

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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# COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2015

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In accordance with a resolution of the Board of Directors, the Directors herewith submit the Consolidated Statement of Financial Position of the company and the group as at 31 December 2015, the related Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended on that date and report as follows:

#### Directors

Directors at the date of this report are:

Mathew Wilson  
William Parkinson  
Pramesh Sharma  
Shaenaz Voss  
Vilash Chand (Alternate director)

#### Principal activity

The principal business activity of the company and the subsidiary company in the course of the year was the operation of commercial radio stations and there has been no significant change in this activity during the year. The associate companies provide wireless internet services, cinema entertainment and renting of a property respectively.

#### Results

The operating group profit for the year was \$1,455,513 (2014: \$1,474,957) after providing \$645,996 (2014: \$451,295 tax expense) for income tax benefit. The operating profit for the holding company for the year was \$1,725,197 (2014: \$1,258,359) after providing \$128,428 (2014: \$132,580) for income tax.

#### Dividends

The dividends declared and/or paid during the year was \$426,960 (2014: \$498,120).

#### Reserves

The directors recommended that no transfer be made to reserves within the meaning of the Seventh Schedule of the Fiji Companies Act, 1983.

#### Bad and doubtful debts

Prior to the completion of the company's and the group's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the provision for doubtful debts. In the opinion of the directors, adequate provision 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 provision for doubtful debts in the company and the group, inadequate to any substantial extent.

#### Non-current assets

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

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

#### Unusual transactions

In the opinion of the directors, the results of the operations of the company and of the group during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company and the group in the current financial year, other than those reflected in the financial statements.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
DIRECTORS' REPORT *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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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 company and the group, the results of those operations, or the state of affairs of the company and the group as reported in these financial statements.

Other circumstances

As at the date of this report :

- (i) no charge on the assets of the company and 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 the company and the group could become liable; and
- (iii) no contingent liabilities or other liabilities of the company and 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 company and 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 company's and its group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company and its subsidiary misleading or inappropriate.

Directors' benefits

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

Directors' interests

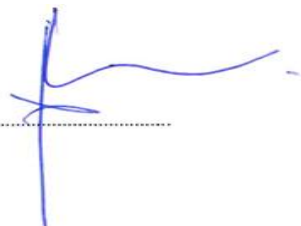
Particulars of directors' interests in the ordinary shares of the company during the year are as follows:

	Direct interest	Indirect interest
Mathew Wilson	112,736	Nil
William Parkinson	Nil	1,881,341

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 30th day of March 2016.

Director: \_\_\_\_\_



Director: \_\_\_\_\_



COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
STATEMENT BY DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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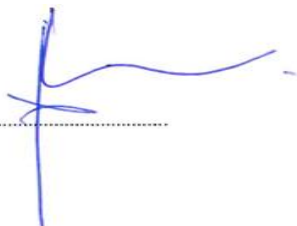
In accordance with a resolution of the Board of Directors, we state that in our opinion:

- (i) the accompanying Statement of Comprehensive Income of the company and group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2015;
- (ii) the accompanying Statement of Changes in Equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the group for the year ended 31 December 2015;
- (iii) the accompanying Statement of Financial Position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2015;
- (iv) the accompanying Statement of Cash Flows of the company and the group is drawn up so as to give a true and fair view of the statement of cash flows of the company and the group for the year ended 31 December 2015;
- (v) at the date of this statement there are reasonable grounds to believe the company and the group will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the company and group.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 30th day of March 2016.

Director: .....



Director: .....



## INDEPENDENT AUDIT REPORT

To the members of COMMUNICATIONS (FIJI) LIMITED

### Scope

We have audited the accompanying Financial Statements of Communications (Fiji) Limited and its subsidiary ('the Group'), which comprise the consolidated Statement of Financial Position as at 31 December 2015 and the consolidated Statement of Comprehensive Income, the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Directors' and Management's Responsibility for the Financial Statements*

The directors and management are responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Fiji Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the consolidated 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 consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and the group's preparation and fair presentation of the consolidated 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 company 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 consolidated financial statements.

