ATH Group of Companies

MARKET ANNOUNCEMENT
(For Immediate Release)

ATH ANNOUNCES FULL YEAR RESULT

Following another successful year Amalgamated Telecom Holdings Limited (ATH) and its group companies are pleased to announce a record audited Consolidated Profit After Tax of $81.83 million, for their full year ended 31 March 2016. This is an increase of 13.7% as compared to $71.97 million recorded for the corresponding period last year.

Consolidated Profit After Tax and Minority Interest increased to $56.72 million as compared to $49.81 million recorded last year.

Subsidiary companies in the group have improved their performance during the year which has contributed significantly in the overall successful results of the group. The group consolidated accounts includes the two new subsidiary companies, ATH Kiribati Limited and Datec Fiji Limited.

The Board of Directors takes this opportunity to thank the Management team and staff of ATH Group and is optimistic that the momentum will continue and that the group will maintain positive results for the new financial year.

(End)

28 June 2016

Director

General Manager/Company Secretary

About ATH:

The ATH Group of Companies comprises ATH, Telecom Fiji Limited, Vodafone Fiji Limited, FINTEL, Fiji Directories Limited, ATH Kiribati Limited and Datec (Fiji) Limited.

ATH is a public company listed on the South Pacific Stock Exchange and is Fiji's principal telecommunications holding company, through its investments and provision of direct services in a broad range of telecommunications and related services, throughout the Fiji market.

Contact:
Ivan Fong, General Manager/Company Secretary on 3308-700 or IvanF@ath.com.fj

AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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DIRECTORS' REPORT

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).

DIRECTORS' REPORT (CONT'D)

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).

DIRECTORS' REPORT [CONT'D]

Significant Events during the Year (Cont'd)

During the year: (Cont'd)

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.

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' REPORT [CONT'D]

Directors' Benefits

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.

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Director

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Director

STATEMENT BY DIRECTORS

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

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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 9 to 74.

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the holding company and of the group as at 31 March 2016, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

To the Members of Amalgamated Telecom Holdings Limited (Cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion:

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

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

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

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

SUVA, FIJI
28 JUNE 2016

BDO

BDO
CHARTERED ACCOUNTANTS

AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME [CONT'D]
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
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.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Attributable to equity holders of the holding company						
Group	**Issued capital $'000**	**Share premium reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total $'000**
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**

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

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.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

		Group		Holding Company	
	Notes	2016	2015	2016	2015
Assets		$'000	$'000	$'000	$'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

	Notes	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
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

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Director

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'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.

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:

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

- 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.

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Basis of consolidation (Cont'd)

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.

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.

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 (Cont'd)

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.

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 (Cont'd)

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.

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

ii) 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.

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

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.

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

3.1 Revenue recognition (Cont'd)

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.

j) Dividend income

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

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

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.

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

3.5 Property, plant and equipment (Cont'd)

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.

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.

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

3.6 Leases (Cont'd)

Group as lessee (Cont'd)

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.

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

3.7 Intangible assets (Cont'd)

c) IRU network capacity (Cont'd)

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 Sothern Cross Cables Limited to lease IRU network capacity for a period of 3 to 10 years via Australia and USA links. The IRU network capacity is recorded at cost less accumulated amortisation and impairment losses.

The IRU network 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. 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.

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

3.8 Business combination and goodwill (Cont'd)

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 acquire 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.

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

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.

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.

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

3.13 Income tax (Cont'd)

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%.

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.

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

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.

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 obsolete 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.

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

3.17 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

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

    (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.

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

3.17 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

iii) Derecognition (Cont'd)

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.

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

3.17 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

iv) Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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.

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

3.19 Provisions (Cont'd)

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.

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.

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

3.20 Employee benefits (Cont'd)

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.

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

3.22 Segment reporting (Cont'd)

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.

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.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

a) Market risk (Cont'd)

i) Foreign exchange risk (Cont'd)

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$'000	Group 2015 F$'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.

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)

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.

