ATH Group of Companies

Annual Report | 2016

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.

Contents

Chairman's Report

"Fundamental to your Company's long run leadership potential is our commitment to cutting edge but plural innovation, on-going introspect examination of our business models and cost structures, and a continuous refresh of our views on competition and collaboration." – Dialog Axiata PLC CEO.

The digital era is in full bloom globally and is transforming the way people use ICT.

In Fiji the impact that technology has on our working and everyday life is immeasurable. As a group that has evolved with the transformation of ICT, we will lead the nation's connectivity sector in staying ahead of this wave of development.

"In a challenging macroeconomic climate we carried on with improving our business efficiency, preparing for new major project launches and securing sustainable returns for our shareholders."

Our investment programme is underpinned by a sound balance sheet, which is strong enough to withstand volatile currency fluctuations to maintain our position as Fiji's flagship telecommunications service provider.

On behalf of the Board of Directors, it gives me great pleasure to deliver the Chairman's report for the year 2015/2016.

ATH Group turned in another year of excellent results following on last year's performance. By and large the operating companies have performed well across the board.

As a result, the group achieved increased revenues and achieved higher operating profits. While we continue to reap benefits from the consolidation and restructure phase the group implemented previously, we are still witnessing organic growth to our top line led by the continuing buoyant demand for data and Internet services.

Further to this, our recent expansionary efforts via the acquisitions of Telecom Services Kiribati Limited (TSKL), Datec (Fiji) Limited and its subsidiary company, Datec Australia Pty Limited are performing to expectations and also making positive contributions to the group results. All these were accomplished during another year of tough competition and despite continued challenges in our traditional voice, messaging revenues and legacy revenues. We believe this demonstrates ATH's underlying strength and ability to execute.

Tropical Cyclone Winston

Tropical Cyclone Winston was one of the most devastating natural disasters to bear down on Fiji and we witnessed the heartbreaking losses of our communities. The ATH group was not spared the brunt of TC Winston. It suffered widespread outages and disruptions to services throughout much of the country. Much of the impact was due to damage and loss of telecommunications plant, equipment and other infrastructure.

However, I am heartened by the fact that the core networks remained intact and many services were restored fairly rapidly through the impressive efforts of the operational teams in restoring, rebuilding and re-routing services to ensure that the impacts experienced by our customers were minimised.

In addition to this, the free telecommunications services provided by operating companies was a critical component of disaster assessment, restoration and rebuilding efforts for the National Disaster Management Office and other agencies involved. Overall, the preparedness and resilience of our people and infrastructure through the disaster is a testament to the strength of the companies.

The group is in the process of assessing the overall impact of the damages sustained; however, it is understood that the group companies have adequate insurance cover to mitigate the full financial impact of these losses.

We also provided some needed assistance in post TC Winston relief efforts with the Vodafone ATH Foundation and Telecom Fiji Limited providing essential relief packs for affected families.

In our part of the world, natural disasters are a common and expected occurrence. Such calamities only serve to remind us of the need to ensure adequate preparation and discipline as key risk mitigation strategies.

Group Results and Financial Performance

On the backdrop of excellent market performance across all our business segments, Group Revenue grew by 14.6% coming in at $356.2 million for the financial year 2016. Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew by 3.4% to $134.5 million, underpinned by the successful implementation of a suite of operational excellence and major cost cutting and restructure initiatives. Group Net Profit After Tax (NPAT) was recorded at $81.8 million, exhibiting an increase of $9.8 million or 13.69% relative to the previous year, underlining exceptional performance by all group companies.

Dividends to Shareholders

It gives me great pleasure to note that in line with the excellent financial performance delivered by the Group during financial year 2016, the Board of Directors has resolved to recommend, for shareholder approval, a final dividend amounting to $21.1 million, in addition to the interim dividends of $12.66 million that were paid, translating to a dividend payout of 41.2% of net profit, and total dividend per share of 8 cents.

Outlook and Opportunities: Balancing Disruption / Dividends vis-a-vis Sustainability

It is well acknowledged that the ultimate destination of the OTT driven digital era and the empowerment it would deliver to citizens nationally and globally is unquestionably an outcome to be celebrated by all stakeholders in the telecommunications sector. It should not be our intent to impede the digital revolution. It should also be recognised that the proliferation of OTT services are themselves reliant on robust telecommunications infrastructure, and inclusive broadband connectivity. Accordingly, the industry quest is for calibrated and equitable regulation which will achieve a synergistic equilibrium between disruptive innovation and the sustained economic viability of the telecommunications sector. ***It is encouraging that the Government and its agencies has thus far, as in the past, espoused and facilitated the establishment of a sustainable techno-economic industry framework. We continue to look to the Government as well as other policy makers for the proactive and strategic navigation of development vis-a-vis sustainability.***

The group is uniquely placed to leave behind life-enhancing impacts on the communities in which it operates, through paradigm-setting advancements and the inclusive application of its products and services. We are confident that the direct and indirect contributions of the ATH Group of Companies to the national economies, combined with the inclusive delivery of multi-faceted connectivity spanning dimensions including, but not limited to the delivery of communication, learning, commerce and entertainment will continue to catalyse an explosive economic multiplier which in turn will accelerate the socio-economic development of our nation. Accordingly, we view the future with an abundance of excitement and unbridled energy which we will harness towards capturing every available opportunity for the advancement of the ATH Group, people and nation.

Continued growth of data and Internet services, associated internet and mobile apps, together with the successful expansion into regional and adjacent markets (Kiribati and Datec (Fiji) Limited), are the prime drivers of growth and, therefore, the ATH growth strategy will continue to push the boundaries of these growth frontiers.

According to international trends, as reported by the ITU, telecommunications investment will have to continue to support increasing coverage and the demand for more bandwidth and services. This is particularly true for developing countries. While 4G wireless services are evolving from LTE to LTE-Advanced, offering a boost in speeds, the 5G wireless technologies are now just over the horizon and will be deployed to accommodate the Internet of Things (IoT) ecosystem. The Internet of Things paints an exciting future prospect wearable technology, connected sensors, appliances, homes and cars leading to smart cities and smart nations. Telecommunications operators and infrastructure providers are in pole-position to act as enablers for IoT ecosystem.

The GSMA forecasts that by 2020, there will be just under 5 billion mobile connections around the world. In contrast, however, international forecasts predict that by the end of 2016, there will be already 5 billion Internet of Things (IoT) connected devices in the world (excluding mobile phones) and this is forecast to grow to 50 billion devices by 2025.

To support this astounding order of magnitude increase in demand, heterogeneous wireless networks or het-nets will become a feature of the wireless landscape with devices and networks being able to connect across multiple technologies 3G, 4G, 5G wireless, WiFi offload, in a co-operative manner.

Ultimately, these developments all end up driving demand for optical fibre infrastructure from improved and increased international submarine cable connectivity, backhaul capacity, fibre to the kerb and fibre to the home, last mile infrastructure deployments which become more important as users become accustomed to the increasingly digitized world in which we now live in, thus driving demand for even more bandwidth.

ATH's intent on increasing its regional footprint dovetails with these technological developments as the opportunities to participate in neighbouring Pacific Island countries is around the vision of achieving a well connected Pacific. At the same time, the ability to pool and articulate interests, aggregate purchasing requirements and sharing common platforms and ecosystems would finally give each of the operators greater significance and negotiating strength on the global front.

On this note, at the time of this report, amongst other opportunities, FINTEL has been selected as the landing party in Fiji for the Tui Samoa cable which will connect Samoa to Fiji. Of equally positive news is the decision by the Government of Fiji to fund the connection of Viti Levu and Vanua Levu via a branch of this same cable.

ATH is also involved in discussions with Amper SA, to potentially acquire its interests in the South Pacific which is a controlling equity interest in the Bluesky group of companies in American Samoa, Samoa, Cook Islands and New Zealand which is in line with our stated objectives above.

Through these promising developments and opportunities, the group can look to the future with confidence that it is well positioned for further growth and value creation.

The Reserve Bank of Fiji projects a decline in the country's economic growth and similar outlooks have been echoed by international organisations such as the World Bank, Asian Development Bank and likewise UNESCAP, which have also projected lower economic growth in the Pacific Island countries.

However, from a sector specific perspective, the Government, in its 2016-2017 budget, has announced a number of ICT specific incentives and tax concessions that are congruent with its vision to connect Fijians with the rest of the world, as well as deliver information to every corner of every island in Fiji and ATH believes that this helping hand can help offset the impact of the broad economic forecasts.

Whatever the case, investment in sound, efficient mobile, broadband and ICT infrastructure remains unconditionally crucial in facilitating current and future economic development and international competitiveness in Fiji and the Pacific. Consequently, when viewed over a long- term horizon, the case for investment remains equally, if not more, compelling.

Key Personnel Changes

Coinciding with the acquisitions of TSKL and Datec (Fiji) Limited, key appointments were made.

In August 2015, Mr Kamlesh Sharma and Mr Shivness Reddy were appointed as Chief Executive Officer and Chief Finance Officer, respectively, of Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL).

In January 2016, Mr Ateen Kumar was appointed as General Manager of Datec (Fiji) Limited.

Furthermore, during the year, Fiji Directories Limited appointed Ms Maureen Lavaki, Ms Bernadette Taylor and Mr Rahul Singh as Sales and Marketing Manager, Production Manager and Systems Manager respectively.

Gratitude

The performance of the ATH Group of Companies stands testimony to the courage, determination and excellence of all the team members working within the group Companies. It has been an honour and privilege to work alongside them. Together, we thank our customers for their valued patronage and loyalty. Furthermore, we stand humbled by the voices of the ordinary Fijians, our telecommunications consumers, who have consistently supported the truly Fijian-owned company.

The outcomes of the past year would not have been possible if not for the steadfast support and encouragement of our shareholders.

I wish to extend sincere appreciation and gratitude to the FNPF Board and to the Boards and Management teams of the ATH Group of Companies.

I would also like to express my sincere gratitude to the Fiji Government and the Government of Kiribati and their agencies, in particular, Fiji Revenue and Customs Authority, Fiji Commerce Commission, the respective Ministries of Telecommunications and the Communications Commission of Kiribati, for the support and encouragement extended to us.

My heartfelt appreciation to my fellow Board of Directors for the advice, guidance and support that made 2016 such a triumphant year for us.

Ajith Kodagoda
Chairman

2015 marked the year in which ATH expanded its operations regionally with its entry into Kiribati through the acquisition of Telecom Services Kiribati Limited (TSKL).

Through the Vodafone Fiji acquisition of Datec Fiji Limited, the group also expanded its participation into the ICT equipment and services space.

With ATH's prior focus on consolidation and improving business efficiency starting to show good results, these expansionary steps are a logical consequence of the group's aim of delivering growth.

This is the second year of remarkable improvement in the group's operating results. Despite the impact of Tropical Cyclone Winston, improvements were achieved across all subsidiary companies.

Group Results

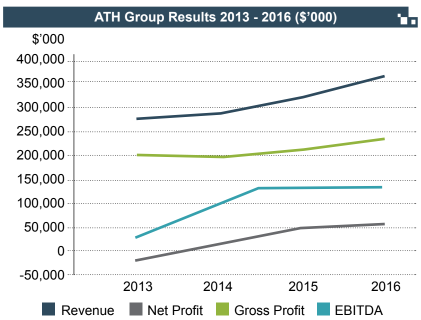
Consolidated sales revenue for the group grew by 14.7% to $356.2 million, against the previous year's result of $310.7 million. Group Consolidated Gross profit increased by 10.9% to $229 million compared to $206.7 million the year before, while Consolidated EBITDA increased to $134.5 million from $129.9 million the year before.

Net operating cash flow for the group declined by 9.7% to $105 million from $116.3 million due to increased payment to suppliers and employees, and an increase in income taxes paid.

For the holding company, net profit after income tax increased by 19.5% to $34.3 million compared to $28.7 million recorded the previous year. Net operating cash flow increased by 86.6% to $35.9 million compared to $19.2 million the year before.

Earnings per share (EPS) of ATH increased significantly to 13.4 cents (2015: 11.8 cents) over the last few years.

Key Contributors of Group Operating Results



These improved results have largely been driven by natural growth and the effects of the business restructuring previously undertaken. From a group perspective, the primary driver of revenue growth has been the unrelenting growth of data and Internet services by consumers and businesses complemented by the ancillary and value added services that leverage off the foundational data and Internet connectivity.

Group revenues resulting from data and Internet use experienced continued strong annual growth of 26.6% at $113.0 million in comparison to $89.3 million for the previous year. The rate of growth of data and Internet revenues is undergoing a steady march towards overtaking current legacy revenues and is a great indicator of sustainability.

Over the year, legacy calling and card revenues fell by 1.9% from $155.5 million to $152.5 million. The mitigation of the losses of traditional legacy sources of income are primary challenges for all telecommunications operators worldwide. With the current dynamics at play where Internet and data growth more than offset the substitution of legacy services for the ATH group, we are currently in a very strong position to manage the transition.

While operating ratios with respect to Gross Profit, EBITDA margins and NPAT margins have reduced slightly within the group, this is a natural consequence of the fierce competition prevalent in ATH's main market in Fiji today. On the positive side, the absolute size of the revenue and profit pie continues to grow.

Also contributing positively to the consolidated results in the last financial year were the inclusion of Datec (Fiji) Limited and Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL).

We are proud to report that within a year of ATHKL taking over the assets and operations of TSKL in Kiribati, we have been able to turn the business around. As of 31 March 2016, after 11 months of operation, ATHKL recorded a small but encouraging Net Profit After Tax (NPAT) after many years of sustained losses.

Likewise, Datec (Fiji) Limited also turned around and enhanced Vodafone's efforts to provide one-stop-shop solution for its customers including businesses.

With regard to further improving efficiencies, a number of non-operating subsidiary companies were voluntarily wound-up to streamline group structure and reduce administration costs during the financial year. These companies included ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited and Internet Services Fiji Limited.

Telecom Fiji Limited

Telecom Fiji results have stemmed from continued growth in Internet and Data services and a deliberate effort to improve operations while cutting costs. These elements have countered the natural decline of voice and legacy services resulting in a second year of improved Net Profit After Taxes for the company.

Total revenue declined by 1.3% to $89.3 million from $90.4 million recorded last year. Gross Profit increased to $66.2 million (2015: $65.5 million) due to a reduction in direct cost by 7.5%. EBITDA for the company was $32.9 million while NPAT increased by 12% to $20.71 million (2015: $18.49 million).

Key successes for Telecom Fiji during the financial year were the securing of major telecommunications projects with the Government, resorts and a number of large corporate entities. In addition, Telecom Fiji continued to expand its WiFi and fixed broadband networks to leverage the strengths and advantages of its extensive optical fibre network.

Even with these improvements, Telecom Fiji is not sparing any effort in striving for the future as the company is forging ahead with building and extending its broadband network and service capabilities with a view to ushering in the next generation of services.

A number of projects are currently being implemented which will deliver exciting new services to broadband users in Fiji. These are the expansion of Telecom Fiji's WiFi network coverage, fixed wireless broadband using 4G LTE technology to augment its current offerings and the deployment of Multi-Service Access Nodes in key locations throughout the country which will bring on the capability to deliver fibre to the home services.

Vodafone Fiji Limited

Vodafone Fiji continued its strong growth despite the effects of Tropical Cyclone Winston.

The company recorded 18% growth in revenue to $260 million for 2016. Of importance is that 6% of this growth was contributed through Datec (Fiji) Limited. Gross Profit and EBITDA for the company increased for the period to $155.8 million and $86.8 million respectively. Profit after income tax recorded an increase by 13.5% to $50.9 million (2015: $44.9 million).

Voice and SMS revenues continue to be challenged. This year, the decline in revenue has been counter balanced by revenues the company generated from Internet and data growth. Going forward, Vodafone Fiji has outlined strategies to counteract these.

For instance, to boost customer loyalty, Vodafone Fiji introduced free OTT Apps such as Facebook, Twitter, Snap Chat and Viber with selected mobile data bundles.

The year 2015/2016 marked another milestone for Vodafone, expanding to the region through management of ATHKL. Efforts in this aspect have been evident with the good results recorded by ATHKL.

As with other mobile phone and network providers, TC Winston disrupted services towards the latter part of the year. However Vodafone Fiji promptly restored major parts of its network and assisted in relief and rehabilitation works post TC Winston.

Fiji Directories Limited

Fiji Directories maintains a stable business which continues to achieve growth, and relatively strong profitability.

Its success lies in being able to operate efficiently and accurately providing up-to-date customer listing information, which is the key factor in ensuring the loyalty of its customers.

In recent years, Fiji Directories Limited has been migrating and deploying new services online making information accessible at all times. The company is now upgrading its IT software and hardware infrastructure with the intent of deploying additional online services for customers.

For the year ended 31 March 2016, the company achieved total Sales Revenue of $4.6 million, which was an increase of 3.4% over last year. Net profit after tax was $1.7 million, an increase of 4.3% from last year.

FINTEL

As the primary wholesaler of bandwith in international cable connectivity and a key enabler in the internet service value chain, FINTEL's growth corresponded directly with the increased bandwidth demands of all telecommunications operators in Fiji.

FINTEL is now moving ahead with implementing the planned landing of the Tui Samoa cable that will connect Samoa to Fiji.

This project will be brought online in 2017, delivering an additional boost to the company's service revenues. More importantly, the cable further reinforces Fiji's position as a regional telecommunications and economic hub for the Pacific.

Given the importance of subsea optic fibre connectivity to the underlying economy of Fiji and our Pacific Island neighbours, FINTEL is continuing to explore projects with the potential to connect other Pacific Island countries or else to improve connectivity and resilience of services between Fiji and the rest of the world.

FINTEL recorded an Operating Profit of $8.8 million ($7.0 million: 2015). Profit before Tax (PBT) of $9.5 million ($7.3 million: 2015) and Profit after Tax (PAT) of $7.5 million ($5.8 million: 2015) during the year. Total turnover for the year was $16.7 million ($15 million: 2015).

Amalgamated Telecom Holdings (Kiribati) Limited

The ATH Kiribati Limited infrastructure upgrade and overhaul of its business process and structure is now running at full steam, delivering modern reliable services to users in Kiribati.