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

### *Opinion*

In our opinion:

- a) proper books of account have been kept by the company and the group, so far as it appears from our examination of those books, and
- b) the accompanying consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards:
  - i) are in agreement with the books of account; and
  - ii) to the best of our information and according to the explanations given to us:
    - a) give a true and fair view of the state of affairs of the company and the group as at 31 December 2015 and of its financial performance, changes in equity, and its cash flows for the year ended on that date; and
    - b) give the information required by the Fiji 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  
30th March 2016



Ernst & Young  
Chartered Accountants

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Holding Company	
		2015 \$	2014 \$	2015 \$	2014 \$
Radio income	4.1	12,227,176	11,940,632	4,871,660	4,897,035
Other revenue	4.2	1,368,377	1,283,561	1,307,030	1,295,262
Salaries and employee benefits	4.3	(3,512,472)	(3,447,652)	(2,137,446)	(2,043,656)
Depreciation and amortization	4.4	(1,069,044)	(904,843)	(552,308)	(475,248)
Other expenses	4.5	(6,890,085)	(6,210,514)	(2,338,640)	(2,305,232)
Profit from operations		2,123,952	2,661,184	1,150,296	1,368,161
Finance costs	4.6	(81,420)	(97,002)	(65,636)	(84,464)
Share of (loss)/profit of associate or joint venture	4.7	(85,300)	(637,930)	768,965	107,242
Impairment loss		(1,147,715)	-	-	-
Profit before income tax		809,517	1,926,252	1,853,625	1,390,939
Income tax benefit/(expense)	5	645,996	(451,295)	(128,428)	(132,580)
Net profit for the year		1,455,513	1,474,957	1,725,197	1,258,359
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operation	21	(280,032)	(229,014)	-	-
Other comprehensive income for the year		(280,032)	(229,014)	-	-
Total comprehensive income for the year		1,175,481	1,245,943	1,725,197	1,258,359
Earnings per share (cents)	6	40.91	41.45		

The accompanying notes form an integral part of this Consolidated Statement of Comprehensive Income.

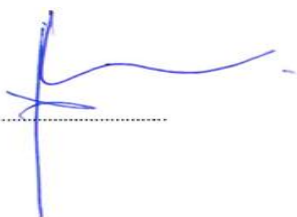
COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2015

	Notes	Group		Holding Company	
		2015	2014	2015	2014
Current assets		\$	\$	\$	\$
Cash and cash equivalents	9(a)	432,845	379,585	236,363	450
Trade receivables	8	2,453,793	2,703,068	1,513,750	1,515,802
Inventories	10	4,734	38,279	4,734	4,734
Prepayments and other assets	11	356,633	386,534	107,984	80,393
Income tax receivables		54,219	259,763	54,219	87,589
		<u>3,302,224</u>	<u>3,767,229</u>	<u>1,917,050</u>	<u>1,688,968</u>
Non-current assets					
Investment in subsidiary	12	-	-	1,725,117	1,725,117
Investment in associates and joint ventures	13	1,970,953	1,943,848	1,970,953	1,451,988
Financial assets	14	591,884	591,884	591,884	591,884
Intangible assets	15	1,560,799	1,637,317	374,250	443,936
Property, plant and equipment	16	6,101,226	6,451,484	3,052,781	3,047,561
Deferred tax assets	5(b)	1,022,826	-	-	-
		<u>11,247,688</u>	<u>10,624,533</u>	<u>7,714,985</u>	<u>7,260,486</u>
Total assets		<u>14,549,912</u>	<u>14,391,762</u>	<u>9,632,035</u>	<u>8,949,454</u>
Current liabilities					
Trade and other payables	17	1,147,845	1,111,611	425,363	412,569
Employee benefit liabilities	18	134,555	107,125	90,022	70,814
Interest-bearing borrowings	19	484,274	790,684	476,330	634,653
Income tax payable		61,393	-	-	-
		<u>1,828,067</u>	<u>2,009,420</u>	<u>991,715</u>	<u>1,118,036</u>
Non-current liabilities					
Interest-bearing borrowings	19	588,968	1,073,360	588,968	1,073,360
Employee benefit liabilities	18	101,879	98,306	-	-
Deferred tax liability	5(b)	167,342	95,541	167,342	172,285
		<u>858,189</u>	<u>1,267,207</u>	<u>756,310</u>	<u>1,245,645</u>
Total liabilities		<u>2,686,256</u>	<u>3,276,627</u>	<u>1,748,025</u>	<u>2,363,681</u>
Net assets		<u>11,863,656</u>	<u>11,115,135</u>	<u>7,884,010</u>	<u>6,585,773</u>
Shareholders' equity					
Share capital	20	3,558,000	3,558,000	3,558,000	3,558,000
Reserves	21	(26,347)	253,685	61,500	61,500
Retained earnings		8,332,003	7,303,450	4,264,510	2,966,273
Total equity		<u>11,863,656</u>	<u>11,115,135</u>	<u>7,884,010</u>	<u>6,585,773</u>