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:

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (Cont'd)

b) Credit risk (Cont'd)

i) Risk exposure (Cont'd)

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

	2016 $'000	% of Allocation	2015 $'000	% of Allocation
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

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

c) Liquidity Risk (Cont'd)

	Group				
31 March 2015	**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)	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

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.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Capital risk management (Cont'd)

	Group 2016 $'000	Group 2015 $'000
The gearing ratios at 31 March 2016 and 2015 were as follows:		
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.

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.

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

a) Impairment of property, plant and equipment (Cont'd)

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.

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

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

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
NOTE 9. DIRECT COSTS				
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

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.

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

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
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

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
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.

NOTE 14. INCOME TAX (CONT'D)

a) Income tax expense

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
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 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 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

Basic and diluted earnings per share

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

	Group 2016 $'000	Group 2015 $'000
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)	Telecommu-nications equipment and plant	Computer equipment	Furniture, fittings and office equipment	Motor vehicles	Capital equipment	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT [CONT'D]

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 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
NOTE 17. INTANGIBLE ASSETS				
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	-	-	-

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.

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	-	-

NOTE 17. INTANGIBLE ASSETS (CONT'D)

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
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.

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
d) Spectrum Licences				
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	-	-

NOTE 17. INTANGIBLE ASSETS (CONT'D)

d) Spectrum Licences (Cont'd)

Spectrum licences include licenses 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		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'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	-	-

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

	Group 2016 $'000	Group 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

Group

Financial assets by categories	Held-to-maturity investments 2016 $'000	Held-to-maturity investments 2015 $'000	Loans and receivables 2016 $'000	Loans and receivables 2015 $'000
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

NOTE 20. FINANCIAL ASSETS BY CATEGORIES (CONT'D)

Group (Cont'd)

Financial assets by categories (Cont'd)

	Held-to-maturity investments		Loans and receivables	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
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

	Held-to-maturity investments		Loans and receivables	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
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 by categories	Financial liabilities at amortised cost			
	Group		Holding Company	
	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

NOTE 21. FINANCIAL LIABILITIES BY CATEGORIES (CONT'D)

Financial liabilities by categories (Cont'd)	Financial liabilities at amortised cost			
	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
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

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
	$'000	$'000	$'000	$'000
Non-current				
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		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
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

(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.

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

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

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'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	2015	2016	2015
	$'000	$'000	$'000	$'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 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'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

NOTE 27. BORROWINGS (CONT'D)

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
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.

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

	Group		Holding Company	
Non-current	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Government grant	6,459	6,459	-	-
Less: Accumulated amortization	(6,289)	(6,244)	-	-
Total deferred income, net	170	215	-	-

NOTE 31. DIVIDENDS

	Group 2016 $'000	Group 2015 $'000	Holding Company 2016 $'000	Holding Company 2015 $'000
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:

	Group 2016	Group 2015	Holding 2016	Holding 2015
Bank and performance guarantees	1,359	2,121	-	807
Letter of credit	-	227	-	-
Litigations	-	20	-	-
	1,359	1,561	-	-

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.

NOTE 33. COMMITMENTS

a) Capital commitments

Capital expenditure commitments as at balance date are as follows:

	Group 2016	Group 2015	Holding 2016	Holding 2015
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.

NOTE 33. COMMITMENTS (CONT'D)

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:

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
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. 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.

NOTE 33. COMMITMENTS (CONT'D)

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:

	Group		Holding Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'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

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:

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

Dividends from subsidiary companies	-	-	34,629	27,779

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

NOTE 34. RELATED PARTY DISCLOSURES (CONT'D)

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
g) Key management compensation				
Salaries and other short-term employee benefits	4,732	3,894	369	163
h) Year-end balances arising from sales/purchases of services				
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				
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.

	Group		Holding Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
j) Borrowings from ultimate parent entity				
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%

NOTE 35. SUBSIDIARY COMPANIES (CONT'D)

	Immediate parent	Class of shares	Equity holding 2016	Equity holding 2015
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	Other $'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

NOTE 37. SEGMENT REPORTING (CONT'D)

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Group $'000
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

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Group $'000
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 the group in future financial years.

NOTE 40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 28 June 2016.