Since commencing operations in Kiribati in early 2015 and launching a 3G/4G wireless network with improved coverage and reliability in December 2015, the company has more than doubled the number of active services and international bandwidth consumed by customers in Kiribati. This response is irrevocable proof of the latent demand that existed before ATH's entry into Kiribati.

For the next phase of development and rollout, the company is in discussions with the Government of Kiribati to jointly and collaboratively address the challenge of improving services to the rural outer islands of Kiribati. The parties are seeking to improve the quality of communications to ensure that all the people of Kiribati have access to good telecommunications services.

ATHKL recorded a Net Profit After Tax of AUD 0.47 million at the end of its financial year which is encouraging in view of the string of losses Telecom Services (Kiribati) Limited (TSKL) recorded in previous years.

Marching Onwards - Continuing the Growth Objective - Opportunities and Challenges

The telecommunications and ICT markets continue to be amongst the fastest changing industries worldwide. Businesses are in constant state of upheaval, racing to be ahead of the curve in order to bring exciting new innovative products and services to customers or else run the risk of being disrupted by these same developments.

The group has invested significant resources over the last few years, building capability, platforms and digital ecosystems around improving connectivity, virtualisation, cloud technologies, web and mobile apps and digital market places that deliver these services to end-users. As we strive towards increasing the proliferation of smartphones and smart devices the group will need to explore and find new business models and new methods of deriving revenues from these products and services, as the margins from legacy services, basic access and connectivity tail off.

The impetus to change and finding new ways of doing business stem from the proliferation of web, mobile and cloud applications flooding the market. Examples such as Facebook, Twitter and WhatsApp and Google cloud services will continue to drive enormous demand for Internet access and bandwidth while including in their offerings many services which replace or compete with legacy services.

The ATH Group will continue to keep its eyes on the threats and opportunities coming up over the horizon and ensure that it takes maximum advantage of the changes.

Simultaneously, we continue to scan the region for investment opportunities, and as already stated, ATH is continuing to explore the Pacific region for opportunities to enter new markets.

Many smaller telecom operators are finding it increasingly difficult to succeed without economies of scale and scope to enable them to reduce costs and prices to a level that would allow them to compete successfully.

In similar vein to ATH's domestic consolidation actions, some level of consolidation across the region would lead to a much stronger regional network and deliver real benefits to all stakeholders by improving access and connectivity and delivering modern, enhanced services to end-users.

Therefore, while opportunities present themselves, ATH will explore these with a view to piecing together a connected Pacific and increasing returns to shareholders.

Ivan Fong
General Manager and Company Secretary

Board of Directors

Ajith Kodagoda
Chairman

Taito Waqa
Director

Arun Narsey
Director

Isikeli Voceduadua
Director

Tom Ricketts
Director

Umarji Musa
Director

Ivan Fong
General Manager and Company Secretary

Corporate Governance

In accordance with the Reserve Bank of Fiji's Corporate Governance Code, ATH provides the following corporate governance statement for the year ended 31 March 2016.

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 six Non-Executive Directors of which three are Strategic Investor Directors appointed by FNPF and three are Fiji Directors appointed by Government.

The Directors in office on 31 March 2016 are:

Name		Date of Appointment
Ajith Kodagoda	Fiji Director	16 July 2009
Umarji Musa	Fiji Director	23 August 2010
Isikeli Voceduadua	Fiji Director	22 October 2014
Taito Waqa	Strategic Investor Director	21 August 2008
Arun Narsey	Strategic Investor Director	01 September 2010
Tom Ricketts	Strategic Investor Director	06 August 2009

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 retires by rotation each year and is eligible for re-election. The FNPF is excluded from participating in this election process.

A total fee of $62,500 was paid to Directors for their service during the year in accordance with the shareholders resolution at the 17th Annual General Meeting. A further sum of $6,600 was paid as allowances for various Committee meetings. 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 eight times during the financial year ended 31 March 2016. Attendance was as follows:

Director	Number of Meetings Entitled to Attend	Number of Meetings Attended	Apologies Received
Ajith Kodagoda	8	7	1
Tom Ricketts	8	6	2
Umarji Musa	8	7	1
Taito Waqa	8	7	1
Arun Narsey	8	8	0
Isikeli Voceduadua	8	3	5

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 Finance Committee 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 and Company Secretary 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, receive a copy of annual report and notice of meeting prior 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 ATH group and subsidiaries' financials statements are prepared in compliance with IFRS and audited in acccordance with International Standards on Auditing. 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 the 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. FNPF resulting shareholding increased to 51% while Government's shareholding 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's shareholding reduced to 34.6% interest while FNPF's shareholding increased to 58.2%.

On 22 December 2015, the Government, through a Special Crossing on the South Pacific Stock Exchange (SPSE), partially divested 50% of its remaining shares in ATH. As a result of the transactions, the FNPF increased its shareholding in ATH from 58.2% to 72.6% while Government remains ATH's second largest shareholder with 17.3% shareholding.

The other remaining shareholders consist of companies and individuals with 10.10% or 1526 shareholders as at 31 March 2016.

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 the 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.

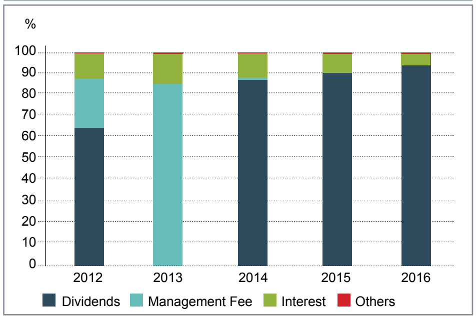
Vodafone Fiji Limited (Vodafone) is the country's leading provider of mobile telecommunications service and mobile phone money transfer service. Until 30 June 2014, it was a joint venture between ATH (51%) and Vodafone International Holdings BV (49%) (VIH). On 1 July 2014, Fiji National Provident Fund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

On 20 May 2015 Vodafone acquired 100% of Datec (Fiji) Limited including its subsidiary company, Datec Australia Pty Limited. Datec (Fiji) Limited is one of Fiji's leading IT companies. The acquisition is strategically aligned to Vodafone's future growth objectives and will strengthen Vodafone's position as the market leader by enhancing service delivery to its valued customers. Vodafone will be solidify its position as the premier solutions provider for end to end ICT solutions for the enterprise and business segment.

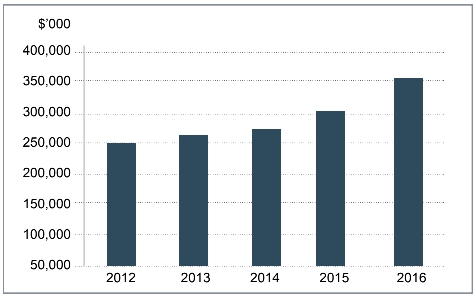
Fiji International Telecommunications Limited was a joint venture between the Fiji Government (51%) and ATH (49%) which provides and operates international telecommunication facilities into and out of Fiji. On 22 August 2013 ATH acquired Government's 51% shareholding in FINTEL for a consideration of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

ATH acquired substantially all the assets of Telecom Services Kiribati Limited on 26 May 2015 and incorporated a new company, Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) to hold and operate the assets and provide telecommunications services in Kiribati. Through a network infrastructure overhaul, ATHKL launched 3G and 4G mobile broadband services in December 2015, bringing telecommunications in Kiribati on par with more advanced markets.

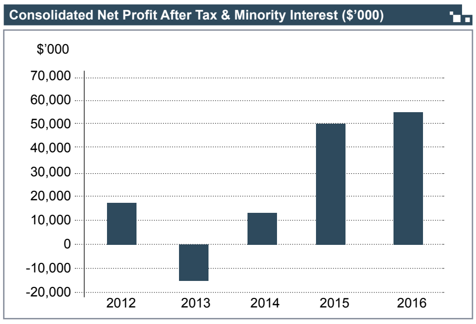
Holding Company Revenue Sources (%)



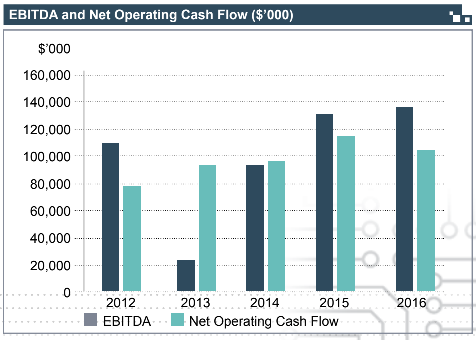
Consolidated Sales Revenue ($'000)



Consolidated Net Profit After Tax & Minority Interest ($'000)



EBITDA and Net Operating Cash Flow ($'000)



Telecom Fiji Limited

Telecom Fiji Limited continued its strong growth in the Internet and data arena. This was underlined by an overall 20% annual increase in its International Bandwidth Consumption. Consequently, corresponding data and Internet Revenues grew by an additional $1.04 million over the past year. Conversely Telecom Fiji's traditional Calling Revenue streams continued to decline due to the onward migration from traditional services towards Internet enabled services such as messaging and social media.

Financially, the company recorded yet another year of remarkable improvement with Net Profit After Tax of $20.71 million for the year. This result represents year-on-year improvement in profitability of 12%. The operating results are further accentuated after taking into account the previous financial year's results also included $11.6 million gain on sale of assets.

Despite the fierce competition in Fiji and the mature status of the country's telecommunication sector resulting in falling gross margins, we are extremely proud and pleased to announce that the company experienced an increase in its gross profits relative to the prior financial year. In line with its three-year business plan, Telecom Fiji continued its pursuit of business growth, cost scaling and efficiency improvements to enhance shareholder value. Consequently, the company increased its dividend distribution to $10 million to shareholders.

In order to accommodate the surging demand for data and broadband Internet Services, the company drove on with its public Connect Wi-Fi Hotspots. With almost 200 hotspots around cities, towns and other major centres deployed to date, this is the largest wi-fi network in the country. We have coverage in key facilities such as public hospitals, banks, hotels and resorts, service stations and public leisure parks.

This is now further reinforced through Telecom Fiji's roaming arrangements with international partners, enabling seamless Internet access for Connect Internet users travelling abroad. Furthermore, Connect Internet users can now use their home account data caps while abroad thus taking advantage of the most affordable Internet service in the region.

From an infrastructure perspective, the company leveraged its superior fixed network infrastructure and technical capabilities to secure a number of major telecommunications projects such as upgrading the Fiji Government's national voice platform and complementing it with advanced communications features. The company also secured numerous solutions, especially infrastructure solutions for major resort developments.

Underpinning all of these successes is Telecom Fiji's fibre network infrastructure which, through unsurpassed speed, capacity and quality, has been the catalyst for driving increased data consumption in the business segments. For key clients, corporates, hotels and government agencies, Telecom Fiji is the logical choice for services such as Dedicated Internet, IPVPN and MPLS, for mission critical applications.

In the residential segment Telecom Fiji embarked on a programme to take fibre closer to the home, and to increase capacity in the suburbs and residential settlements by deploying additional roadside broadband nodes. In parallel, Telecom Fiji conducted major road shows to sign-up customers.

The year has been somewhat dampened by the devastation caused by Tropical Cyclone Winston.

The wrath of the cyclone bore down on much of Telecom Fiji's network infrastructure and services, causing widespread damage and outages. Our network was damaged in areas from Korovou to Tavua, the outer islands such as Koro Island, Vanuabalavu, Taveuni, Ovalau and the Lau Group.

Damages in the Central Eastern division mainly affected overhead cables connecting to customer premises. The damaged infrastructures were adequately covered by insurance.

During and after the event, the company worked very closely with the National Disaster Management Office (NDMO), providing free telecommunications services to the NDMO to facilitate the assessment and recovery operations. Telecom Fiji was also first to restore services in most affected

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Mr Tom Ricketts
Chairman

Mr Sashi Singh
Director

Mr Naibuka Saune
Director

Mr Arun Narsey
Director

Mr Umarji Musa
Director

Mr Isikeli Tuituku
Director

Mr Mothilal De Silva
Chief Executive Officer

Mr Samuela Vadei
Company Secretary

areas and provided free communications services to the public in areas such as Koro Island whereby residents were given free calling facilities for a month.

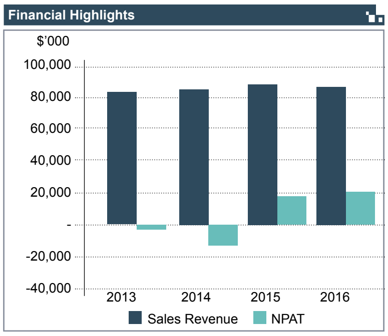
Additionally, the company contributed to the relief efforts by providing free school packs to 670 students in affected areas.

Telecom Fiji continues to collaborate with the wider ATH group as it focuses on enhancing shareholder value. As an example of the collaboration and co-operation, the company entered into reseller arrangements enabling subsidiaries to resell Telecom Fiji's Internet services. In addition, Telecom Fiji's fibre network is also powering backhaul linking capacity broadband wireless, 3G, 4G networks.

In this spirit, discussions continue to leverage off each other's capabilities in other key areas as the companies work to uncover new opportunities.

Going forward, Telecom Fiji is progressing well with the deployment of roadside Broadband Nodes or MSANs (Multi-Service Access Nodes) which would increase Telecom Fiji's Connect Broadband Internet capacity and improve services to end-users. The infrastructure being deployed will future-proof the network with FTTH (Fibre to the Home) capability to provide a revolutionary boost to speeds and service quality that is perfectly suited for bandwidth hungry services such as online multimedia access. Telecom Fiji is also deploying fixed 4G LTE broadband services to complement its existing fixed cable infrastructure. These capacity expansion projects will be completed within the first quarter of the 2016/2017 financial year thus providing Telecom Fiji and its customers a great platform to move into the next stage of Broadband development.

Financial Highlights



Vodafone Fiji Limited

Overview

Vodafone Fiji delivered yet another all-round solid performance for the year despite the disruptions and challenges brought on by Tropical Cyclone Winston in the latter part of the year. The company demonstrated resilience by restoring major parts of its network in quick time to restore communication services to the people and, more importantly, to government to facilitate rescue, relief and rehabilitation works.

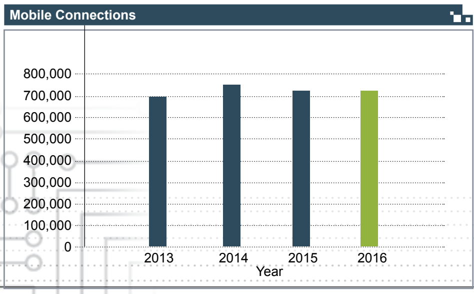
Operationally, 2015/2016 marked the year in which Vodafone Fiji expanded beyond its traditional operating boundaries to secure new business growth opportunities. Commencing with the management of Amalgamated Telecom Holdings (Kiribati) Limited followed by the acquisition of Datec (Fiji) Limited, Fiji's largest IT company.

Several other expansion prospects currently being appraised fall within the expansion strategies of the company. These significant growth prospects strategically align the company for the next phase of growth opportunities in fast converging ICT industries.

Company Performance

Reflecting on our key performance indicators, the company continues to hold its position as the market leader in a mature mobile market with over 120% mobile penetration. Vodafone's net subscriber numbers was stable over the financial period. Interestingly in the same period, the company grew its average revenue per user (ARPU) by delivering more value to our customers through increased portfolio product offerings, proactive marketing and increasing the range of our value added services.

For the year 2016 net mobile subscriber numbers on the Vodafone network closed at 721,271.



Company revenue for the year 2016 closed at $260 million, growing 18% from $220 million in the last financial period; 6% of this growth resulted from the acquisition and turnaround of Datec (Fiji) Limited.

Vodafone Fiji's product portfolio, voice and SMS revenues continue to be challenged due to Over The Top apps such as Viber, Whatsapp and Facebook messenger. However, this is more than offset by revenues from Internet, data growth and strategies implemented to drive smart device penetration and mobile Internet.

Data is King

In the digital world, data is king and in markets in Fiji and the Pacific, user access to broadband services will be primarily through a mobile device.

Vodafone Fiji estimates that smart phone penetration in Fiji is currently approaching 50% of all mobile phones. This is a great ramp for customers to experience internet and broadband services. It also means significant untapped opportunity to further drive revenues from data related products and services.

The Vodafone Fiji "Redhood" data proposition re-launched with different data caps and price points offer options to suit different consumer needs and has been well received by the market. The campaign helped us engage with customers at key customer touch points to better understand customer needs and deliver data bundles and a package that has seen significant uplift in data usage which in turn has helped grow the revenue base. As a result, mobile Internet users increased by 62% during the financial period.

With increasing growth for mobile broadband Internet, Wi-Fi hotspots were deployed to offload 3G and 4G traffic where possible to accommodate the immense data growth while maintaining high levels of quality and speed for our customers.

In adding more value for our customers, Vodafone Fiji introduced free rating of OTT Apps such as Facebook, Twitter, Snap Chat, and Viber with selected mobile data bundles resulting in increased customer loyalty.

Mr Ajith Kodagoda
Chairman

Mr Isikeli Tikoduadua
Director

Mr Robin Yarrow
Director

Mr Russell Hewitt
Director

Mr Andrew Fairgray
Director

Mr Pradeep Chand Lal
Chief Executive Officer

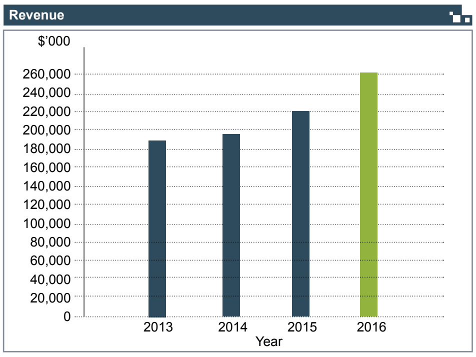
Mr Divik Deo
Company Secretary

With the reduction of VAT to 9% in January, Vodafone Fiji increased data caps on all mobile plans, therefore achieving an effective price reduction to customers by delivering more.

4G network coverage continues its steady rollout at all major towns with current estimated at 65% national population coverage and growing.

As we push the frontiers of the broadband capability of our network, customers are responding through increased appetite for faster speeds and are connecting to the 4G Network.

