenue	7,917	1,730	1,089	(24)	10,712
Total revenue	91,093	189,424	40,606	(39,942)	281,181
Expenses					
Depreciation and amortisation	30,037	22,322	4,852	-	57,211
Finance cost / (income)	4,313	1,478	(2,185)	-	3,606
Direct and other expenditure	62,575	190,255	26,382	(24,202)	255,010
Total expenses	96,925	214,055	29,049	(24,202)	315,827
Segment profit before tax	(5,832)	(24,631)	11,557	(15,740)	(34,646)
Operating assets	199,766	151,244	304,108	(216,049)	439,069
Operating liabilities	112,025	111,512	47,013	(35,687)	234,863
Other disclosures					
Capital expenditure	9,287	42,528	614	-	52,429

NOTE 37. PRINCIPAL ACTIVITIES

The principal activities of the holding company during the year were that of investments and provision of management services.

The principal activities of the subsidiary company, Telecom Fiji Limited, during the year were provision of telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services, marketing and selling of prepaid transactions cards, and operating a call centre.

The principal activities of the subsidiary company, Vodafone Fiji Limited, during the year were provision of cellular mobile telecommunication services and M-Paisa services.

The principal activities of the subsidiary company, Fiji International Telecommunications Limited, during the year were provision and operation of international telecommunications facilities into and out of Fiji, provision of internet connection and internet related services.

The principal activities of the subsidiary company, Fiji Directories Limited, during the year were that of compiling and publishing the Fiji telephone directory and providing access to it through internet.

The principal activities of the subsidiary company, ATH Technology Park Limited, until the prior financial year were to develop, operate and manage Technology Park. During the year, the subsidiary company sold its leasehold land and capital work in progress relating to Technology Park to the ultimate holding entity, Fiji National Provident Fund. As a result, the subsidiary company did not carry out any commercial operations during the year.

The subsidiary companies, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, Internet Services Fiji Limited and FINTEL Internet Services Limited did not operate during the year.

There were no significant changes in the nature of these activities during the financial year.

NOTE 38. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

(i) On 22 August 2013, the holding company acquired 357,000 shares in the subsidiary company, Fiji International Telecommunications Limited, held by the Government of Fiji for a consideration of $9,000,000 based on the net assets position of Fiji International Telecommunications Limited as at 31 March 2013.

(ii) During December 2013, the holding company sold all of its 51% shareholding in the subsidiary company, Pacific Emerging Technologies (Fiji) Limited, to Pacific Electronic Commerce Pty Limited for a consideration of $850,000.

(iii) The subsidiary company, Telecom Fiji Limited, carried out Cost Reduction programme with respect to the reduction of Human Resources costs through the implementation of the Redundancy programme and the Organisational Structural consolidation exercise. The Redundancy programme and the Organisational Structural consolidation exercise was carried out in three phases, wherein, the first two phases were completed during the year and the third phase was completed subsequent to balance date. The total payout for third phase amounting to $182,000 has been accrued by the subsidiary company as at balance date.

Total restructure cost to the subsidiary company for the Redundancy programme and the Organisational Structural consolidation exercise for all phases for the financial year ended 31 March 2014 amounted to $700,000.

(iv) In March 2014, the subsidiary company, Fiji International Telecommunications Limited, sold its freehold land and building in Suva City, known as Mercury House, for a consideration of $4,600,000 to its ultimate parent entity, Fiji National Provident Fund. The net gain on disposal of the freehold land and building after Capital Gains Tax was $1,226,000.

The financial effects of the above events have been incorporated in the financial statements for the year ended 31 March 2014.

Furthermore, the subsidiary company, Telecom Fiji Limited, started the process of finding a potential buyer for the sale of Ganilau house building. The asset has not been classified as non-current assets held for sale in the financial statements as the subsidiary company is still in the process of negotiating with the potential buyer on various terms and conditions.

NOTE 39. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the holding company and the group, the results of those operations, or the state of affairs of the holding company and the group in future financial years.

NOTE 40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 June 2014.