The accompanying notes form an integral part of this Consolidated Statement of Financial Position.

Signed for and on behalf of the Board and in accordance with a resolution of the Directors.

Director: .....



Director: .....



COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Holding Company	
		2015	2014	2015	2014
		\$	\$	\$	\$
Operating activities					
Receipts from customers		13,367,753	13,261,441	6,153,426	6,036,426
Payments to suppliers and employees		(10,428,478)	(9,762,787)	(4,444,675)	(4,570,542)
Interest and bank charges paid		(81,420)	(97,002)	(65,636)	(84,464)
Income tax paid		(38,092)	(895,662)	(100,000)	(144,559)
Net cash provided by Operating Activities		2,819,763	2,505,990	1,543,115	1,236,861
Investing activities					
Proceeds from sale of plant and equipment		1,739	24,933	1,739	10,343
Acquisition of plant, equipment and intangibles		(750,111)	(881,411)	(489,267)	(534,249)
Investment in joint venture		(1,069,736)	(975,190)	-	-
Dividends received		250,000	100,000	250,000	100,000
Net cash flows used in Investing Activities		(1,568,108)	(1,731,668)	(237,528)	(423,906)
Financing activities					
Dividends paid to equity holders of the parent		(426,960)	(498,120)	(426,960)	(498,120)
Advance to related party		-	(71,100)	-	-
Repayment of secured loan principal		(555,699)	(227,785)	(407,612)	(383,816)
Repayment of lease principal		(45,536)	(16,876)	(45,535)	(16,875)
Net cash flows used in Financing Activities		(1,028,195)	(813,881)	(880,107)	(898,811)
Net (decrease)/increase in cash held		223,460	(39,559)	425,480	(85,856)
Cash and cash equivalents at the beginning of year		190,018	222,065	(189,117)	(103,261)
Effects of exchange rate changes on opening cash balances		19,367	7,512	-	-
Cash and cash equivalents/(bank overdraft) at the end of year	9(a)	432,845	190,018	236,363	(189,117)

The accompanying notes form an integral part of this Consolidated Statement of Cash Flows.



COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Holding Company	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b>Retained earnings</b>					
Balance at the beginning of the year		7,303,450	6,184,293	2,966,273	2,063,714
Operating profit after tax		1,455,513	1,474,957	1,725,197	1,258,359
Dividends paid/proposed	7	(426,960)	(355,800)	(426,960)	(355,800)
Balance at the end of the year		<u>8,332,003</u>	<u>7,303,450</u>	<u>4,264,510</u>	<u>2,966,273</u>
<b>Reserves</b>					
<i>Foreign currency translation reserve</i>					
Balance at the beginning of the year		192,185	421,199	-	-
Movement arising on translation of the financial statements of foreign subsidiary		(280,032)	(229,014)	-	-
Balance at the end of the year	21	<u>(87,847)</u>	<u>192,185</u>	<u>-</u>	<u>-</u>
<i>Share premium reserve</i>					
Balance at the beginning of the year		61,500	61,500	61,500	61,500
Movements during the year		-	-	-	-
Balance at the end of the year	21	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>
<b>Share capital</b>					
Balance at the beginning of the year		3,558,000	3,558,000	3,558,000	3,558,000
Balance at the end of the year	20	<u>3,558,000</u>	<u>3,558,000</u>	<u>3,558,000</u>	<u>3,558,000</u>
<b>Total equity</b>		<u><u>11,863,656</u></u>	<u><u>11,115,135</u></u>	<u><u>7,884,010</u></u>	<u><u>6,585,773</u></u>

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity.

# COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. Corporate information

The consolidated financial statements of Communications (Fiji) Limited and its subsidiary company ("the Group") for the year ended 31 December 2015 were authorized for issue with a resolution of the directors on 30th March, 2016. Communications (Fiji) Limited is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Fiji dollars and all values are rounded to the nearest dollar except when otherwise indicated.

##### Statement of compliance

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements provide comparative information in respect of the previous period.

##### Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 31 December 2015. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the group's voting rights and potential voting rights.

The group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the group gains control until the date the group ceases to control the subsidiary.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

On consolidation, subsidiary company PNG FM's assets and liabilities has been translated at the rate of exchange ruling at balance date. Revenue and expense accounts have been translated using the average of the exchange rates ruling at the end of each month during the current financial year. The rate used to translate the assets and liabilities of PNG FM was 1.3508:1 (2014: 1.2818:1) while the average rate used to translate revenue and expense accounts was 1.2115:1 (2014: 1.2539:1).

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.2 Significant accounting judgments, estimates and assumptions

The preparation of the company and the group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

*Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

*Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit 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 timing and level of future taxable profits together with future tax planning strategies.

2.3 Changes in accounting policy and disclosures

*New and amended standards and interpretations*

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

The nature and effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have material impact on the annual consolidated financial statements of the Group. The nature and impact of each new standard or amendment is described below:

*Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

*Annual Improvements 2010-2012 Cycle*

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.3 Changes in accounting policy and disclosures *continued*

*New and amended standards and interpretations continued*

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Group's financial statements or accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- 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 reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 3 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Group during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Communications (Fiji) Limited and Subsidiary company is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
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2.3 Changes in accounting policy and disclosures *continued*

*New and amended standards and interpretations continued*

*IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

2.4 Summary of significant accounting policies

(a) *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Comprehensive Income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the Statement of Comprehensive Income in the expense category consistent with the function of intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income when the asset is derecognized.

(b) *Investment in associate or joint venture*

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of profit or loss reflects the group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains or losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the group's share of profit or loss of an associate or joint venture is shown on the face of the Statement of Comprehensive Income and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting period as the group. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.4 Summary of significant accounting policies *continued*

(b) *Investment in associate or joint venture continued*

After application of the equity method, the group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of associate or joint venture' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(c) *Impairment of non-financial assets*

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or other groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiary or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

*Goodwill*

The group assesses whether there are any indication that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The group performs its annual impairment test of goodwill as at 31 December.

*Intangible assets*

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash generating unit level, as appropriate.

*Associate and joint venture*

After application of the equity method, the group determines whether it is necessary to recognize an additional impairment loss of the group's investment in its associate or joint venture. The group determines at each balance date whether there is any objective evidence that the investment in associate or joint venture and the acquisition cost requires impairment and recognizes the amount in the Statement of Comprehensive Income.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.4 Summary of significant accounting policies *continued*

(d) *Investments and other financial assets*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(c) *Impairment of non-financial assets continued*

*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 loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the Statement of Comprehensive Income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

*Fair value*

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at balance date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

*Amortized cost*

Loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

(e) *Impairment of financial assets*

The Group assess at each balance date whether a financial asset or group of financial assets is impaired.

*Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost 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 been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the Statement of Comprehensive Income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

(f) *Inventories*

Inventories are valued at the lower of cost and net realizable value. Costs includes invoice value plus associated costs incurred in bringing each product to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.4 Summary of significant accounting policies *continued*

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) *Trade and other receivables*

Trade receivables are recognized at original invoice amount (inclusive of VAT) less any provision for uncollectible debts. Bad debts are written off during the year in which they become known. A specific provision is raised for any doubtful debts.