As a consequence, we experienced strong growth in data for the 2015/2016 financial year and the company will continue to work on taking the broadband market to the next level in the coming years.



Corporate Business and ICT

Vodafone Fiji continues to stamp its mark as the premium solutions provider in the business sector with the best reputation as a reliable, pro-active the ICT solutions partner. The landscape is slowly shifting from providing just communication solutions to solutions that support all facets of the business requirement involving multi-faceted bundle propositions, cloud hosted solutions, infrastructure, software as a service to name a few.

More importantly, the relationship with customers is also changing; it is not focused narrowly on selling hardware and software, but increasingly about being a trusted business partner that provides complete business solutions.

The distinction between being a telecom service provider and an ICT provider is being blurred. We envisage a future that will bring in a prevalence of cloud based solutions and Vodafone Fiji has taken the lead in this area. With solutions such as business continuity, disaster recovery, co-location, IaaS, SaaS, cloud PBX, hosted solutions and applications, Vodafone Fiji continues to provide innovative and cost effective solutions for businesses in Fiji.

The industry is evolving and many disruptive technologies are challenging existing business models, especially in the ICT space. The future will see Internet of Things gaining prominence and rise in machine to machine connectivity, analytics and unified communications.

To respond effectively to changing market dynamics, and opportunities around new market potential created through convergence, Vodafone Fiji acquired country's largest ICT Company, Datec (Fiji) Limited. Therefore this acquisition uniquely positions Vodafone to add value and become a one-stop shop for connectivity, hardware, software and cloud-based solutions to businesses.

Datec Acquisition

Since the acquisition of Datec (Fiji) Limited and its subsidiary company, Datec Australia Pty Limited. In May 2015, there has been a significant business turnaround, with increased customer confidence levels. Datec is a well-known brand with an operating history of over 30 years in Fiji. In fact, in the ICT industry, Datec's strategic partnerships and alliances with many renowned brands such as Oracle, IBM, HP, Lenovo, Avaya, Eaton, Forcepoint and more form the cornerstone of a great ICT company.

Through the combination of Vodafone Fiji and Datec, the prime brands in their respective markets, Datec is well placed to enhance its portfolio of products and services to deliver excellent solutions to businesses. We are confident that the end result will be a suite of holistic IT and telecommunications solutions that work well for our customers.

Mr Ateen Kumar has been appointed as Datec's General Manager. He is well qualified and suited as previous Head of IT at Vodafone Fiji. Ateen is best placed to lead Datec through its improvement and growth objectives.

Sponsorships and Community Events

Vodafone Fiji is proud to be the major sponsor of the three leading sports in Fiji: Rugby Union, Rugby League and Soccer.

The spirit of excellence embodied in these sports parallels the performance objectives of the company and form a great fit, fostering strengths in public relations, branding, social engagement and goodwill with the broader community. This also means that the sponsored sports can leverage off our strengths in new media channels and social media to build positive engagement, brand equity and loyalty.

The Vodafone Rugby 7s team was outstanding with the back-to-back win this year following their successful defence of the 2015-2016 World Rugby Sevens Series. The team was accorded a grand welcome back to Fiji with celebrations, customer engagement and overwhelming social media fan following creating positive public relations.

This year, we are strongly supporting the team's go for gold efforts at the Summer Olympics in Rio. As they set out to win gold, they have a great chance of winning Fiji's first ever medal at the Olympics. A win at the Olympics would be the ultimate crowning achievement for the team.

The Vodafone Flying Fijians 15s side also recorded their most impressive outing in the last few years. This year, the side successfully retained the Pacific Nations Cup title.

In soccer, following the success of the Vodafone Under 20 soccer side in their first-ever World Cup last year, the Vodafone Under 23 side has also qualified for the Olympic Games: in a first for the sport in Fiji.

These significant achievements through Vodafone's sponsorship resonate strongly with the company's values.

Furthermore, our commitment to the development of the sport at the grassroots level is now bearing fruit and providing alternative and positive career opportunities to many youngsters and helping promote the Fiji brand globally.

Vodafone Fiji continues to support the various municipal council events and carnivals throughout the country. These festivals offer our youth a unique platform to discuss issues of importance whilst making positive contributions to society.

Christmas on the Park

During the festive season, the Vodafone team decorated parks in towns for our "Christmas in the Park" theme.

Vodafone Fiji helped cheer up the Christmas and New Year period with decorations and LED lighting.

This turned out to be a brilliant success, attracting many families and large crowds to the venue to enjoy the atmosphere created, and in the spirit of the season, spend time with their families and loved ones.

Fiji International Telecommunications Limited

Mr Ajith Kodagoda
Chairman

Mr Sashi Singh
Director

Mr Vilash Chand
Director

Mr Aisake Taito
Director

Mr George Samisoni
Chief Executive Officer &
Company Secretary

Overview

Fiji has witnessed a remarkable transformation of the ICT sector over the last decade. As the International telecommunications gateway, it has been at the forefront of connecting Fiji to the world. FINTEL is extremely proud to be at the heart of this development.

Our connection to the Southern Cross fibre optic cable has been a key enabler of the exponential growth in high quality, high speed internet for users in Fiji.

Since the landing of the first telegraphic cable in 1902, FINTEL/Fiji continues to attract regional cable systems to its shores. In recent years, FINTEL has been instrumental in getting our Pacific Island neighbours such as Tonga and Vanuatu connected to the world on optical cable and as a result, assisted them to achieve their development goals.

Fiji's natural advantage as a regional hub continues to increase its relevance with the planned landing of the Tui Samoa cable, a cable connecting Samoa to Fiji. This is scheduled to be commissioned during the second quarter of 2017.

At this point, there is potential for that cable to also include a branching unit to connect Vanua Levu to Viti Levu.

Negotiations are also in progress with the Office of Post and Telecommunications (OPT), New Caledonia for a diversity cable system, scheduled for 2018. FINTEL is currently a strong candidate for OPT New Caledonia to connect to.

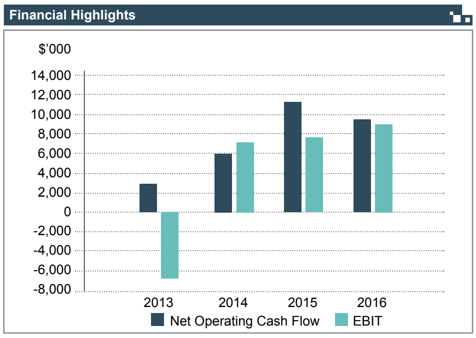
Moreover, to ensure Fiji remains well connected, the Southern Cross Cable Network is now exploring options for ensuring the future stability of International sub-sea capacity supply between Australia, New Zealand, and across the South Pacific to North America.

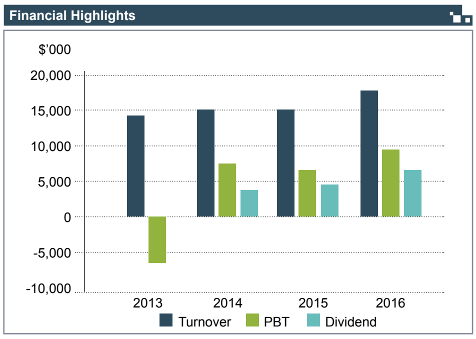
Given that the Southern Cross Cable is estimated to reach end of economic life in 2013, Southern Cross Cables Limited is anticipating future-proofing the region with international connectivity well beyond 2030.

Looking forward, FINTEL will continue to strive to strengthen Fiji's position as the hub of the South Pacific Telecommunications network and focal point of regional business activities.

Financial Performance

FINTEL recorded an Operating Profit of $8.8 million ($7.0 million: 2015). Profit before Tax (PBT) of $9.5 million ($7.3 million: 2015) and Profit after Tax (PAT) of $7.5 million ($5.8 million: 2015) during the year. Total turnover for the year was $16.7 million ($15 million: 2015).





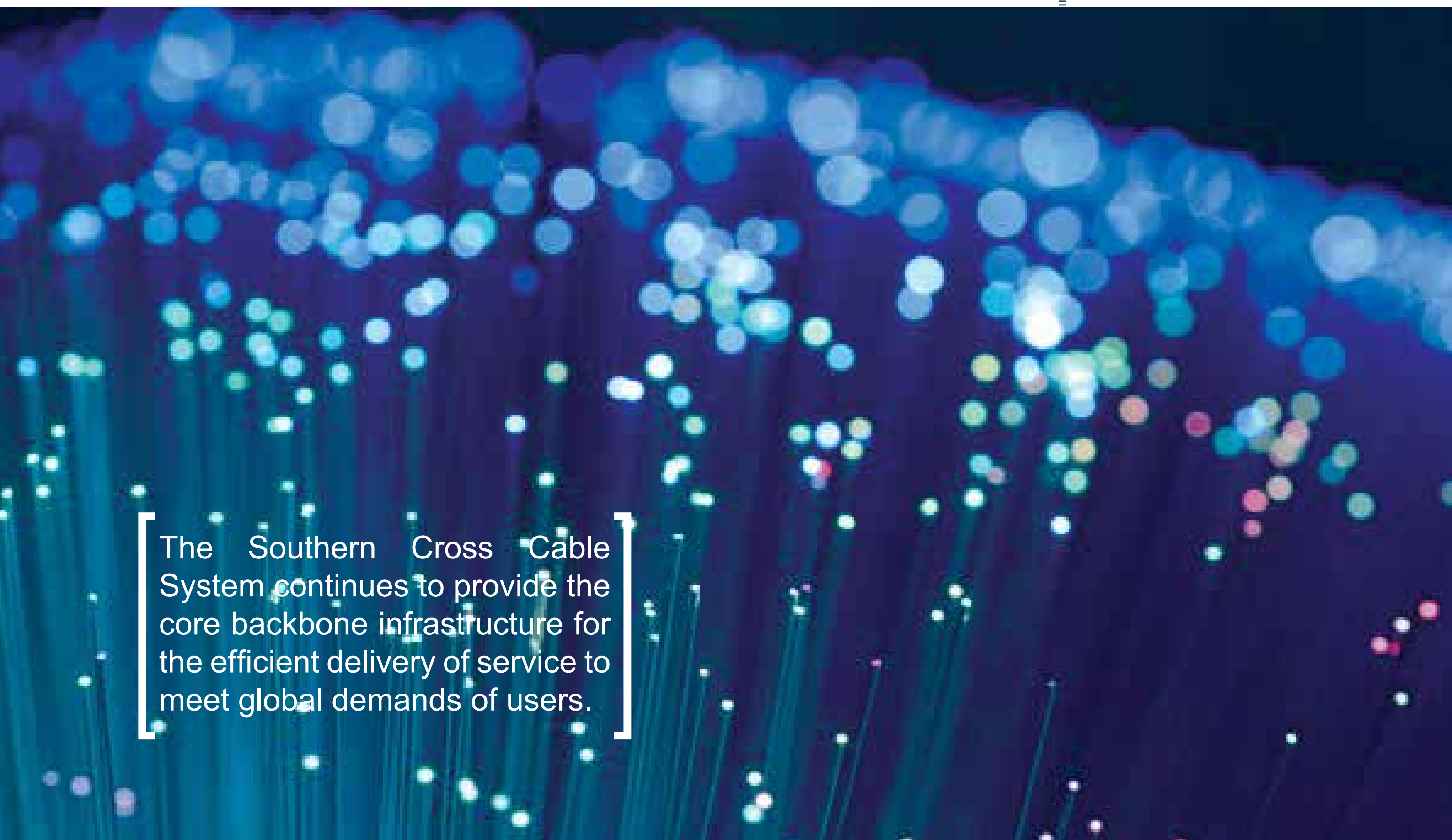
The positive growth is forecasted to continue with the interconnection of proposed Pacific Island cable systems, associated value added services and the demand for international broadband.

Operational Performance

Fiji's international capacity growth on the Southern Cross Cable is astounding with a 27-fold increase expected, from 1 GB/s in 2009 to a total forecast of 27 GB/s in 2018.

Broadband Internet demand growth remains strong as fixed and mobile broadband networks continue to upgrade and improve broadband services as more users get connected to use broadband internet services.

FINTEL aims to continue providing international connectivity and access to broadband internet at the highest levels of speed, quality and reliability.



Fiji Directories Limited

Mr Aslam Khan
Chairman

Mr Kim Askew
Director

Mr Arun Narsey
Director

Mr Navin Nand
Chief Executive Officer

Ms Sitla Chandra
Company Secretary

Overview

Fiji Directories continues to maintain its strong brand presence as market leader of the dependable local directory and search resource for all homes and businesses in Fiji.

In keeping with the times, we have built strong online presence through www.yellowpages.com.fj and www.whitepages.com.fj serving directory information and local search for Internet and mobile access.

Enhancements to our web and mobile platforms now include features that allow users to make calls, send emails, and go to social media links directly from the listing results.

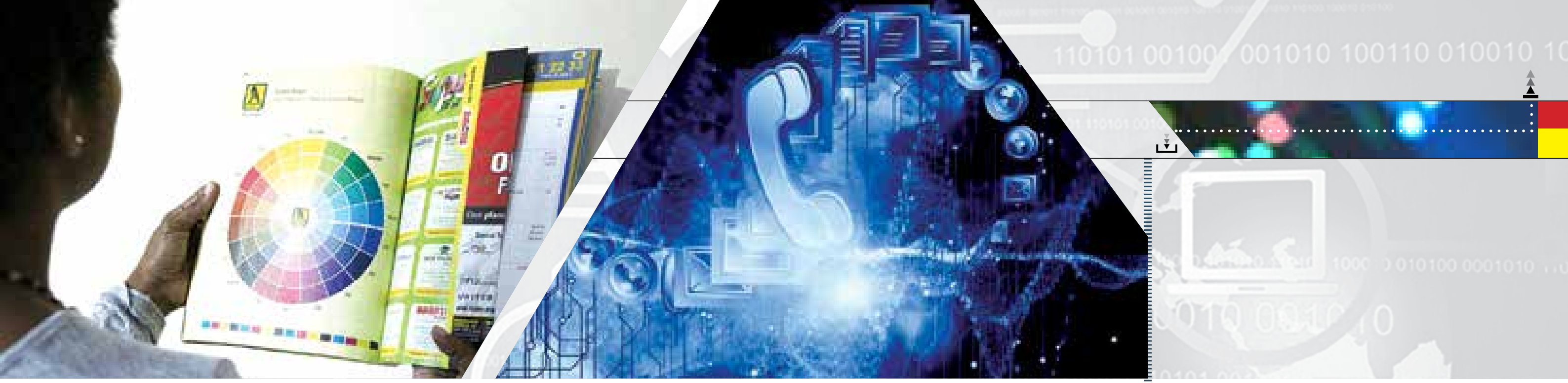
Our services are now more convenient than ever, accessible 24/7, providing information on-demand and connecting businesses with people on the go.

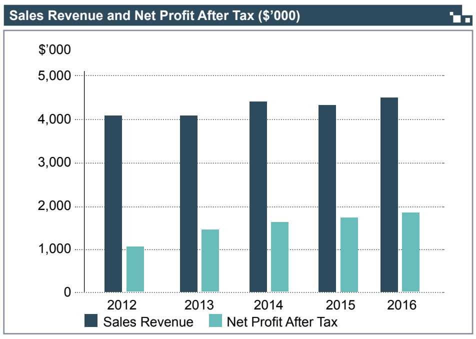
Financial Results

Fiji Directories Limited continues to maintain solid results and for the year ended 31 March 2016, the company achieved total Sales Revenue of $4.6 million, which was an increase of 3.4% over last year. Net profit after tax was $1.7 million, an increase of 4.3% from last year.

Human Resources

During the year, the company filled in key management vacancies with, Ms Maureen Lavaki, Ms Bernadette Taylor and Mr Rahul Singh being appointed Sales and Marketing Manager, Production Manager and Systems Manager respectively.



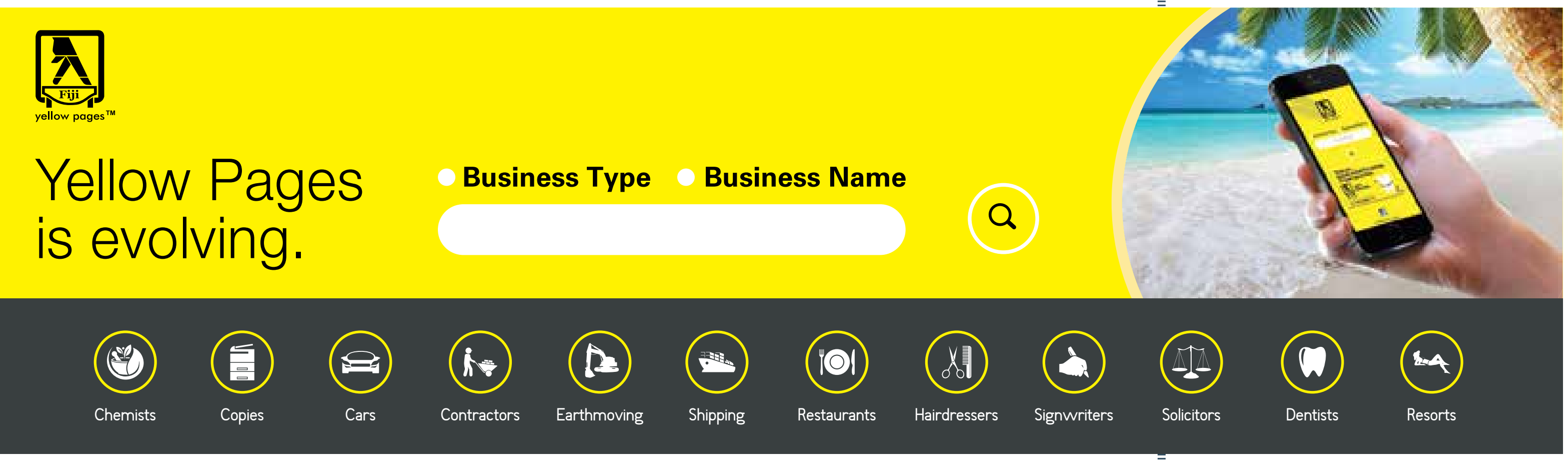


Products and Services

The strength of FDL's brand and its print, online and mobile directory products is that businesses will continue to advertise in the yellow pages. In addition, FDL's up-to-date customer listings ensure that information provided to telephone and online queries are accurate and current.