1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 March 2014:

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Umarji Musa	5,000	-

2. Shareholding of those persons holding the 20 largest blocks of shares:

Shareholders	No. of Shares
Fiji National Provident Fund	245,960,597
Government of Fiji	145,932,209
Unit Trust of Fiji	8,783,582
Fijians Trust Fund	5,000,000
Amalgamated Telecom Nominees Limited	4,700,193
Yasana Holdings Limited	3,091,363
FHL Trustees Limited - Fijian Holdings Unit Trust	1,157,440
Kiran Lata Kumar	271,000
Banaban Trust Fund Board	200,000
Colonial Fiji Life Limited	180,324
Dominion Insurance Limited	179,814
JP Bayly Trust	111,500
RFMF Army Medical Scheme	100,000
Nakuruvakarua Company Limited	100,000
Naitasiri Provincial Council	94,350
Lomaiviti Provincial Council	94,340
Rewa Provincial Council	94,300
Kanti Tappoo	92,581
Mataqali Nabukebuke Namosi	85,313
Macuata Provincial Council	76,500

3. Distribution of share holding under Section 6.31(v):

Holding	No. of Holders	Total % Holding
Less than 500 shares	19	0.00
500 to 5,000 shares	1,433	0.61
5,001 to 10,000 shares	147	0.29
10,001 to 20,000 shares	39	0.15
20,001 to 30,000 shares	11	0.07
30,001 to 40,000 shares	3	0.03
40,001 to 50,000 shares	14	0.16
50,001 to 100,000 shares	13	0.24
100,001 to 1,000,000 shares	5	0.22
Over 1,000,000 shares	7	98.23
Total	**1,691**	**100%**

4. Mr Ajith Kodagoda has waived emolument due to him on his appointment as Chairman of the Board of Directors on 18 August 2010.

5. Disclosure on the trading results of each subsidiary under Section 6.31(viii):

	Telecom Fiji Ltd	Vodafone Fiji Ltd	FINTEL	Fiji Directories Ltd	ATH Technology Park Ltd	ATH Call Centre Ltd	Transtel Ltd	Xceed Pasifika Ltd	Internet Services Fiji Ltd	Kidanet
(Amount in $'000)										
Sales revenue	83,685	194,980	15,765	4,437	-	-	-	-	-	-
Other operating revenue (excluding dividends)	6,106	2,150	2,730	107	2,762	91	-	-	-	-
	89,791	197,130	18,495	4,544	2,762	91	-	-	-	-
Depreciation, amortization and Impairment	36,747	14,909	3,159	177	16	-	-	-	-	-
Cost of Sales	25,410	72,058	2,641	461	-	-	-	-	-	-
Other Expenses	39,951	60,187	5,108	1,962	47	22	-	-	-	5
Finance cost / (income)	3,160	1,127	(21)	(20)	-	-	-	-	-	-
Income tax expense / (benefit)	(116)	9,803	1,304	401	9	-	-	-	-	-
	105,152	158,084	12,191	2,981	72	22	-	-	-	5
Net profit / (loss) after income tax (excluding dividends)	(15,361)	39,046	6,304	1,563	2,690	69	-	-	-	(5)
Operating assets	163,230	157,849	38,951	5,223	2,059	783	4,108	2,935	-	1,339
Operating liabilities	97,890	109,071	3,433	2,865	11	2,248	-	4	3,615	-
Shareholders' equity / (deficit)	65,340	48,778	35,518	2,358	2,048	(1,465)	4,108	2,931	(3,615)	1,339

6. Share Register

Amalgamated Telecom Holdings Limited
Harbour Front Building
Rodwell Road
Suva
Phone: (679) 3308-700