(i) *Trade and other payables*

Liabilities for trade payables and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

(j) *Financial liabilities*

*Interest-bearing loans and borrowings*

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated "as at fair value through profit or loss". After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the comprehensive income when the liabilities are derecognized as well as through the amortization process.

(k) *Borrowing costs*

Borrowing costs are recognized as an expense when incurred.

(l) *Property, plant and equipment*

Property, plant and equipment are stated at deemed cost less accumulated depreciation and any impairment in value. The principal depreciation rates in use are:

Buildings	2%
Plant and equipment	5% - 30%
Motor vehicles	15% - 18%

Profit and loss on disposal of property, plant and equipment are taken into account in determining profit or loss for the year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is greater of net selling price 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the Statement of Comprehensive Income.

(m) *Leases*

Finance leases, which transfer to the group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Capitalized leased assets are depreciated over the period the benefit is expected to be realized from their use.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.



COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.4 Summary of significant accounting policies *continued*

(n) *Revenue*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*Rendering of services*

Radio revenue is recognized when commercials are played or service is delivered. Proceeds from advance deposits are not recognized as revenue until the subsequent playing of commercials or delivery of service is performed.

*Dividends*

Revenue is recognized when the shareholders' right to receive the payment is established.

*Rental income*

Rental income is accounted for on a straight line basis over the lease term on ongoing leases.

(o) *Employee benefits*

*Annual leave*

Provision is made for annual leave to be payable to employees on the basis of statutory requirement on employment contract.

*Long service leave*

The liability for employees' entitlements to long service leave represents the amount payable to employees, based on current wage and salary rates, for services provided up to balance date. The liability for long service leave increases according to the number of years of service completed by the employee.

(p) *Foreign currencies*

The consolidated financial statements are presented in Fiji dollars, which is the holding company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at balance date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

The assets and liabilities of foreign operations are translated into Fiji dollars at the rate of exchange ruling at balance date and its income statement is translated at the weighted average exchange rate for the year. The exchange difference arising on translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the Statement of Comprehensive Income.

(q) *Business combinations and goodwill*

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

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2.4 Summary of significant accounting policies *continued*

(q) *Business combinations and goodwill continued*

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(r) *Taxes*

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in comprehensive income.

*Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

2.4 Summary of significant accounting policies *continued*

(r) *Taxes continued*

*Deferred tax continued*

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

*Sales tax*

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

(s) *Comparatives*

Where necessary, amounts relating to prior year have been reclassified to conform with presentation in the current year.

3. SEGMENT INFORMATION

The company and its subsidiary operate predominantly in the commercial radio services industry. The holding company operates in Suva, Fiji while its subsidiary operates in Port Moresby, Papua New Guinea.

(a) Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2015 and 2014.

<u>Year ended 31 December 2015</u>	PNG	Fiji	Eliminations	Total
	\$	\$	\$	\$
<u>Revenue</u>				
External sales	7,355,518	4,871,660	-	12,227,176
	<u>7,355,518</u>	<u>4,871,660</u>	<u>-</u>	<u>12,227,176</u>
<u>Results</u>				
Segment result	(1,851,968)	1,150,296	1,677,909	976,237
Unallocated expenses	-	-	-	-
Profit from operating activities	<u>(1,851,968)</u>	<u>1,150,296</u>	<u>1,677,909</u>	<u>976,237</u>
Net finance costs	(15,784)	(65,636)	-	(81,420)
Share of (loss)/profit of associate or joint venture	(854,265)	768,965	-	(85,300)
Profit before income tax	<u>(2,722,017)</u>	<u>1,853,625</u>	<u>1,677,909</u>	<u>809,517</u>
Income tax benefit/(expense)	774,424	(128,428)	-	645,996
Net profit	<u>(1,947,593)</u>	<u>1,725,197</u>	<u>1,677,909</u>	<u>1,455,513</u>