With the expected rapid uptake of connected devices and smartphones, FDL's focus on new products and media is to increase the features and strengths of our online and mobile service platforms through web and mobile app integration.

At the same time, FDL will also look to increase its presence through leveraging off the vast opportunities through the online presence of businesses and taking advantage of ways to connect directly through the phone, internet and online through social media channels.



Amalgamated Telecom Holdings (Kiribati) Limited

Mr Arun Narsey
Chairman

Mr Pradeep Lal
Director

Mr Ivan Fong
Director

Mr Tiarite Kwong
Director

Ms Teea Tira
Director

Mr Kamlesh Sharma
Chief Executive Officer

Mr Divik Deo
Company Secretary

In May 2015, as part of ATH's strategy on regional expansion, the company successfully bid for the assets of Telecom Services (Kiribati) Limited (TSKL) and incorporated Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) to own and operate those assets.

Vodafone Fiji Limited was appointed to manage and oversee ATHKL operations.

Within six months, the existing network infrastructure was upgraded and modernised to provide 3G and 4G state of the art, reliable and high quality, voice and data services for customers in Kiribati.

The new network was launched in December 2015 offering significantly improved customer experience on voice and mobile broadband services.

Newly introduced smart phones including flagship brands such as Samsung and a range of affordable handsets were a timely boost to ATHKL's customer acquisition drive. As a result, the business experienced exciting and rapid growth, increasing from 16,000 to 31,000 customers by the end of March 2016.

Financially, the company has achieved encouraging results, delivering a net profit after tax of AUD0.47million at the end of its first financial year. This result is even more significant when viewed in the context of the string of consecutive losses TSKL achieved in previous years.

Looking ahead into the next financial year, ATHKL plans to introduce new services, for the benefit of Kiribati customers, such as value added services, inbound and outbound roaming, hosted enterprise solutions, business and corporate telecommunications solutions.

In addition, ATHKL is continuing dialogue with the Government of Kiribati to identify a solution for the upgrade and improvement of services to the outer islands to ensure improved quality and reliability services are delivered throughout Kiribati.

Vodafone ATH Fiji Foundation

Overview

Vodafone ATH Fiji Foundation (the Foundation) is the Corporate philanthropy arm of Vodafone Fiji Limited and Amalgamated Telecom Holdings Limited. The foundation was formed to deliver philanthropic benefits to the community it does its business with, and where its stakeholders, shareholders, suppliers, customers and employees live.

The work of the Foundation is a structured approach deployed at two levels – actions of Vodafone Fiji and the work of the Vodafone ATH Fiji Foundation which engages its charities and volunteers.

The Foundation's approach this past year was to implement the sustainable funding, World of Difference (WOD) and Mobile for Good (M4G) programmes and ensure that they were aligned to the Foundation's strategic direction.

Vision and Mission

The Foundation's Vision is: "Building stronger and connected Vanua" (community) which is driven by the Foundation's Mission where 'the Foundation is committed to connecting communities around Fiji to improve lives. To achieve this objective, the Foundation uses its charitable giving and its privileged access to Vodafone networks, customers and employees to connect people to the necessary tools and resources to make a difference in Fiji'.

In the aftermath of Tropical Cyclone Winston, the Foundation made use of its networks, to mobilise over 400 volunteers to pack and distribute ration supplies in all major affected areas.

Strategic Focus

Our Strategic Thrust Areas include:
1) Innovation, Quality and Excellence;
2) Engagement and Partnerships;
3) Social Entrepreneurships;
4) Connected Community Solutions and;
5) Information and Knowledge Sharing.

These areas are embedded into our flagship programmes of sustainable funding, World of Difference, Double Your Dollar and Mobile for Good.

The Foundation works around the notion of shared implementation and measurement with relevant stakeholders. This is within the ambit of the Foundation's values: taking responsibility of the Foundation's own development, reaching the wider population, energising the youth to participate, and engaging communities to live the Vodafone way.

This year, the Foundation implemented 219 projects which included 52 mobile for good, 43 Duke of Edinburgh Awards International, 34 sustainable funding and 90 world of difference projects with nine charities around Fiji.

Connected Community Solutions

All connected community solutions projects throughout the year are aligned to initiatives pertaining to environmental, social and economic indicators. The Foundation's environmental initiatives range from ridge to reef to farming practices, climate change and disaster recovery. The social constructs address needs pertaining to NCD related issues, disabled corrective surgeries to water and sanitation project, etc. in villages and rural remote. The women and youth entrepreneurial projects are linked to local resources utilisation, sustainable practice and revenue generation.

World of Difference [WoD]

The Foundation's WoD programme provides employment for candidates to work in charity organisations which also provide employment to volunteers. Nine candidates continue to work for unique charity organisations in building capacities, mentoring and coaching volunteers and community based organisations which in turn provide services to the key communities that the Foundation works with. The Spinal Injury Association, a key charity partner, continues to bring over $8 million worth of mobility devices and medical supplies which serves those affected by NCD crisis and disabled.

The success of this year's programmes is embedded in cross-sectoral collaboration and co-ordination which includes line ministries, provincial and tikina councils, corporate, village heads, schools, youth,

Vodafone ATH Fiji Foundation

Mr Lionel D S Yee
Chairman

Mr Ivan Fong
Director

Mr Divik Deo
Director

Ms Elenoa Biukoto
Director

Mr Iliesa Volau
Director

Mr Arunesh Vishwa
Director

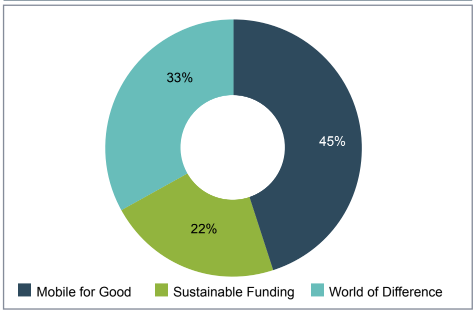
Ms Ambalika D Kutty
Foundation Executive & Secretary

women's clubs, professional institutes and volunteers for expert advice.

In another first for Fiji, the mEnvironment programme seeks to work in collaboration with environmental partners to identify opportunities and develop tailor-made **"lifeline"** rather than **"lifestyle"** services, targeting key communities to improve people's quality of life.

Illustration 1: Distribution of grants by programme for 2016

Grants Disbursed By Programme (%)



In the last 11 years, in excess of $16 million worth of social good has been done by the Foundation. This year the Foundation touched the lives of the following individuals and charities:

Grant Disbursement 2016

Mobile for Good	**$356,563**
mFarm Western Charity Alliance	$27,843
mWomen Empowerment Network	$27,843
mFitness Fitness Inspiration Fiji	$27,843
Savusavu Community Foundation	$10,000
Spinal Injury Association	$12,004
Fiji Council of Social Services	$12,004
Lions Club of Labasa	$12,004
mSeries Awareness Channel	$12,174
Namatakula Women's Club	$2,500
Naimawi Youth Club	$2,500
Namada Mothers Club	$2,500
Vuevata Youth Club	$2,500
Waibasaga Women's Club	$2,500
Takuci Youth Group	$2,500
Navatoga Youth Club	$2,500
Vatuburu Youth Club	$2,500
Nukuvura Youth Club	$2,500
Waivou Youth Club	$2,500
Navirayaki Youth Club	$2,500
Ovalau Youth Club	$2,500
Nasau Youth Club	$2,500
Votua Youth Resource & Development Group	$2,500
Korovou Ca Youth Club	$2,500
Nukuvura Women's Club	$2,500
PYGMIES Youth Club	$2,500
Nauria Youth Club	$2,500
Loloma Dina Farmers Enterprise	$2,500
Voua Youth Club	$2,500
KIOA Island School	$2,500
Ruel Foundation	$2,500
Kalabu Primary School	$2,500
Waisali Youth Club	$2,500
Navai Primary School	$2,500
Raunitogo Primary School	$2,500
Wavuwavu Primary School	$2,500
Vuci Primary School	$2,500
Labasa School for Special Education	$2,500
Draladamu Primary School	$2,500
Nasinu Sangam School	$2,500
Nasau Primary School	$2,500
Holy Cross College	$2,500
Saraswati Primary School	$2,500
Toko Sanatan Primary School	$2,500
Kubulau District School	$2,500
Nadi District School	$2,500
Solevu Catholic School	$2,500
Vusaratu Women's Club	$2,500
Navuni Women's Club	$2,500
Navoalevu Youth Club	$2,500
Wairiki-i-Cake Women's Club	$2,500
Nakera Women's Club	$2,500
Nubumakita Youth Club	$2,500
Vodafone Red Alert	$104,849
Double Your Dollar	**$19,084**
Urmila Wati	$1,000
Ratu Wili Veivutuni	$822
Lions Club of Labasa	$1,000
Isikeli Raula	$1,000
Vishwa Nand	$1,000
Rajen Prasad	$1,000
Vijendra Kumar	$1,000
Krishneel Prasad	$665
Esala Matou Rasovo& Etta Milly	$1,000
Anil Kant	$1,000
Dhirendra Kumar	$1,000
Gurnam Singh & Bhan Wati	$1,000
Anisha Mehzabeen Begum	$1,000
Abinesh Sundar	$697
Tuate Tuvuni	$1,000
Rakesh Chand Verma	$500
Rohini Lata Raj	$400
Elina Kausoqo	$1,000
Mohammed Jamshir	$1,000
Ruth Fong	$1,000
Santa Prasad	$1,000
DEAP	**$107,492**
Maharishi Sanatan College	$2,500
Sangam SKM College	$2,500
Khalsa College	$2,500
Sigatoka Andhra College	$2,500
Nilsen College	$2,500
Tilak High School	$2,500
Nadi Muslim College	$2,500
Bulileka Wellness Club	$2,500
Nadogo Youth Club	$2,500
Wainikoro Young Farmers Club	$2,500
Labasa Adventist Youth Club	$2,500
Naurabuta Youth Club	$2,500
WailevuTiri Youth Club	$2,500
Nubulevu Youth Club	$2,500
Emuri Youth Club	$2,500
Vunatoutou Youth Club	$2,500
Togovere Youth Club	$2,500
New Day Youth Club	$2,500
Malomalo Youth Club	$2,500
Dayala Youth Club	$2,500
St. Thomas High School	$2,500
Cuvu Bee Keepers Youth Club	$2,500
Balata High School	$2,500
Swami Vivekananda College	$2,500
Navosa Central College	$2,500
Kamil Muslim College	$2,500
St Johns College	$2,500
Nakauvadra High School	$2,500
Jasper Williams High School	$2,500
Ratu Levu Youth Club	$2,500
Suva Muslim College	$2,500
Pundit Vishnu Deo Memorial College	$2,500
Semo Youth Club	$2,500
Nabau Youth Club	$2,500
Vunicuicui Multiracial Women's Forum	$2,500
Dreketi Youth Club	$2,500
Namara Womens Club	$2,500
Tacirua Youth Club	$2,500
Nauluvatu Youth Club	$2,500
Ba Gujarat Education Society	$2,500
Nabs Young Farmers Youth Club	$2,492
Sabeto College	$2,500
Xavier College	$2,500
Sustainable Funding	**$50,800**
Rotary Club of Labasa	$10,000
Save the Children Fiji	$2,500
Diabetes Fiji Inc	$2,500
Fitness Inspiration Fiji	$2,500
Kabokira Youth Club	$3,300
Lions Club of Ba	$7,500
Lions Club of Labasa	$7,500
Fiji Crippled Children's Society	
- Hilton Organisation	$10,000
Father Law Home	$1,000
Bulileka Hart Home	$1,000
Lajonia Hart Home	$1,000
Lautoka Special School	$1,000
Sigatoka Special School	$1,000
World of Difference	**$263,116**
Grand Total	**$797,055**

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Financial Statements
For The Year Ended 31 March 2016

Contents	**Page**

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 Amalgamated Telecom Holdings Limited and Subsidiary Companies (the group) as at 31 March 2016, 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 Isikeli Voceduadua
Mr Arun Narsey
Mr Tom Ricketts
Mr Taito Waqa
Mr Umarji Musa

Principal Activities

The principal activities of the holding company during the year were that of equity investments.

The principal activities of the operating subsidiary companies are as follows:

Entity	Principal Activities
Telecom Fiji Limited	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, and marketing and selling of prepaid transactions cards.
Vodafone Fiji Limited	Cellular mobile telecommunication services.
Fiji International Telecommunications Limited	International telecommunications facilities and provision of internet related services.
Fiji Directories Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Limited and its subsidiary, Datec Australia Pty Limited (New subsidiary companies)	Retailing of computer hardware and software, technical support services, equipment rental, and provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited (New subsidiary company)	Telecommunications and ICT services in the Republic of Kiribati.

During the year, subsidiary companies ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, being the non-operating companies within the group, were liquidated under the Members' Voluntary Winding Up.

Except for the above, there were no other significant changes in the nature of principal activities of the group during the financial year.

Results

The profit after income tax of the holding company for the year was $34,268,027 (2015: $28,670,543).

The consolidated profit after income tax attributable to the members of the holding company for the financial year was $56,724,280 (2015: $49,811,616).

Dividends

Interim dividends of $12,663,146 were paid and final dividends of $21,105,243 were provided by the holding company during the year ended 31 March 2016 (2015: interim dividends of $14,773,670 were paid and final dividends of $14,773,670 were provided).

Reserves

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:

a) On 22 December 2015, the Government of Fiji divested its 72,966,104 of its 145,932,209 shares in the holding company through a Special Crossing on the South Pacific Stock Exchange. This reduced the Government's shareholding from 34.6% to 17.3%.

   The successful acquirers were the ultimate parent entity, Fiji National Provident Fund (60,671,022 shares), Unit Trust of Fiji (10,655,738 shares) and BSP Life (Fiji) Limited (1,639,344 shares).

b) On 29 May 2015, subsidiary company, Vodafone Fiji Limited, acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Limited, incorporated and domiciled in Fiji, and its subsidiary company, Datec Australia Pty Limited, incorporated and domiciled in Australia. The purchase consideration was $3,300,000.

c) Following the holding company's successful bid, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, was incorporated in the Republic of Kiribati on 22 April 2015 to acquire substantially the telecommunications business, assets and certain liabilities of Telecom Services Kiribati Limited. On 26 May 2015, the subsidiary company acquired the telecommunication business and assets of Telecom Services Kiribati Limited for a purchase consideration of AUD7,268,958 (FJD11,356,937).

d) During the year, subsidiary companies, ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, being non-operating companies within the group, were liquidated under the Members' Voluntary Winding Up.

e) In February 2016, tropical cyclone Winston severely affected certain parts of Fiji. As a consequence, the group's operations in Rakiraki, Tavua, Koro Island, Vanuabalavu, Taveuni, Tailevu, Ovalau, Wakaya, Southridge and parts of Central Eastern division of Fiji were significantly affected. The cyclone caused certain damages to the plant and equipment, in particular, telecommunications infrastructure, of the group.

   The group is in the process of assessing the overall impact of the damages sustained. The group is adequately covered by insurance. Accordingly, the group is not expected to sustain any losses.

Significant Events during the Year (Cont'd)

The financial effects of the above events, if any, have been incorporated in the financial statements for the year ended 31 March 2016.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the companies in the group, the results of those operations, or the state of affairs of the companies in 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 have become or are 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' Benefit

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or 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 is a member, or with a company in which he has a substantial financial interest.

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

Dated this 28th day of June 2016.

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 2016;

(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 2016;

(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 2016;

(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 2016;

(v) the financial statements have been prepared in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1983;

(vi) 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

(vii) 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 28th day of June 2016.

Director

Director

BDO

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Offices in Suva and Lautoka

BDO
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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 2016, 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 31 to 71.

Directors 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 2016, 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.