7. Group Consolidated Ten Years Financial Performance

	For the 12 months ended 31 March 2014 ($'000)	For the 12 months ended 31 March 2013 ($'000)	For the 12 months ended 31 March 2012 ($'000)	For the 12 months ended 31 March 2011 ($'000)	For the 12 months ended 31 March 2010 ($'000)	For the 12 months ended 31 March 2009 ($'000)	For the 12 months ended 31 March 2008 ($'000)	For the 12 months ended 31 March 2007 ($'000)	For the 12 months ended 31 March 2006 ($'000)	For the 12 months ended 31 March 2005 ($'000)
Operating Revenue	281,004	270,469	249,411	247,068	254,783	284,214	269,597	257,361	237,786	222,402
EBIT	46,664	(31,040)	51,251	36,775	32,136	72,768	88,083	71,570	70,416	52,527
EBITDA	93,109	26,171	108,603	94,023	80,500	116,830	130,735	125,523	122,825	88,136
Net Earnings	14,469	(15,905)	18,362	4,142	15,382	33,144	46,149	41,276	34,932	24,576
Earnings per share	3.0 cents	(4.0 cents)	4.0 cents	1.0 cents	3.6 cents	7.9 cents	10.9 cents	9.8 cents	8.3 cents	5.8 cents
Return on equity	8.4%	(9.3%)	8.9%	2.1%	7.2%	15.2%	21.4%	19.9%	17.9%	13.2%
Total Assets	396,813	444,481	518,839	504,054	508,137	502,410	415,554	424,619	424,173	405,623
Return on assets	12.7%	(8.2%)	6.5%	3.50%	5.1%	18.3%	26.3%	22.4%	25.2%	18.1%
Current Ratio	0.87 times	0.84 times	0.77 times	0.46 times	0.50 times	0.68 times	0.58 times	0.67 times	1.10 times	1.15 times
Net Debt	46,957	63,781	85,098	102,493	87,883	69,204	12,120	23,579	25,003	44,144
Gearing	19.0%	23.0%	24.0%	30.0%	26.3%	22.3%	4.9%	9.6%	12.1%	22.4%
Interest cover	21.3 times	(8.6) times	9.5 times	8.9 times	15.2 times	*	*	*	*	164.1 times
Net cash flow from operating activities	94,252	92,739	78,949	76,082	72,340	62,201	94,196	119,786	99,483	89,750
Capital expenditure	24,636	52,429	27,699	73,376	63,920	69,489	53,184	82,311	34,292	32,721
Dividend per share	$0.05	$0.045	$0.03	$0.04	$0.07	$0.09	$0.07	$0.06	$0.06	$0.06
Net Tangible Asset per share	$0.35	$0.35	$0.44	$0.51	$0.58	$0.57	$0.56	$0.53	$0.49	$0.47
Market price per share	$0.80	$0.84	$0.75	$0.89	$1.00	$1.16	$0.91	$0.84	$ 1.00	$ 1.00
Maximum market price per share	$0.86	$0.89	$0.89	$1.01	*	*	*	*	*	*
Minimum market price per share	$0.60	$0.70	$0.65	$0.88	*	*	*	*	*	*
Price Earnings ratio	26.7 times	(21.0) times	18.8 times	89 times	27.8 times	14.7 times	8.3 times	8.6 times	12.0 times	17.2 times
Dividend Yield	6.3%	5.4%	4.0%	3.4%	5%	6.9%	9.9%	7.1%	6.0%	6.0%

Subsidiary Companies

Telecom Fiji Limited
Level 5 Telecom New Wing Building
Edward Street
Private Mail Bag
Suva
Phone (679) 3304-019
Fax (679) 3301-765
Website: www.tfl.com.fj

Vodafone Fiji Limited
168 Princes Road, Tamavua
Private Mail Bag
Suva
Phone (679) 3312-000
Fax (679) 3312-007
Website: www.vodafone.com.fj

Fiji Directories Limited
Levels 3 & 4 Telecom New Wing Building
Edward Street
G P O Box 16059
Suva
Phone (679) 3311-000
Fax (679) 3300-004
Website: www.yellowpages.com.fj

Fiji International Telecommunications Limited
151 Rifle Range
P O Box 59
Suva
Phone (679) 3312-933 or 4000-005
Fax (679) 3300-750
Website www.fintel.com.fj

Group of Companies

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