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

3. SEGMENT INFORMATION *continued*

<u>Year ended 31 December 2015</u>	PNG	Fiji	Eliminations	Total
	\$	\$	\$	\$
<u>Assets and liabilities</u>				
Segment assets	5,950,345	7,661,082	(1,093,861)	12,517,566
Investment in associate or joint venture	-	1,970,953	-	1,970,953
Total assets	5,950,345	9,632,035	(1,093,861)	14,488,519
Segment liabilities	1,362,906	1,748,025	(486,067)	2,624,864
Total liabilities	1,362,906	1,748,025	(486,067)	2,624,864
<u>Other segment information</u>				
Capital expenditure:				
- tangible fixed assets	276,371	477,555	-	753,926
- intangible assets	2,332	11,712	-	14,044.00
Amortization of intangible assets	14,169	541,608	-	555,777
Depreciation	509,730	470,910	-	980,640
Doubtful and bad debts	40,362	27,000	-	67,362
<u>Cash flows</u>				
Operating activities	1,276,648	1,543,115		
Investing activities	(1,330,580)	(237,528)		
Financing activities	(148,088)	(880,107)		
<u>Year ended 31 December 2014</u>				
	PNG	Fiji	Eliminations	Total
	\$	\$	\$	\$
<u>Revenue</u>				
External sales	7,043,597	4,897,035	-	11,940,632
	7,043,597	4,897,035	-	11,940,632
<u>Result</u>				
Segment result	1,223,660	1,368,161	69,363	2,661,184
Unallocated expenses	-	-	-	-
Profit from operating activities	1,223,660	1,368,161	69,363	2,661,184
Net finance costs	(12,538)	(84,464)	-	(97,002)
Share of (loss)/profit of associate or joint venture	(745,172)	107,242	-	(637,930)
Profit before income tax	465,950	1,390,939	69,363	1,926,252
Income tax expense	(318,715)	(132,580)	-	(451,295)
Net profit	147,235	1,258,359	69,363	1,474,957
<u>Assets and liabilities</u>				
Segment assets	5,797,960	7,497,466	(847,513)	12,447,913
Investment in associate or joint venture	491,860	1,451,988	-	1,943,848
Total assets	6,289,820	8,949,454	(847,513)	14,391,761
Segment liabilities	1,335,687	2,363,681	(422,741)	3,276,627
Total liabilities	1,335,687	2,363,681	(422,741)	3,276,627

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

3. SEGMENT INFORMATION *continued*

(a) Geographical segments *continued*

<u>Year ended 31 December 2014 continued</u>	PNG	Fiji	Eliminations	Total
	\$	\$	\$	\$
<u>Other segment information</u>				
Capital expenditure:				
- tangible fixed assets	336,614	627,906	-	964,520
- intangible assets	8,518	40,169	-	48,687
Amortization of intangible assets	8,309	465,132	-	473,441
Depreciation	421,101	402,089	-	823,190
Doubtful and bad debts	6,583	(30,682)	-	(24,099)

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

(b) Business segments

The company and its subsidiary both operate predominantly in the commercial radio services industry. Revenue, expenditure and certain asset information regarding business segments for the years ended 31 December 2015 and 2014 are the same as that disclosed for geographical segments above.

4. REVENUE AND EXPENSES

	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$

Revenue, expenses and finance costs for the year include the following:

4.1 Radio income

Advertising income	11,525,893	10,993,993	4,679,548	4,481,615
Total Event Company Limited income and other commercial income	701,283	946,639	192,112	415,420
	<u>12,227,176</u>	<u>11,940,632</u>	<u>4,871,660</u>	<u>4,897,035</u>

4.2 Other revenue

Other income	657,709	612,671	286,599	337,872
Gain on disposal of assets	314	9,597	314	9,597
Cinema advertising	710,354	661,293	710,354	661,293
Dividend income	-	-	-	-
Management fees	-	-	309,763	286,500
	<u>1,368,377</u>	<u>1,283,561</u>	<u>1,307,030</u>	<u>1,295,262</u>