BDO

SUVA, FIJI
28 JUNE 2016

BDO
CHARTERED ACCOUNTANTS

	Notes	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Continuing Operations					
Revenue	8	356,211	310,668	34,629	27,779
Direct costs	9	(127,098)	(104,001)	-	-
Gross profit		229,113	206,667	34,629	27,779
Other income	10	13,799	16,508	90	78
Depreciation	16	(40,936)	(39,852)	(10)	(8)
Amortisation of intangible assets	17	(2,654)	(4,779)	-	-
Personnel costs	11	(40,160)	(34,916)	(501)	(276)
Marketing and promotion expenses		(11,162)	(9,394)	(12)	(10)
Other operating expenses	13	(57,122)	(48,962)	(1,686)	(934)
Operating profit		90,878	85,272	32,510	26,629
Finance income / (cost) – net	12	681	(229)	1,910	2,187
Profit before income tax		91,559	85,043	34,420	28,816
Income tax expense	14(a)	(9,733)	(13,074)	(152)	(145)
Profit for the year		81,826	71,969	34,268	28,671
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		(1,883)	-	-	-
Total comprehensive income for the year		**79,943**	**71,969**	**34,628**	**28,671**
Profit attributable to:					
Equity holders of the holding company		56,725	49,812	34,268	28,671
Non-controlling interests		25,101	22,157	-	-
		81,826	71,969	34,268	28,671
Total comprehensive income attributable to:					
Equity holders of the holding company		54,808	49,812	34,268	28,671
Non-controlling interests		25,135	22,157	-	-
		79,943	71,969	34,268	28,671
Earnings per share for profit attributable to the equity holders of the holding company during the year (expressed in cents per share)					
- Basic and diluted earnings per share	15	13.4	11.8		

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

Group	Issued capital $'000	Share premium reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total $'000
	Attributable to equity holders of the holding company						
Balance as at 1 April 2014	105,526	2,074	-	65,695	173,295	24,137	197,432
Profit for the year	-	-	-	49,812	49,812	22,157	71,969
Dividends paid or provided (Note 31)	-	-	-	(29,547)	(29,547)	(16,325)	(45,872)
Balance as at 31 March 2015	**105,526**	**2,074**	**-**	**85,960**	**193,560**	**29,969**	**223,529**
Profit for the year	-	-	-	56,725	56,725	25,101	81,826
1% Transitional tax on undistributed profits	-	-	-	(662)	(662)	(227)	(889)
Dividends paid or provided (Note 31)	-	-	-	(33,768)	(33,768)	(16,335)	(50,103)
Other comprehensive income:							
Exchange difference on translation of foreign operations	-	-	(1,917)	-	(1,917)	34	(1,883)
Balance as at 31 March 2016	**105,526**	**2,074**	**(1,917)**	**108,255**	**213,938**	**38,542**	**252,480**

Holding Company	Issued capital $'000	Share premium reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 April 2014	105,526	2,074	121,732	229,332
Profit for the year	-	-	28,671	28,671
Dividends paid or provided (Note 31)	-	-	(29,547)	(29,547)
Balance as at 31 March 2015	**105,526**	**2,074**	**120,856**	**228,456**
Profit for the year	-	-	34,268	34,268
Dividends paid or provided (Note 31)	-	-	(33,768)	(33,768)
Balance as at 31 March 2016	**105,526**	**2,074**	**121,356**	**228,956**

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

		Group		Holding Company	
Assets	**Notes**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Non-current assets					
Property, plant and equipment	16	268,880	242,720	10	19
Intangible assets	17	27,054	22,352	-	-
Investment in subsidiary companies	18	-	-	182,023	181,860
Held-to-maturity investments	22	30,989	34,993	30,989	34,993
Deferred tax assets	14(b)	8,277	5,281	1	1
Trade and other receivables	23	-	4,998	14,192	4,983
		335,200	310,344	227,215	221,856
Current assets					
Prepaid expenses		102	106	-	-
Advance tax	14(d)	-	43	45	163
Investment in subsidiary companies	18	-	-	-	2,000
Inventories	19	11,799	6,838	-	-
Held-to-maturity investments	22	26,447	20,625	4,251	860
M-PAiSA trust account		4,099	3,365	-	-
Trade and other receivables	23	63,769	42,537	33,256	30,764
Cash on hand and at banks		25,466	33,247	584	1,120
		131,682	106,761	38,136	34,907
Total assets		**466,882**	**417,105**	**265,351**	**256,763**
Shareholders' equity and liabilities					
Shareholders' equity attributable to members of the holding company					
Share capital	25	105,526	105,526	105,526	105,526
Share premium reserve		2,074	2,074	2,074	2,074
Foreign currency translation reserve		(1,917)	-	-	-
Retained earnings		108,255	85,960	121,356	120,856
Equity attributable to the owners of the holding company		213,938	193,560	228,956	228,456
Non-controlling interests		38,542	29,969	-	-
Total shareholders' equity		252,480	223,529	228,956	228,456
Liabilities					
Non-current liabilities					
Deferred tax liabilities	14(c)	18,884	20,750	-	-
Borrowings	27	18,723	37,903	9,910	7,445
Indefeasible Right of Use (IRU) lease liabilities	26	60	804	-	-
Trade and other payables	29	3,977	3,995	-	-
Deferred income	30	170	215	-	-
		41,814	63,667	9,910	7,445
Current liabilities					
Borrowings	27	19,633	18,238	5,068	5,570
Indefeasible Right of Use (IRU) lease liabilities	26	3,196	4,498	-	-
Provisions	28	29,115	20,188	21,153	14,817
Trade and other payables	29	114,595	83,620	264	475
Current tax liabilities	14(d)	1,950	-	-	-
E-value in circulation		4,099	3,365	-	-
		172,588	129,909	26,485	20,862
Total liabilities		214,402	193,576	36,395	28,307
Total equity and liabilities		**466,882**	**417,105**	**265,351**	**256,763**

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	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Operating activities					
Receipts from customers		350,895	325,107	-	-
Payments to suppliers and employees		(234,508)	(197,787)	(1,306)	(827)
Dividends received		-	-	35,187	17,949
Net cash generated from operations		116,387	127,320	33,881	17,122
Interest received		3,798	2,426	2,766	2,693
Interest paid		(1,998)	(3,018)	(729)	(598)
Income taxes paid		(12,642)	(10,388)	(53)	-
Tax on undistributed profits paid		(539)	-	-	-
Net cash inflows from operating activities		105,006	116,340	35,865	19,217
Investing activities					
Payments for property, plant and equipment		(41,267)	(55,669)	(1)	(7)
Payments for intangible assets		(604)	(414)	-	-
Payment for business acquisition		(14,638)	-	-	-
Payment for investment in subsidiary company		-	-	(162)	-
Proceeds from sale of property, plant and equipment, net of capital gains tax		476	16,239	2	-
Redemption of held-to-maturity investments		860	3,000	860	2,000
Payment for held-to-maturity investments		(2,427)	(16,713)	-	(860)
Advance for relocation of telecommunication cables		2,377	3,896	-	-
Advances (to) / from related companies, net		-	(3)	(13,425)	9,110
Net cash (used in) / from investing activities		(55,223)	(49,664)	(12,726)	10,243
Financing activities					
Dividends paid to equity holders of the holding company		(27,436)	(23,216)	(27,436)	(23,216)
Dividends paid to non-controlling interests		(8,240)	(14,840)	-	-
(Repayment of) / proceeds from borrowings, net		(18,835)	(23,657)	4,012	(9,581)
Finance lease repayments		(1,783)	(5,217)	-	-
Net cash used in financing activities		(56,294)	(66,930)	(23,424)	(32,797)
Net decrease in cash and cash equivalents		(6,511)	(254)	(285)	(3,337)
Effect of exchange rate movement on cash and cash equivalents		(989)	809	-	-
Addition in cash and cash equivalents from acquisition of shares in subsidiary companies		20	-	-	-
Cash and cash equivalents at the beginning of the financial year		30,718	30,163	1,120	4,457
Cash and cash equivalents at end of year (Note 24)		23,238	30,718	835	1,120

NOTE 1. GENERAL INFORMATION

a) Reporting Entity

Amalgamated Telecom Holdings Limited 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.

b) Consolidated financial statements

The financial statements for the year ended 31 March 2016 comprise "the holding company" referring to Amalgamated Telecom Holdings Limited and "the Group" referring to the companies whose accounts have been consolidated therein.

c) Parent company

The holding company's parent undertaking is Fiji National Provident Fund (FNPF), which is an entity incorporated in Fiji.

d) Principal activities

The principal activities of the holding company during the year were that of equity investments.

The principal activities of the operating subsidiary companies are as follows:

Entity	Principal Activities
Telecom Fiji Limited	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, and marketing and selling of prepaid transactions cards.
Vodafone Fiji Limited	Cellular mobile telecommunication services.
Fiji International Telecommunications Limited	International telecommunications facilities and provision of internet related services.
Fiji Directories Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Limited and its subsidiary, Datec Australia Pty Limited (New subsidiary companies)	Retailing of computer hardware and software, technical support services, equipment rental, and provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited (New subsidiary company)	Telecommunications and ICT services in the Republic of Kiribati.

During the year, subsidiary companies ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, being the non-operating companies within the group, were liquidated under the Members' Voluntary Winding Up.

Except for the above, there were no other significant changes in the nature of principal activities of the group during the financial year.

NOTE 2. BASIS OF PREPARATION

a) 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 International Financial Reporting Standards, management is required to make judgments, estimates and assumptions about the 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 recognised 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 International Financial Reporting Standards 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.

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

b) Statement of Compliance

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

c) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of all the companies that comprises the group, except FINTEL Internet Services Limited (subsidiary of Fiji International Telecommunications Limited), which was struck off during the prior year. A list of subsidiary companies appears in note 35 to the financial statements.

NOTE 2. BASIS OF PREPARATION (Cont'd)

c) Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

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 the 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, including:

• the size of the holding company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the holding company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate that the holding company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company occurs when the holding company is determined to exert control over the subsidiary company and ceases when the holding company is determined not to be able to exert control of the subsidiary company.

The acquisition 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, 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 gain on bargain purchase.

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 (including goodwill) 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.

The financial statements of subsidiary companies are prepared in compliance with group's accounting policies, except for long service leave and retirement benefits (refer note 3.20).

The financial statements of the subsidiary companies are prepared for the same reporting period as the holding company, which is twelve months ending 31 March.

The financial statements of Amalgamated Telecom Nominees Limited have not been incorporated in the consolidated financial statements for the reasons stated in note 35.

Non-Controlling Interests
The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-Controlling Interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

d) Presentation and functional currency
The consolidated financial statements are presented in Fiji Dollars (FJD), the group's functional and presentation currency, which is the primary economic environment in which the holding company operates. Each entity in the group uses the currency of the primary economic environment in which they operate as their functional currency.

Amounts are rounded to the nearest thousand ($'000), unless otherwise stated.

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

f) Changes in accounting policies
New standards, interpretations and amendments effective from 1 April 2015

A number of amendments are effective for the first time for annual periods beginning on (or after) 1 January 2015. None of the amendments have a material effect on the group's annual financial statements. Amendments which are relevant to the group are presented below.

i) IFRS 8 Operating Segments
An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The group has applied the aggregation criteria in IFRS 8.12 and disclosed the financial information of their subsidiary companies under three reportable operating segments which have been discussed in detail under note 3.22.

NOTE 2. BASIS OF PREPARATION (Cont'd)

f) Changes in accounting policies (Cont'd)

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 March 2016

The following are some relevant new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements. The group intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

i) IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the group's financial assets.

ii) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

iii) IFRS 16 - Leases

On 13 January 2016, the IASB issued IFRS 16 Leases, which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only IFRS 15 Revenue from Contracts with Customers is also adopted. The group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

iv) Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have significant impact to the group given that the group has not used a revenue-based method to depreciate its non-current assets.

v) Amendments to IAS 27 - Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the group's financial statements.

vi) Amendments to IAS 1 – Disclosure Initiative

The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of financial statements to their circumstances and the needs of users. The amendments are effective for annual periods beginning on or after 1 January 2016. The group is currently assessing the disclosure requirements of amendments and plans to adopt the amendments on the required effective date.

vii) Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

viii) Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 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 and 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 telecommunications related equipment, sale of computer hardware and software, technical support services, compilation and publication of the Fiji Telephone Directory and provision of 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 occurs earlier.

Revenue from international public and dedicated telecommunications services is recognised upon the use of service by the customers.

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 service provided by subsidiary company, Vodafone Fiji Limited (VFL), allowing customers to transfer money using a mobile phone. M-PAiSA is available to all VFL subscribers (Prepay and PostPay). Revenue from this service is earned on transfer and withdrawal transactions performed by customers. The tariff generated depends on the quantum of funds being transacted, and 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.

e) Revenue from published and on-line directory

Revenue from the 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 services are recognised over the term of the contract.

f) Sale of computer hardware and software

Sale of computer hardware and software are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sale contract, the acceptance provisions have lapsed, or a group entity has objective evidence that all criteria for acceptance have been satisfied.

g) Sale of technical support services

Revenue from technical support and software development services is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increase or decreases in estimated revenue or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

h) Rental income

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

i) Interest income

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Revenue recognition (Cont'd)

j) Dividend income

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

3.2 Expenditure Recognition

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of operational service has been charged to the statement of profit or loss.

For the purpose of presentation of the statement of profit or loss and other comprehensive income, the "nature of expenses" method has been adopted, on the basis that it fairly presents the elements of the group's performance.

3.3 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 be ready for their intended use or sale, are added to the cost of those assets, until such time as those 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.

3.4 Dividend distribution

Dividend distribution to the holding company's shareholders is recognised as a liability in the holding company's and consolidated financial statements in the period in which the dividend is declared (or provided) by the holding company's directors.

Dividend distribution to the non-controlling shareholders of subsidiary companies is recognised as a liability in the consolidated financial statements in the period in which the dividend is declared by the relevant subsidiary companies' directors.

3.5 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 the 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% - 10%
- Exchange plant and telecommunication infrastructure	6% - 10%
- Subscriber equipment	5% - 10%
- Trunk network plant	6% - 10%
- Plant and machinery	6% - 25%
- Equipment rental	10% - 33%
- Motor vehicles	12.5% - 25%
- Furniture, fittings and office equipment	10% - 25%
- Computer equipment	10% - 35%

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.

3.6 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Leases (Cont'd)

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 the 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.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset, and the lease term.

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

3.7 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 when incurred. Costs directly associated with the development of identifiable and unique software products controlled by the group, and 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, had 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, had also acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Southern 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 capacities are amortised over their estimated economic useful lives, as follows:

	Australia Link	USA Link
- IP Transit	33.33% - 50%	33.33%
- STM-1	6% - 8%	6% - 8%
- STM-4	6% - 8%	6% - 8%

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

d) Spectrum licences

Spectrum licences are capitalised on the basis of the costs 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Intangible assets (Cont'd)

d) Spectrum licences (Cont'd)

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.

3.8 Business combination and goodwill

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included as administrative expenses. When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in statements of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.9 Associates

Associates are all companies 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 consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised through other comprehensive income in changes in equity. 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.

3.10 Foreign currency translation

a) 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 balance 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.

b) Foreign operations

The statement of financial position and statement of profit or loss and other comprehensive income of foreign subsidiary companies which are deemed to be foreign operations are translated to Fijian Dollars at the exchange rate prevailing at the balance date and at the average annual exchange rate for the period respectively. The exchange differences arising on the translation are taken directly to other comprehensive income.

3.11 Impairment of non-financial assets

At each balance 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Impairment of non-financial assets (Cont'd)

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.

3.12 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.

3.13 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 are 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 assets and liabilities 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 assets and liabilities 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.

Current and deferred tax for the year
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
Capital Gains Tax (CGT) is applicable on capital gains realised on disposal of certain 'non-depreciable capital assets' as set out in the Income Tax Act. Accordingly, where these capital assets are stated at fair value, a corresponding deferred tax liability is recognised on surplus/ gain on valuation of non-depreciable capital assets at the rate of 10%. Revenues, expenses, assets and liabilities are recognised net of the amount of 10%.

3.14 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.

3.15 Non-current assets held for sale and discontinued operations

The group classifies non-current assets (and disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Non-current assets held for sale and discontinued operations (Cont'd)

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.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

3.16 Inventories

Inventories comprise of merchandise, computer hardware, spares, accessories and other 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 incurred in acquiring the inventories and bringing them to their existing location and condition are accounted using the following formulae:

i) Merchandise and other consumables – at cost on first-in-first-out basis.

ii) Computer hardware, spares, accessories and other consumables – at cost on weighted average basis.

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered absolete or un-saleable are written off in the year in which they are identified.

3.17 Financial instruments

a) Financial assets

i) Initial recognition and measurement

Financial assets within the scope of IAS 39 – Financial instruments: Recognition and measurement are classified as loans and receivables and held-to-maturity investments. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, in the case of assets not at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The loans and receivables of the group includes cash in hand and at bank and trade and other receivables which have been explained under note 20.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to- maturity when the group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The held to maturity investments of the group include investment in government stock and short term deposits with banks which are explained in note 20.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Financial instruments (Cont'd)

a) Financial asset (Cont'd)

iii) Derecognition (Con'd)

(a) the group has transferred substantially all the risks and rewards of the asset, or
(b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the group's continuing involvement in it. In such case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv) Impairment of financial assets

The group assesses at each balance date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred' loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income is recorded in the statements of profit or loss. Loans, together with the associated allowances, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to statements of profit or loss.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 – Financial instruments: Recognition and measurement are classified as loans and borrowings. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The financial liabilities of the group include trade and other payables, finance lease liabilities, loans and borrowings (including bank overdraft).

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The loans and borrowings of the group includes finance lease liabilities, borrowings, provisions and trade and other payables which have been explained under note 21.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Financial instruments (Cont'd)

b) Financial liabilities (Cont'd)

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

The details on the fair value of the financial assets and financial liabilities of the group is explained under notes 20 and 21, respectively.

3.18 Cash and cash equivalents

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

3.19 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.

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.

3.20 Employee benefits

Wages and salaries

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

Annual leave and sick leave

Liability for annual leave is recognized in the provision for employee entitlements. Liabilities for annual leave are expected to be settled within 12 months of the balance 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 and retirement benefits

Liability for long service leave is recognised in the provision for employee entitlements and measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance 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 balance date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 Employee benefits (Cont'd)

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.

Defined contribution plans

Contributions to Fiji National Provident Fund and Kiribati Provident Fund are expensed when incurred.

3.21 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.

3.22 Segment reporting

Operating Segment

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.

For reporting purposes, the group considers itself to be operating predominantly in the telecommunications industry and revenue from other sources are not material.

The group has disclosed three reportable operating segments as follows:

• 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;

• Other segment comprises provision of international public and dedicated telecommunications, data and internet services, sale of computer hardware and software, provision of technical support services and directory services.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the group.

Geographical segment

A geographical segment constitutes the provision of 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.

The group predominantly operates in Fiji and business from outside Fiji is not material. Accordingly, the group is in one geographical area for reporting purposes.

The segment reporting has been disclosed under note 37.

3.23 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 and interest rate risk), credit 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 is subject to changes in market prices, such as foreign exchange rates and interest rate that 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.

NOTE 4. FINANCIAL RISK MANAGEMENT (Cont'd)

4.1 Financial risk factors (Cont'd)

a) Market risk (Cont'd)

Unfavourable changes to duty and tax regulations may expose the group to a decline in revenues. The group operates in both Fiji and Republic of Kiribati and changes to respective government's policies therefore 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 AU dollar, 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 seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

As at year end, liabilities denominated in foreign currencies are significant and hence changes in the AU dollar, US dollar and Euro by 10% (increase or decrease) are 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 balance date are as follows:

	Group	
	2016 F$'000	**2015 F$'000**
AU Dollars	7,247	267
US Dollars	19,705	6,498
Euro	5,786	7,208

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 AUD, USD and the Euro with all other variables held constant, pre-tax profit impact is as follows:

	Group			
	Profit or (loss) 2016		**Profit or (loss) 2015**	
	Strengthen F$'000	**Weaken F$'000**	**Strengthen F$'000**	**Weaken F$'000**
AU Dollars	659	(805)	24	(30)
US Dollars	1,790	(2,188)	591	(722)
Euro	526	(643)	655	(801)

ii) Interest rate risk

The group has interest-bearing assets 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.

The holding company has loan facilities with its parent entity (Fiji National Provident Fund), Westpac Banking Corporation and Bank of South Pacific Limited at fixed interest rates. Accordingly, the holding company is not exposed to interest rate risk.

The subsidiary company, Vodafone Fiji Limited, also has significant interest-bearing borrowings from its ultimate parent entity, Fiji National Provident Fund. The borrowings are at fixed interest rate over the remaining 2 year term of the loan. Accordingly, the subsidiary company is not exposed to interest rate risk.

Furthermore, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, also has significant interest-bearing borrowings from ANZ Bank (Kiribati) Limited. The borrowings are at fixed interest rate over the remaining 6 year term of the loan. Accordingly, the subsidiary company is not exposed to interest rate risk.

In relation to bank overdrafts, the group is exposed to interest rate risk as bank overdrafts are provided at floating interest rates.

NOTE 4. FINANCIAL RISK MANAGEMENT (Cont'd)

4.1 Financial risk factors (Cont'd)

a) Market risk (Cont'd)

ii) Interest rate risk (Cont'd)

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, otherwise sales are transacted in cash. The group holds security deposits for a large number of its customers.

i) Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions:

Group	**2016 $'000**	**% of Allocation**	**2015 $'000**	**% of Allocation**
Held-to-maturity investments (Note 22)	57,436	44%	55,618	44%
Trade and other receivables (Note 23)	47,770	37%	37,453	30%
Cash on hand and at bank	25,466	19%	33,247	26%
Total credit exposure	130,672	100%	126,318	100%
Holding company				
Held-to-maturity investments (Note 22)	35,240	43%	35,853	50%
Trade and other receivables (Note 23)	46,733	56%	35,003	49%
Cash on hand and at bank	584	1%	1,120	1%
Total credit exposure	82,557	100%	71,976	100%

c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations for its financial liabilities. Prudent liquidity risk management requires 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 liabilities into relevant maturity groupings based on the remaining period at the balance date against the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

			Group		
31 March 2016	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 3 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Financial liabilities:					
Trade and other payables (Note 29)	97,950	50	-	-	98,000
Finance lease liabilities (Note 26)	3,196	60	-	-	3,256
Provisions (Note 28)	29,115	-	-	-	29,115
Borrowings (Note 27)	19,633	5,647	11,082	1,994	38,356
	149,894	5,757	11,082	1,994	168,727
31 March 2015					
Financial liabilities:					
Trade and other payables (Note 29)	68,791	100	-	-	68,891
Finance lease liabilities (Note 26)	4,498	744	60	-	5,302
Provisions (Note 28)	20,188	-	-	-	20,188
Borrowings (Note27)	18,238	33,983	3,920	-	56,141
	111,715	34,827	3,980	-	150,522

NOTE 4. FINANCIAL RISK MANAGEMENT (Cont'd)

4.2 Other risks

a) 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.

b) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies 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 and Communications Commission of Kiribati.

4.3 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.

	Group	
	2016	**2015**
The gearing ratios at 31 March 2016 and 2015 were as follows:	**$'000**	**$'000**
Total borrowings (Note 27)	38,356	56,141
Less: Cash on hand and at bank	(25,466)	(33,247)
Less: Short term deposits	(751)	(500)
Net debt	12,139	22,394
Total equity	252,480	223,529
Total capital (Total equity plus Net debt)	264,619	245,923
Gearing ratio (Net debt / Total capital x 100)	5%	9%
Debt to equity ratio % (Net debt / Total equity)	5%	10%

4.4 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, 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.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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 directors' 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 2016, allowance for impairment amounting to $Nil (2015: $46,000) 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.

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 directors' 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 directors' 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.

The directors and the management reasonably believe that no indicators for impairment exist as at balance date and therefore, no impairment provision was made during the year.

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 directors' 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 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.

h) Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The subsidiary companies, Telecom Fiji Limited and Fiji International Telecommunications Limited, have arrangements for Indefeasible Rights of Use capacity which have been accounted as finance leases. Refer notes 17 (c) and 26.

NOTE 6. ACQUISITION OF DATEC (FIJI) LIMITED AND SUBSIDIARY COMPANY

On 29 May 2015, subsidiary company, Vodafone Fiji Limited, acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Limited, incorporated and domiciled in Fiji, and its subsidiary company, Datec Australia Pty Limited, incorporated and domiciled in Australia. The purchase consideration was $3,300,000.

The fair values of the identifiable assets and liabilities of Datec (Fiji) Limited and Subsidiary Company at the date of acquisition were:

	Datec (Fiji) Limited and Subsidiary Company
Assets	**$'000**
Cash in hand and at bank	20
Other assets	4,331
Total assets	4,351
Liabilities	
Trade payable and other liabilities	4,452
Total liabilities	4,452
Total identifiable net assets acquired	(101)
Purchase consideration	3,300
Goodwill on acquisition (Note 17(a))	3,401
Net cash outflow from the acquisition	3,280

NOTE 7. ACQUISITION OF TELECOM SERVICES KIRIBATI LIMITED

Following holding company's successful bid, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited was incorporated in the Republic of Kiribati on 22 April 2015 to acquire the telecommunications services and assets of Telecom Services Kiribati Limited. On 26 May 2015, the subsidiary company acquired the telecommunication business and assets of Telecom Services Kiribati Limited for a consideration of AUD7, 268,958 (FJD11, 356,937).

The fair values of the identifiable assets and liabilities of Telecom Services Kiribati Limited at the date of acquisition were:

	Amount
	(FJD 000')
Total assets	13,286
Total liabilities	1,929
Total identifiable net assets acquired	11,357
Purchase consideration	11,357
Goodwill on acquisition	-

As part of the asset purchase agreement, certain leasehold rights have been transferred to the subsidiary company by Telecom Services Kiribati Limited subject to approval of assignment or transfer of leases to the subsidiary company by the Government of the Republic of Kiribati, which is in progress. Accordingly, fair value of the leasehold rights, if any, has not been considered in allocating the purchase price among the net assets acquired.

NOTE 8. REVENUE

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Access fees	14,199	12,397	-	-
Call revenue	150,527	153,162	-	-
Card services revenue	1,950	2,303	-	-
Computer hardware, software and technical support services revenue	15,461	-	-	-
Data network and internet revenue	113,071	89,334	-	-
Dividends from subsidiary companies	-	-	34,629	27,779
Directory revenue	4,467	4,320	-	-
Equipment and ancillaries revenue	48,053	41,713	-	-
Gaming revenue	1,607	1,620	-	-
Other sales and services	6,876	5,819	-	-
Total revenue	356,211	310,668	34,629	27,779

NOTE 9. DIRECT COSTS

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Airtime and PSTN charges	68,103	64,362	-	-
Computer hardware, software and technical support services	8,657	-	-	-
Directory production costs	437	504	-	-
Equipment and ancillary costs	46,888	39,135	-	-
Satellite/Bandwidth charges	3,013	-	-	-
Total direct costs	127,098	104,001	-	-

NOTE 10. OTHER INCOME

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Amortisation of government grant	45	45	-	1
Bad debts recovered	96	106	-	-
Exchange gain:				
- realized	102	1,600	-	-
- unrealized	1,117	995	-	-
Gain on sale of property, plant and equipment (a)	-	11,755	2	1
Surplus on liquidation of subsidiaries (b)	156	-	50	-
Reversal of excess accrual of prior years	6,136	-	-	-
Reversal of provision for stock obsolescence	122	385	-	-
Reversal of allowance for doubtful debts	57	-	-	-
Rental income	5,217	1,297	-	-
Other miscellaneous income	751	325	38	76
Total other income	13,799	16,508	90	78

(a) Prior year gain on sale of property, plant and equipment includes gain on sale of Ganilau House property by subsidiary company, Telecom Fiji Limited, amounting to $11,616,000 (net of capital gains tax of $431,000).

(b) Surplus on liquidation of subsidiary companies, ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, under the Members' Voluntary Winding Up during the year.

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
NOTE 11. PERSONNEL COSTS				
Wages and salaries, including leave pay and other benefits	34,267	29,539	439	244
Superannuation contributions (Note 34(d)	3,363	2,635	53	26
Other personnel costs	2,530	2,742	9	6
Total personnel costs	40,160	34,916	501	276
NOTE 12. FINANCE (COST) / INCOME – NET				
Finance income:				
- Interest income on held-to-maturity investments	2,869	2,725	2,106	2,385
- Interest income on advances to related parties	-	-	531	395
Finance cost:				
- Interest on borrowings	(2,188)	(2,954)	(727)	(593)
Finance income / (cost) – net	681	(229)	1,910	2,187
NOTE 13. OTHER OPERATING EXPENSES				
Auditor's remuneration:				
- Audit fees – BDO	146	117	16	15
- Audit fees – other auditors	70	-	-	-
- Other services - BDO	89	58	30	18
- Other services - other auditors	7	-	-	-
Allowance for doubtful debts	22	1,012	-	269
Bad debts	74	75	-	-
Consultancy and contractors fees	691	186	-	-
Directors' remuneration – fees and allowances	259	229	63	55
Electricity	6,674	6,370	10	9
Exchange loss:				
- realized	-	361	-	-
- unrealized	-	214	709	43
Insurance	4,345	4,800	59	68
Legal and professional fees	120	713	30	138
Licence and support service fees	16,124	13,694	-	-
Loss on disposal of property, plant and equipment	779	-	-	-
Operating leases	3,070	3,188	66	47
Provision for stock obsolescence	158	-	-	-
Repairs and maintenance	3,903	4,271	4	1
Travelling and transportation	948	1,894	82	117
Other miscellaneous expenses	19,643	11,780	617	154
Total other operating expenses	57,122	48,962	1,686	934

NOTE 14. INCOME TAX

Income Tax Rate

Income tax expense, deferred tax assets and deferred tax liabilities for the year ended 31 March 2016 have been computed using tax rate of 10% for the holding company and 20% for the subsidiary companies, except for Amalgamated Telecom Holdings (Kiribati) Limited, for which income tax expense, deferred tax assets and deferred tax liabilities have been computed using tax rate of 35% based on the tax rates applicable to relevant entities.

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
a) Income tax expense				
Numerical reconciliation of income tax to prima facie tax expense				
Profit before income tax	91,559	85,043	34,420	28,816
Prima facie tax expense	18,384	16,288	3,442	2,882
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Export income allowances	(83)	(73)	-	-
Non-deductible expenses	576	1,020	171	104
Exempt income – dividend and others	(9)	(9)	(3,463)	(2,778)
Investment allowances	(292)	(58)	-	-
Tax effect of temporary differences and tax losses recognised	(413)	-	-	-
Recoupment of prior year unrecognised tax losses	(4,736)	(2,861)	-	-
Recognition of deferred tax assets on prior year tax losses (a)	(2,467)	-	-	-
Capital gain on sale of property, net of CGT	-	(777)	-	-
Under / (over) provision of income tax and deferred income tax in prior years	387	(152)	2	(66)
Others	(1,614)	(304)	-	3
Income tax expense	9,733	13,074	152	145

(a) Recognition of deferred tax assets on prior year tax losses based on current performance and future financial forecast of the subsidiary company, Telecom Fiji Limited.

Income tax expense comprises of:

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Current tax liability	14,595	10,940	152	142
Movement in deferred tax assets	(2,996)	290	-	3
Movement in deferred tax liabilities	(1,866)	1,844	-	-
	9,733	13,074	152	145

b) Deferred tax assets

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Allowance for doubtful debts for trade and other receivables	3,460	3,412	-	-
Provision for employee entitlements	1,047	1,065	1	1
Provision for stock obsolescence	496	499	-	-
Provision for dealer and distributor incentive	536	-	-	-
Tax losses	2,467	-	-	-
Deferred income	197	209	-	-
Unrealised exchange loss	-	34	-	-
Others	74	62	-	-
	8,277	5,281	1	1

NOTE 14. INCOME TAX (Cont'd)	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
c) Deferred tax liabilities				
Prepaid expenses	21	21	-	-
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity and spectrum licences for accounting and income tax purpose	18,613	20,530	-	-
Unrealised exchange gain	250	199	-	-
	18,884	20,750	-	-
d) Advance tax / (Current tax liability)				
Balance at 1 April	43	595	163	305
Tax liability for current year	(14,298)	(10,982)	(150)	(208)
Tax paid during the year	12,642	10,388	53	-
Others	(40)	-	(19)	-
(Under) / Over provision of income tax in prior years	(297)	42	(2)	66
Balance at 31 March	(1,950)	43	45	163

NOTE 15. EARNINGS PER SHARE	Group	
	2016 $'000	2015 $'000

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated in accordance with the policy outlined in note 3.21.

	2016	2015
Profit attributable to equity holders of the holding company	56,725	49,812
Weighted average number of ordinary shares in issue (Nos.)	422,105	422,105
Basic and diluted earnings per share (expressed in cents per share)	13.4	11.8

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land and buildings (a) $'000	Telecommu-nications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2016								
Opening net book amount	13,985	215,075	2,998	3,955	2,073	2,159	2,475	242,720
Additions	718	38,871	1,252	665	662	-	19,894	62,062
Acquisition upon business combination	7,996	1,528	144	126	76	-	-	9,870
Additions transferred to intangible asset – computer software	-	-	-	-	-	-	(11)	(11)
Disposals	(245)	(3,976)	(5)	-	(29)	-	-	(4,255)
Transfers	-	1,056	11	22	-	-	(903)	186
Utilised during the year	-	-	-	-	-	(781)	-	(781)
Depreciation	(1,604)	(35,806)	(1,682)	(1,000)	(844)	-	-	(40,936)
Reversal of impairment loss (b)	-	-	-	-	-	25	-	25
Closing net book amount	20,850	216,748	2,718	3,768	1,938	1,403	21,455	268,880
At 31 March 2016								
Cost	38,251	706,971	53,941	20,161	10,912	1,552	21,455	853,243
Accumulated depreciation	(17,168)	(479,861)	(51,223)	(16,393)	(8,974)	-	-	(573,619)
Accumulated impairment allowance	(233)	(10,362)	-	-	-	(149)	-	(10,744)
Net book amount	20,850	216,748	2,718	3,768	1,938	1,403	21,455	268,880
Year ended 31 March 2015								
Opening net book amount	19,199	191,258	5,950	4,458	1,919	1,294	6,030	230,108
Additions	136	55,289	543	697	970	1,848	1,328	60,811
Additions transferred to intangible asset – computer software	-	-	-	-	-	-	(643)	(643)
Disposals	(4,174)	(92)	(15)	(134)	(69)	-	(2,248)	(6,732)
Transfers	141	1,838	9	4	-	-	(1,992)	-
Utilised during the year	-	-	-	-	-	(937)	-	(937)
Depreciation	(1,317)	(33,218)	(3,489)	(1,070)	(747)	-	-	(39,841)
Impairment loss (b)	-	-	-	-	-	(46)	-	(46)
Closing net book amount	13,985	215,075	2,998	3,955	2,073	2,159	2,475	242,720
At 31 March 2015								
Cost	30,611	678,588	50,946	18,710	11,271	2,333	2,475	794,934
Accumulated depreciation	(16,393)	(453,151)	(47,948)	(14,755)	(9,198)	-	-	(541,445)
Accumulated impairment allowance	(233)	(10,362)	-	-	-	(174)	-	(10,769)
Net book amount	13,985	215,075	2,998	3,955	2,073	2,159	2,475	242,720

NOTE 16.PROPERTY, PLANT AND EQUIPMENT (Cont'd)

a) Leasehold land and buildings include leasehold building acquired by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited as a part of the acquisition of telecommunications services and assets of Telecom Services Kiribati Limited as disclosed in note 7 of the financial statements.

b) Based on the impairment assessment performed by the subsidiary companies, Telecom Fiji Limited and Fiji International Telecommunications Limited, impairment allowance amounting to $25,000 has been reversed during the year ended 31 March 2016 (2015: based on the impairment assessment performed by the subsidiary companies, impairment loss of $46,000 had been recognised).

c) In accordance with the security arrangements for borrowings from ultimate parent entity, Fiji National Provident Fund (FNPF), all properties, plant and equipment of subsidiary companies, Vodafone Fiji Limited and Telecom Fiji Limited (except for TFL New Wing building in Suva) have been pledged to FNPF as securities. Furthermore, all properties, plant and equipment of subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited has been pledged to ANZ Bank (Kiribati) Limited as a security in accordance with the security arrangements for term loan facilities.

HOLDING COMPANY	Computer equipment $'000	Furniture, fittings and office equipment $'000	Total $'000
Year ended 31 March 2016			
Opening net book amount	10	9	19
Additions	-	1	1
Disposals	-	-	-
Depreciation	(7)	(3)	(10)
Closing net book amount	3	7	10
At 31 March 2016			
Cost	135	147	282
Accumulated depreciation	(132)	(140)	(272)
Net book amount	3	7	10
Year ended 31 March 2015			
Opening net book amount	18	1	19
Additions	-	8	8
Depreciation	(8)	-	(8)
Closing net book amount	10	9	19
At 31 March 2015			
Cost	158	167	325
Accumulated depreciation	(148)	(158)	(306)
Net book amount	10	9	19

	Group		Holding Company	
NOTE 17. INTANGIBLE ASSETS	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Goodwill (a)	3,401	-	-	-
Computer software (b)	1,490	2,136	-	-
Indefeasible Rights of Use capacity (c)	16,068	17,249	-	-
Spectrum Licences (d)	6,095	2,967	-	-
Total intangible assets, net	27,054	22,352	-	-

Intangible assets are as follows:

a) Goodwill

Gross carrying amount:				
Balance as at 1 April	-	-	-	-
Additions on business acquisition	3,401	-	-	-
Balance as at 31 March	3,401	-	-	-

NOTE 17. INTANGIBLE ASSETS (Cont'd)

a) Goodwill (Cont'd)

On 29 May 2015, subsidiary company, Vodafone Fiji Limited acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Limited and its Subsidiary Company for a consideration of $3.3 million. Accordingly, goodwill of $3.401 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition-date. (Refer note 6)

Goodwill is not amortized, but is reviewed for impairment annually or when there is an indication that Goodwill may be impaired.

Based on the impairment assessment made by management, no provision for impairment has been made on Goodwill for the year ended 31 March 2016 as the management reasonably believes that no indicators for impairment exist.

	Group		Holding Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
b) Computer software				
Gross carrying amount:				
Balance as at 1 April	33,602	32,954	-	-
Additions	-	5	-	-
Reclassified from property, plant and equipment	11	643	-	-
Adjustments	(17)	-	-	-
Balance as at 31 March	33,596	33,602	-	-
Accumulated amortisation:				
Balance as at 1 April	31,466	29,865	-	-
Amortisation	640	1,601	-	-
Balance as at 31 March	32,106	31,466	-	-
Net book amount – Computer software	1,490	2,136	-	-
c) Indefeasible Rights of Use capacity				
Gross carrying amount:				
Balance as at 1 April	78,337	77,064	-	-
Adjustment	-	(864)	-	-
Additions	632	2,137	-	-
Balance as at 31 March	78,969	78,337	-	-
Accumulated amortization:				
Balance as at 1 April	56,166	53,045	-	-
Amortisation	1,813	3,121	-	-
Balance as at 31 March	57,979	56,166	-	-
Accumulated impairment allowance:				
Balance as at 1 April	4,922	4,922	-	-
Balance as at 31 March	4,922	4,922	-	-
Net book amount - Indefeasible Rights of Use capacity	16,068	17,249	-	-

Indefeasible Rights of Use ("IRU") capacity relates to the lease of IRU network capacities 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.

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

NOTE 17. INTANGIBLE ASSETS (Cont'd)

d) Spectrum Licences	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Gross carrying amount:				
Balance as at 1 April	3,063	3,063	-	-
Additions on business acquisition	3,329	-	-	-
Balance as at 31 March	6,392	3,063	-	-
Accumulated amortisation:				
Balance as at 1 April	96	39	-	-
Amortisation	201	57	-	-
Balance as at 31 March	297	96	-	-
Net book amount - Spectrum Licences	6,095	2,967	-	-

Spectrum licences include licences acquired by the subsidiary companies, Telecom Fiji Limited and Vodafone Fiji Limited on 2 September 2013 from Department of Communications. Spectrum licences also include licence acquired by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited on 27 May 2016 from Communications Commission of Kiribati.

The licences of Telecom Fiji Limited and Vodafone Fiji Limited have 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.

The licence of Amalgamated Telecom Holdings (Kiribati) Limited has an initial 15 year term starting from 27 May 2015, then extending to further 5 years conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

As at 31 March 2016, all conditional requirements have been fulfilled.

NOTE 18. INVESTMENT IN SUBSIDIARY COMPANIES

Equity investments in subsidiary companies, all of which are unlisted, are carried at cost less any accumulated allowances for impairment and denominated in local currencies (Refer note 35 for additional details on subsidiary companies). Carrying values of investment in subsidiary companies are as follows:

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Non-current				
Telecom Fiji Limited	-	-	107,600	107,600
Fiji Directories Limited	-	-	1,210	1,210
Fiji International Telecommunications Limited	-	-	27,600	27,600
Vodafone Fiji Limited	-	-	45,450	45,450
Amalgamated Telecom Holdings (Kiribati) Limited	-	-	163	-
Total non-current investment in subsidiaries, net	-	-	182,023	181,860
Current				
ATH Technology Park Limited	-	-	-	2,000
ATH Call Centre Limited	-	-	-	400
Allowance for impairment	-	-	-	(400)
Total current investment in subsidiaries, net	-	-	-	2,000

NOTE 19. INVENTORIES

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Merchandise and consumables	13,836	9,327	-	-
Less: provision for stock obsolescence (a)	(2,522)	(2,539)	-	-
	11,314	6,788	-	-
Bus consoles transferred from capital work in progress	558	558	-	-
Provision for stock obsolescence	(558)	(558)	-	-
	-	-	-	-
Goods in transit	485	50	-	-
Total inventories, net	11,799	6,838	-	-

NOTE 19. INVENTORIES (Cont'd)

(a) Movement in the provision for stock obsolescence of the group is as follows:

	Group	
	2016 $'000	2015 $'000
As at 1 April	2,539	2,924
Addition on business acquisition	417	-
Additional provision during the year (Note 13)	158	-
Reversal of provision during the year	(122)	(385)
Amounts written off during the year	(470)	-
As at 31 March	2,522	2,539

NOTE 20. FINANCIAL ASSETS BY CATEGORIES

	Held-to-maturity investments		Loans and receivables	
Group	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assets by categories				
Non-current				
Fiji Government Registered stock (Note 22)	30,989	34,993	-	-
Trade and other receivables (Note 23)	-	-	-	4,983
Total non-current financial assets	30,989	34,993	-	4,983
Current				
Fiji Government Registered stock (Note 22)	4,000	-	-	-
Term deposits (Note 22)	22,447	20,625	-	-
Trade and other receivables (Note 23)	-	-	47,770	32,470
Cash on hand and at bank	-	-	25,466	33,247
Total current financial assets	26,447	20,625	73,236	65,717
Holding Company				
Non-current				
Fiji Government Registered stock (Note 22)	30,989	34,993	-	-
Trade and other receivables (Note 23)	-	-	14,192	4,983
Total non-current financial assets	30,989	34,993	14,192	4,983
Current				
Fiji Government Registered stock (Note 22)	4,000	-	-	-
Term deposits (Note 22)	251	860	-	-
Trade and other receivables (Note 23)	-	-	32,541	30,020
Cash on hand and at bank	-	-	584	1,120
Total current financial assets	4,251	860	33,125	31,140

NOTE 21. FINANCIAL LIABILITIES BY CATEGORIES

	Financial liabilities at amortised cost			
Financial liabilities by categories	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Non-current				
IRU lease liabilities (Note 26)	60	804	-	-
Borrowings (Note 27)	18,723	37,903	9,910	7,445
Trade and other payables (Note 29)	50	100	-	-
Total non-current financial liabilities	18,833	38,807	9,910	7,445
Current				
IRU lease liabilities (Note 26)	3,196	4,498	-	-
Borrowings (Note 27)	19,633	18,238	5,068	5,570
Provisions (Note 28)	29,115	20,188	21,153	14,817
Trade and other payables (Note 29)	97,950	68,791	264	475
Total current financial liabilities	149,894	111,715	26,485	20,862

NOTE 21. FINANCIAL LIABILITIES BY CATEGORIES (Cont'd)

The fair value of the financial assets and financial liabilities do not significantly vary from the value based on amortised cost methodology.

NOTE 22. HELD-TO-MATURITY INVESTMENTS

	Group		Holding Company	
	2016	**2015**	**2016**	**2015**
Non-current	**$'000**	**$'000**	**$'000**	**$'000**
Fiji Government Registered stock (a)	30,980	34,980	30,980	34,980
Add: unamortised premium	9	13	9	13
Total non-current held-to-maturity investments	30,989	34,993	30,989	34,993
Current				
Fiji Government Registered stock (a)	4,000	-	4,000	-
Term deposits (b)	22,447	20,625	251	860
Total current held-to-maturity investments	26,447	20,625	4,251	860
Total held-to-maturity investments	57,436	55,618	35,240	35,853

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

The holding company has pledged government bonds amounting to $14,000,000 as security for the loan obtained during the prior years from its parent entity, Fiji National Provident Fund. (Refer Note 27(a)).

(b) Term deposits include short term deposit of $751,000 (2015:$500,000) matures within three months. Accordingly, this deposit has been considered as cash and cash equivalents for the purpose of the statements of cash flows. (Refer Note 24).

Term deposits held with financial institutes attract interest rates in the range of 2.0% up to 3.75% per annum, and will mature within 12 months from balance date.

NOTE 23. TRADE AND OTHER RECEIVABLES

	Group 2016	Group 2015	Holding Company 2016	Holding Company 2015
Non-current				
Advance to Amalgamated Telecom Nominees Limited (a)	-	4,983	-	4,983
Advance to Amalgamated Telecom Holdings (Kiribati) Limited	-	-	14,192	-
Prepayments	-	15	-	-
Total non-current trade and other receivables	-	4,998	14,192	4,983
Current				
Trade receivables (b)	61,749	50,156	-	-
Less: unearned income	(1,700)	(1,513)	-	-
	60,049	48,643	-	-
Less: allowance for doubtful debts (c)	(17,377)	(17,001)	-	-
Trade receivables, net	42,672	31,642	-	-
Advance receivable from Amalgamated Telecom Nominees Limited (a)	4,983	-	4,983	-
Receivable from related parties	115	1,097	226	2,399
Less: allowance for doubtful debts	-	(269)	-	(269)
	47,770	32,470	5,209	2,130
Dividends receivable	-	-	27,332	27,890
	47,770	32,470	32,541	30,020
Accrued revenue	2,572	2,236	-	-
Prepayments, other receivables and advances	13,486	7,890	715	744
Less: allowance for doubtful debts (c)	(59)	(59)	-	-
Total current trade and other receivables, net	63,769	42,537	33,256	30,764

NOTE 23. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Advance to Amalgamated Telecom Nominees Limited (ATN) is unsecured, subject to interest at the rate of 1.2% per annum. During the year, the directors of ATN has decided to wind up the company. Accordingly, as at balance date, advance to ATN has been reclassified as current assets.

(b) Trade receivables principally comprise amounts outstanding for sale of telephones, office equipment and computer equipment and rendering of telecommunication, data and internet related services. Trade receivables are non-interest bearing and are generally settled on 15 - 60 day terms.

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

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
As at 1 April	17,329	16,700	269	1,535
Addition on business acquisition	558	-	-	-
Additional allowance during the year (Note 13)	22	1,012	-	269
Reversal of allowance for doubtful debts (Note 10)	(57)	-	-	-
Amounts written off during the year	(416)	(383)	(269)	(1,535)
As at 31 March	17,436	17,329	-	269

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The individually impaired receivables mainly relates to customers who have defaulted in payments. 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 $5,924,000 (2015: $5,040,000).

(d) As at 31 March 2016 and 2015, the ageing analysis of group's trade receivables (net of allowance for doubtful debts) is as follows:

			Past due but not impaired	
	Total	Neither past due nor impaired	60 - 90 days	>90 days
	$'000	$'000	$'000	$'000
31 March 2016	42,672	32,180	3,293	7,199
31 March 2015	31,642	27,083	2,047	2,512

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:

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash on hand and at bank	25,466	33,247	584	1,120
Short term deposits (Note 22(b))	751	500	251	-
Bank overdraft (Note 27)	(2,979)	(3,029)	-	-
Total cash and cash equivalents	23,238	30,718	835	1,120

NOTE 25. SHARE CAPITAL

	Number of issued shares (Nos.)	Par value of ordinary shares $	Total $'000
As at 31 March 2016 and 2015	422,104,868	0.25	105,526

The total authorised number of ordinary shares of the company is 40,000,000,000 shares (2015: 40,000,000,000 shares) with a par value of $0.25 per share (2015: $0.25 per share). All issued shares are fully paid.

On 22 December 2015, the Government of Fiji diversified its 72,966,104 of its 145,932,209 shares in the holding company through a Special Crossing on the South Pacific Stock Exchange. This reduced the Government's shareholding from 34.6% to 17.3%.

The successful acquirers were the ultimate parent entity, Fiji National Provident Fund (60,671,022 shares), Unit Trust of Fiji (10,655,738 shares) and BSP Life (Fiji) Limited (1,639,344 shares).

NOTE 26. INDEFEASIBLE RIGHT OF USE (IRU) LEASE LIABILITIES

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current				
Southern Cross Cables Limited	60	804	-	-
Total non-current finance lease liabilities	60	804	-	-
Current				
Southern Cross Cables Limited	748	924	-	-
Optus Networks Pty Limited (a)	2,448	3,574	-	-
Total current finance lease liabilities	3,196	4,498	-	-

(b) In accordance with the agreement with Optus Networks Pty Limited for the purchase of IRU network capacity, the repayment term consists of monthly repayments of over 2 to 5 year period. In the opinion of the management of subsidiary company, Telecom Fiji Limited, the fair value of the liability equals to the carrying amount, and accordingly the payable value has not been discounted to present value.

NOTE 27. BORROWINGS

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
Non-current				
Term loans – Fiji National Provident Fund (a)	2,712	35,003	2,712	4,546
Term loan – Bank of South Pacific Limited (b)	1,208	1,782	1,208	1,782
Term loan – Westpac Banking Corporation (c)	5,990	1,118	5,990	1,117
Term loan – ANZ Bank (Kiribati) Limited (d)	8,813	-	-	-
Total non-current borrowings	18,723	37,903	9,910	7,445
Current				
Term loans – Fiji National Provident Fund (a)	11,972	13,461	1,835	1,772
Term loan – Bank of South Pacific Limited (b)	574	555	574	555
Term loan – Westpac Banking Corporation (c)	2,659	1,193	2,659	1,193
Term loan – ANZ Bank (Kiribati) Limited (d)	1,449	-	-	-
Advances – ATH Technology Park Limited	-	-	-	2,050
Bank overdraft - Westpac Banking Corporation (e)	2,979	3,029	-	-
Total current borrowings	19,633	18,238	5,068	5,570
Total borrowings	38,356	56,141	14,978	13,015

(a) Term loans – Fiji National Provident Fund

Borrowing by Amalgamated Telecom Holdings Limited

On 21 August 2013, the holding company obtained a loan amounting to $9,000,000 from its parent entity, Fiji National Provident Fund, to finance the 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 $164,000 inclusive of interest. The loan is secured by Deed of Assignment over Government bonds amounting to $14,000,000.

Borrowing by Telecom Fiji Limited

Effective 1 April 2014, the interest rate on the 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 is payable at monthly repayments of $1,034,000 inclusive of interest.

Term loan from ultimate parent entity, Fiji National Provident Fund (FNPF), is secured by:

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

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

The FNPF loan facility also allows the subsidiary company 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 31 March 2016, the available redraw facility amounts to $21,687,500.

Borrowing by Vodafone Fiji Limited

The subsidiary company, Vodafone Fiji Limited, has taken term loan of $20,000,000 from ultimate parent entity, Fiji National Provident Fund, at an interest rate of 4.50% (2015: 4.95%). The loan was rolled-over for three years effective from 27 April 2014 with options for repayment after year 1 or year 2. The loan is secured by a registered equitable mortgage debenture over all assets and undertakings of the subsidiary company, including called and uncalled capital.

NOTE 27. BORROWINGS (Cont'd)

(b) Term loan – Bank of South Pacific Limited
The loan from Bank of South Pacific Limited is unsecured and subject to competitive interest rate per annum with monthly repayments of $52,000.

(c) Term loan – Westpac Banking Corporation
On 29 April 2015, the holding company obtained an additional loan from Westpac Banking Corporation (WBC) to finance acquisition of Telecom Services Kiribati Limited.

The loan facilities from WBC are unsecured and subject to competitive interest rate per annum with monthly repayments of $105,000 and $150,800.

(d) Bank Loan – ANZ Bank (Kiribati) Limited
The term loan is secured by the following:

i) Limited Guarantee given by the holding company to the amount of AUS$6,500,000 plus interest and costs.

ii) First registered mortgage debentures given by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited being a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of that security provider.

(e) Bank overdraft – Westpac Banking Corporation
i) The subsidiary company, Vodafone Fiji Limited, has bank overdraft facility of $20,000,000 with Westpac Banking Corporation which is unsecured, and is subject to maintaining certain financial covenants.

ii) The subsidiary company, Datec (Fiji) Limited, has bank overdraft facility with Westpac Banking Corporation which is secured by:
a) Registered First Fixed and Floating Charge by the subsidiary company, Datec (Fiji) Limited over all its assets.
b) Undertakings including its Uncalled and Called but Unpaid Capital.
c) Letter of Support from its subsidiary company, Vodafone Fiji Limited.

(f) Bank Facilities – ANZ Banking Group Limited
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 Banking Group Limited.

NOTE 28. PROVISIONS	**Employee entitlements (a) $'000**	**Directory production costs $'000**	**Dealer and distributor incentive $'000**	**Dividends $'000**	**Total $'000**
Group					
As at 1 April 2015	5,365	50	-	14,773	20,188
On business acquisition	103	-	-	-	103
Additional provisions recognized	5,300	46	2,682	33,768	41,796
Paid during the year	(5,490)	(46)	-	(27,436)	(32,972)
Carrying amount as at 31 March 2016	5,278	50	2,682	21,105	29,115
Holding Company					
As at 1 April 2015	44	-	-	14,773	14,817
Additional provisions recognized	4	-	-	33,768	33,772
Paid during the year	-	-	-	(27,436)	(27,436)
Carrying amount as at 31 March 2016	48	-	-	21,105	21,153

	Group 2016 $'000	**Group 2015 $'000**	**Holding Company 2016 $'000**	**Holding Company 2015 $'000**
(a) Employee entitlements consists of the following:				
Annual leave	815	622	48	44
Bonus	4,463	4,712	-	-
Long service leave	-	25	-	-
Retirement benefits	-	6	-	-
Total employee entitlements	5,278	5,365	48	44

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 3.20 outlines the accounting policy and underlying basis for these provisions.

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 3.20 outlines the accounting policy and underlying basis for these provisions.

NOTE 28. PROVISIONS (Cont'd)

Bonus

Bonus provisions are expected to be settled within 12 months after the end of the financial year. Note 3.20 outlines the accounting policy and underlying basis for these provisions.

NOTE 29.TRADE AND OTHER PAYABLES

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current				
Trade payables and accruals (a)	50	100	-	-
Subscriber deposits	3,927	3,895	-	-
Total non-current trade and other payables	3,977	3,995	-	-
Current				
Trade payables and accruals (a)	68,669	48,146	260	469
Owing to related parties	315	551	4	6
Advance for relocation of telecommunication cables (b)	4,546	3,769	-	-
Dividend payable	24,420	16,325	-	-
	97,950	68,791	264	475
Security deposits	1,997	1,145	-	-
Deferred revenue	14,648	13,684	-	-
Total current trade and other payables	114,595	83,620	264	475
Total trade and other payables	118,572	87,615	264	475

(a) Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 – 60 days term.

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

(b) As at balance date, the subsidiary company, Telecom Fiji Limited has received $6,273,091 (2015: $3,895,652) (VEP) for relocation of underground and overhead telecommunication cables for the Nadi and Suva road upgrading project. As at balance date, the relocation of underground and overhead telecommunication cables work is currently in progress and the subsidiary company has incurred a cost of $1,727,435 (2015: $126,744) which have been off-set against the advance received.

NOTE 30. DEFERRED INCOME

Non-current				
Government grant	6,459	6,459	-	-
Less: Accumulated amortization	(6,289)	(6,244)	-	-
Total deferred income, net	170	215	-	-

NOTE 31. DIVIDENDS

Ordinary shares				
Interim dividend for the year	12,663	14,773	12,663	14,773
Final dividend for the year	21,105	14,774	21,105	14,774
Total dividends	33,768	29,547	33,768	29,547

NOTE 32. CONTINGENT LIABILITIES

Following is a summary of estimated contingent liabilities:

Bank and performance guarantees	1,359	2,121	-	807
Letter of credit	-	227	-	-
Litigations	-	20	-	-
	1,359	1,561	-	807

NOTE 32. CONTINGENT LIABILITIES (Cont'd)

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) Other contingent liabilities

i) The subsidiary company, Vodafone Fiji Limited, has provided letter of support to its subsidiary company, Datec (Fiji) Limited, for the bank overdraft facility with Westpac Banking Corporation.

ii) The holding company has given a limited guarantee to ANZ Bank (Kiribati) Limited for the term loan obtained by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, to the amount of AUS$6,500,000 plus interest, costs and other amount.

	Group		Holding Company	
NOTE 33. COMMITMENTS	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
a) Capital commitments				
Capital expenditure commitments as at balance date are as follows:				
Property, plant and equipment	32,474	20,056	74	-

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

b) Operating lease expenses

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:

	2016	2015	2016	2015
Within one year	6,700	9,915	63	58
Later than one year but not later than five years	9,401	8,458	-	-
Later than five years	28,563	26,880	-	-
	44,664	45,253	63	58

ii) The subsidiary company, Vodafone Fiji Limited has 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.

Vodafone Fiji Limited has also 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.

iii) The subsidiary company, Datec (Fiji) Limited, is committed to pay annual rent of approximately $292,800 in relation to its premises.

c) 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.

d) Sponsorship agreement with Fiji Football Association

On 6 December 2013, the subsidiary company, Vodafone Fiji Limited, entered into a sponsorship agreement with Fiji Football Association.

As per the terms of the agreement, Fiji Football Association (Association) has granted sponsorship rights in respect to its competitions, the Association and, the district affiliate teams on an exclusive basis to the subsidiary company.

NOTE 33. COMMITMENTS (Cont'd)

d) Sponsorship agreement with Fiji Football Association (Cont'd)

The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company and its Consortium sponsor for sponsorship in cash and sponsorship in kind for a period of 5 years.

e) Sponsorship agreement with Fiji National Rugby League Limited

On 25 September 2013, the subsidiary company, Vodafone Fiji Limited, entered into a sponsorship agreement with Fiji National Rugby League Limited.

As per the terms of the agreement, Fiji National Rugby League (FNRL) has granted sponsorship rights in respect to its events, the Fiji Bati team, the FNRL and, the district affiliate teams 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 for sponsorship in cash and sponsorship in kind for a period of 4 years.

f) Consortium Sponsorship Participation Agreement

The subsidiary company, Telecom Fiji Limited, is committed to pay a sum of $174,000 per year for 5 years effective from February 2014 to the Government's Sports Fund for rugby sponsorship under the Consortium Sponsorship Participation Agreement with its fellow subsidiary company, Vodafone Fiji Limited.

g) Licence fees

Certain subsidiaries within the group are committed to pay licence fees to the Government of Fiji and the Government of Kiribati (for Amalgamated Telecom Holdings (Kiribati) Limited) based on the audited annual gross revenue which arises directly from the provision of services under the respective licence in the preceding year and such annual gross revenue shall be calculated net of settlement with other licences in Fiji.

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

h) 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 income in relation to non-cancellable operating leases are receivable as follows:

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within one year	859	1,045	-	-
Later than one year but not later than five years	806	410	-	-
Later than five years	-	33	-	-
	1,665	1,488	-	-

NOTE 34.RELATED PARTY DISCLOSURES

a) Parent entity

The parent entity of the holding company is Fiji National Provident Fund, which is an entity incorporated in Fiji.

b) Directors

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

Mr Ajith Kodagoda - Chairman
Mr Arun Narsey
Mr Umarji Musa
Mr Tom Ricketts
Mr Taito Waqa
Mr Isikeli Voceduadua

Directors' remuneration is disclosed under Note 13.

c) Sales of services and interest

The following transactions were carried out with related parties:

NOTE 34.RELATED PARTY DISCLOSURES (Cont'd)

c) Sales of services and interest (Cont'd)	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
By ATH:				
- Interest income from other related entity	60	299	-	299
- Interest income from subsidiary companies	-	-	531	395

During the year, the group provided telecommunication related services to the ultimate parent entity, 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

	Group 2016	Group 2015	Holding 2016	Holding 2015
Fiji National Provident Fund	3,363	2,635	53	26

e) Purchases of services

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

	Group 2016	Group 2015	Holding 2016	Holding 2015
Advertising expense	12	11	-	-
Communications and internet	-	325	-	11
Interest expenses and fees	867	2,246	197	-
Operating leases – parent entity	66	47	66	47
Rental	568	568	-	-

f) Other transactions

	Group 2016	Group 2015	Holding 2016	Holding 2015
Dividends from subsidiary companies	-	-	34,629	27,779

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

g) Key management compensation

	Group 2016	Group 2015	Holding 2016	Holding 2015
Salaries and other short-term employee benefits	4,732	3,894	369	163

h) Year-end balances arising from sales/purchases of services

	Group 2016	Group 2015	Holding 2016	Holding 2015
Receivables from related parties (Note 23):				
- Subsidiary companies (including dividends)	-	-	27,552	30,020
- Ultimate parent entity	109	467	-	269
- Other related parties of the group	6	630	6	-
Payables to related parties (Note 29):				
- Ultimate holding entity	315	551	4	6

i) Loans and advances to / (from) related parties

	Group 2016	Group 2015	Holding 2016	Holding 2015
Advance to other related entity - Amalgamated Telecom Nominees Limited (Note 23)	4,983	4,983	4,983	4,983
Advance from subsidiary company - ATH Technology Park Limited (Note 27)	-	-	-	(2,050)

Refer Note 23 for terms underlying the advance to other related entity.

j) Borrowings from ultimate parent entity

	Group 2016	Group 2015	Holding 2016	Holding 2015
Term loans (Note 27)	14,684	48,464	4,547	6,318

NOTE 35. SUBSIDIARY COMPANIES

The financial statements of the group incorporate the assets, liabilities and results of the following subsidiary companies. The basis of consolidation is discussed under note 2 (c).

	Immediate parent	Class of shares	Equity holding 2016	Equity holding 2015
Telecom Fiji Limited	ATH	Ordinary	100%	100%
Fiji International Telecommunications Limited (FINTEL)	ATH	Ordinary	100%	100%
Vodafone Fiji Limited (VFL)	ATH	Ordinary	51%	51%
Fiji Directories Limited	ATH	Ordinary	90%	90%
Datec (Fiji) Limited (DFL)	VFL	Ordinary	100%	100%
Datec Australia Pty Limited	DFL	Ordinary	100%	100%
Amalgamated Telecom Holdings (Kiribati) Limited	ATH	Ordinary	100%	100%
ATH Call Centre Limited (a)	ATH	Ordinary	-	100%
ATH Technology Park Limited (a)	ATH	Ordinary	-	100%
Internet Services Fiji Limited (a)	TFL	Ordinary	-	100%
Transtel Limited (a)	TFL	Ordinary	-	100%
Xceed Pasifika Limited (a)	TFL	Ordinary	-	100%

(a) These subsidiary companies were non-operating and were liquidated during the year under Members' Voluntary Winding Up.

(b) Datec Australia Pty Limited and Amalgamated Telecom Holdings (Kiribati) Limited are incorporated in Australia and Republic of Kiribati respectively. All other companies are incorporated in Fiji. All the subsidiaries have the same balance date as the parent entity which is 31 March.

(c) 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. During the year on 29 March 2016, the directors of ATN has decided to wind up the company.

NOTE 36. ASSOCIATED ENTITY

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

NOTE 37. SEGMENT REPORTING	Fixed Line Telecom $'000	Mobile Telecom $'000	Others $'000	Elimination $'000	Group $'000
31 March 2016					
Revenue					
External customer	73,542	256,339	26,330	-	356,211
Inter-segment	11,192	3,010	46,276	(60,478)	-
Other income	6,583	6,971	245	-	13,799
Total revenue	91,317	266,320	72,851	(60,478)	370,010
Expenses					
Depreciation and amortisation	17,835	23,789	2,216	(250)	43,590
Finance cost/(income)	96	1,833	(2,620)	10	(681)
Direct and other expenditure	58,385	177,642	24,869	(25,354)	235,542
Total expenses	76,316	203,264	24,465	(25,594)	278,451
Segment profit before tax	15,001	63,056	48,386	(34,884)	91,559
Operating assets	140,371	234,933	321,739	(230,161)	466,882
Operating liabilities	51,185	159,972	50,075	(46,830)	214,402
Other disclosures					
Capital expenditure	15,997	45,006	1,059	-	62,062
Net written down book value of property, plant and equipment acquired upon business combination	-	9,870	-	-	9,870
31 March 2015					
Revenue					
External customer	80,179	218,037	12,452	-	310,668
Inter-segment	9,385	3,265	36,385	(49,035)	-
Other income	13,468	2,972	68	-	16,508
Total revenue	103,032	224,274	48,905	(49,035)	327,176
Expenses					
Depreciation and amortisation	23,729	18,360	2,708	(166)	44,631
Finance cost/(income)	1,381	1,362	(2,514)	-	229
Direct and other expenditure	58,400	148,887	9,082	(19,096)	197,273
Total expenses	83,510	168,609	9,276	(19,262)	242,133
Segment profit before tax	19,522	55,665	39,629	(29,773)	85,043
Operating assets	165,535	177,780	304,533	(230,786)	417,062
Operating liabilities	79,675	117,112	37,957	(41,168)	193,576
Other disclosures					
Capital expenditure	4,364	55,547	1,149	(250)	60,810

NOTE 38. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

a) On 22 December 2015, the Government of Fiji divested its 72,966,104 of its 145,932,209 shares in the holding company through a Special Crossing on the South Pacific Stock Exchange. This reduced the Government's shareholding from 34.6% to 17.3%.

The successful acquirers were the ultimate parent entity, Fiji National Provident Fund (60,671,022 shares), Unit Trust of Fiji (10,655,738 shares) and BSP Life (Fiji) Limited (1,639,344 shares).

b) On 29 May 2015, subsidiary company, Vodafone Fiji Limited, acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Limited, incorporated and domiciled in Fiji, and its subsidiary company, Datec Australia Pty Limited, incorporated and domiciled in Australia. The purchase consideration was $3,300,000.

c) Following the holding company's successful bid, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, was incorporated in the Republic of Kiribati on 22 April 2015 to acquire substantially the telecommunications business, assets and certain liabilities of Telecom Services Kiribati Limited. On 26 May 2015, the subsidiary company acquired the telecommunication business and assets of Telecom Services Kiribati Limited for a purchase consideration of AUD7,268,958 (FJD11,356,937).

d) During the year, subsidiary companies, ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, being non-operating companies within the group, were liquidated under the Members' Voluntary Winding Up.

e) In February 2016, tropical cyclone Winston severely affected certain parts of Fiji. As a consequence, the group's operations in Rakiraki, Tavua, Koro Island, Vanuabalavu, Taveuni, Tailevu, Ovalau, Wakaya, Southridge and parts of Central Eastern division of Fiji were significantly affected. The cyclone caused certain damages to the plant and equipment, in particular, telecommunications infrastructure, of the group.

The group is in the process of assessing the overall impact of the damages sustained. The group is adequately covered by insurance. Accordingly, the group is not expected to sustain any losses.

The financial effects of the above events, if any, have been incorporated in the financial statements for the year ended 31 March 2016.

NOTE 39. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the companies in the group, the results of those operations, or the state of affairs of the companies in 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 28 June 2016.

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS

1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 March 2016:

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	306,631,619
Government of Fiji	72,966,105
Unit Trust of Fiji (Trustee Company) Limited	19,588,195
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	1,727,530
BSP Life (Fiji) Limited	1,639,344
Carlisle (Fiji) Limited	250,893
Kiran Lata Kumar	190,000
Colonial Fiji Life Limited	180,324
Naitasiri Provincial Council	155,670
JP Bayly Trust	111,500
RFMF Army Medical Scheme	100,000
Nakuruvakarua Company Limited	100,000
Gerald William Sydney Barrack	100,000
Lomaiviti Provincial Council	94,340
Rewa Provincial Council	94,300
Hari Punja A & Sons Limited	89,907
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	23	0.00
500 to 5,000 shares	1,294	0.54
5,001 to 10,000 shares	121	0.24
10,001 to 20,000 shares	37	0.14
20,001 to 30,000 shares	12	0.08
30,001 to 40,000 shares	4	0.03
40,001 to 50,000 shares	12	0.14
50,001 to 100,000 shares	12	0.22
100,001 to 1,000,000 shares	5	0.21
Over 1,000,000 shares	8	98.40
Total	1,528	100%

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS (Cont'd)

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):

(Amount in $'000)	**Telecom Fiji Limited $'000**	**Vodafone Fiji Limited & Subsidiary Companies $'000**	**FINTEL $'000**	**Fiji Directories Limited $'000**	**Amalgamated Telecom Holdings (Kiribati) Limited $'000**
Sales revenue	89,303	259,985	16,714	4,557	11,798
Other Operating revenue (excluding dividends)	2,735	8,038	5	96	196
	92,038	268,023	16,719	4,653	11,994
Depreciation, amortisation and Impairment	17,835	22,633	1,906	157	1,299
Cost of Sales	23,111	104,190	1,040	437	4,696
Other expenses	35,996	76,876	4,970	1,910	4,046
Finance cost/(income) net	96	1,060	(692)	(34)	791
Income tax expense/(benefit)	(5,707)	12,392	2,004	446	407
	71,331	217,151	9,228	2,916	11,239
Net profit after income tax (excluding dividends)	20,707	50,872	7,491	1,737	755
Operating assets	140,371	203,763	44,838	5,707	35,396
Operating liabilities	51,185	125,625	6,914	3,164	36,431
Shareholders' equity	89,186	78,138	37,924	2,543	(1,035)

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

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS (Cont'd)

7. Group Consolidated Ten Years Financial Performance

	For the 12 months ended 31 March 2016 ($'000)	For the 12 months ended 31 March 2015 ($'000)	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)
Operating Revenue	356,211	310,668	281,004	270,469	249,411	247,068	254,783	284,214	269,597	257,361
EBIT	90,878	85,272	46,664	(31,040)	51,251	36,775	32,136	72,768	88,083	71,570
EBITDA	134,468	129,903	93,109	26,171	108,603	94,023	80,500	116,830	130,735	125,523
Net Earnings	56,725	49,812	14,469	(15,905)	18,362	4,142	15,382	33,144	46,149	41,276
Earnings per share	13.4 cents	11.8 cents	3.4 cents	(4.0 cents)	4.0 cents	1.0 cents	3.6 cents	7.9 cents	10.9 cents	9.8 cents
Return on equity	26.5%	25.7%	8.4%	(9.3%)	8.9%	2.1%	7.2%	15.2%	21.4%	19.9%
Total Assets	466,882	417,105	396,813	444,481	518,839	504,054	508,137	502,410	415,554	424,619
Return on assets	23.0%	22.7%	10.7%	(5.6%)	8.9%	5.2%	7.4%	18.3%	26.3%	22.4%
Current Ratio	0.76 times	0.82 times	0.86 times	0.84 times	0.77 times	0.46 times	0.50 times	0.68 times	0.58 times	0.67 times
Net Debt	12,139	22,394	46,606	63,781	85,098	102,493	87,883	69,204	12,120	23,579
Gearing	5.0%	9.0%	19.0%	23.0%	24.0%	30.0%	26.3%	22.3%	4.9%	9.6%
Interest cover	41.5 times	28.9 times	9.9 times	(8.6) times	6.2 times	5.1 times	4.4 times	*	*	*
Net cash flow from operating activities	105,006	116,340	94,252	92,739	78,949	76,082	72,340	62,201	94,196	119,786
Capital expenditure	71,932	60,810	24,636	52,429	27,699	73,376	63,920	69,489	53,184	82,311
Dividend per share	$0.08	$0.07	$0.05	$0.045	$0.03	$0.03	$0.05	$0.08	$0.09	$0.06
Net Tangible Asset per share	$0.44	$0.41	$0.35	$0.35	$0.44	$0.51	$0.58	$0.57	$0.56	$0.53
Market price per share	$1.20	$1.01	$0.80	$0.84	$0.75	$0.89	$1.00	$1.16	$0.91	$0.84
Maximum market price per share	$1.25	$1.01	$0.86	$0.89	$0.89	$1.01	*	*	*	*
Minimum market price per share	$1.00	$0.81	$0.60	$0.70	$0.65	$0.88	*	*	*	*
Price Earnings ratio	8.9 times	8.6 times	23.5 times	(21.0) times	18.8 times	89 times	27.8 times	14.7 times	8.3 times	8.6 times
Dividend Yield	6.7%	6.9%	6.3%	5.4%	4.0%	3.4%	5%	6.9%	9.9%	7.1%

Group of Companies

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Fiji

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Fax (679) 3308044

Website: www.ath.com.fj

Subsidiary Companies

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Fax (679) 3312 007
Website: www.vodafone.com.fj

Telecom Fiji Limited
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Edward Street
Private Mail Bag
Suva
Phone (679) 3304 109
Fax (679) 3301 765
Website: www.tfl.com.fj

Fiji Directories Limited
Levels 3 & 4 Telecom New Wing Building
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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, Vatuwaqa
G P O Box 59
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Phone (679) 3312 933 or 4000 005
Fax (679) 3300 750
Website: www.fintel.com.fj

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Kiribati
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68 Gordon Street
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Website: www.datec.com.fj