4.3 Salaries and employee benefits

FNPF and FNU levy	314,791	305,286	222,772	175,878
Salaries and wages	2,733,556	2,620,227	1,672,000	1,633,055
Staff commission and bonus	397,868	485,801	240,313	234,316
Staff training	66,257	36,338	2,361	407
	<u>3,512,472</u>	<u>3,447,652</u>	<u>2,137,446</u>	<u>2,043,656</u>

4.4 Depreciation and amortization

Depreciation	980,639	823,190	470,910	402,089
Amortization of intangibles assets	88,405	81,653	81,398	73,159
	<u>1,069,044</u>	<u>904,843</u>	<u>552,308</u>	<u>475,248</u>

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
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 FOR THE YEAR ENDED 31 DECEMBER 2015

4. REVENUE AND EXPENSES <i>continued</i>	Group		Holding Company	
	2015 \$	2014 \$	2015 \$	2014 \$
4.5 <u>Other expenses</u>				
Auditors remuneration - audit fees	34,900	79,847	12,900	12,900
- other services	1,750	21,849	1,750	1,750
Bad debts	90,565	-	-	-
Managing Director's emoluments	205,924	185,000	107,462	92,500
Directors' fees	27,754	22,972	19,500	15,000
Doubtful debts	67,362	(24,099)	27,000	(30,682)
Operating lease rentals	835,527	609,932	214,996	209,939
Other operating expenses	5,626,303	5,315,013	1,955,032	2,003,825
	<u>6,890,085</u>	<u>6,210,514</u>	<u>2,338,640</u>	<u>2,305,232</u>
4.6 <u>Finance costs</u>				
Finance charges payable under finance leases	4,834	-	-	-
Bank loans and overdrafts	76,586	97,002	65,636	84,464
	<u>81,420</u>	<u>97,002</u>	<u>65,636</u>	<u>84,464</u>
4.7 <u>Share of (loss)/profit of associate or joint venture</u>				
Share of profit from 231 Waimanu Rd Holdings Limited	768,965	107,242	768,965	107,242
Share of loss from Paradise Cinemas (PNG) Limited	(854,265)	(745,172)	-	-
	<u>(85,300)</u>	<u>(637,930)</u>	<u>768,965</u>	<u>107,242</u>
5. INCOME TAX	\$	\$	\$	\$
The major components of income tax expense for the years ended 31 December 2015 and 2014 are:				
A reconciliation between tax expense and the product of accounting profit multiplied by Fiji's domestic tax rate for the years ended 31 December 2015 and 2014 is as follows:				
Accounting profit before income tax	809,517	1,926,252	1,853,625	1,390,939
Prima facie tax thereon at the Fiji rate of 10%	80,952	192,625	185,363	139,094
Effect of higher tax rates in PNG	(683,506)	235,288	-	-
Tax effect of non-deductible items	(151,724)	9,829	(156,940)	9,829
Share of loss/(profit) of associate or joint venture non-deductible/non-taxable	76,897	63,793	76,897	(10,724)
Other	3,542	2,460	548	2,495
Under/(over) provision from prior year	27,843	(52,700)	22,560	(8,114)
Income tax (benefit)/expense attributable to operating profit	<u>(645,996)</u>	<u>451,295</u>	<u>128,428</u>	<u>132,580</u>
(a) <u>Consolidated income statement</u>				
<i>Current income tax:</i>				
Current income tax charge	443,163	503,564	129,863	126,464
Adjustments in respect of previous year	27,842	(52,700)	22,560	(8,114)
Effect of change in tax rate	-	-	-	-
Origination and reversal of temporary differences	(1,117,001)	431	(23,995)	14,230
Income tax (benefit)/expense	<u>(645,996)</u>	<u>451,295</u>	<u>128,428</u>	<u>132,580</u>

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

5. INCOME TAX <i>continued</i>	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
(b) <u>Deferred tax</u>				
Deferred tax assets/liabilities at 31 December relates to the following:				
Provision for doubtful debts	48,517	36,787	4,575	3,856
Employee entitlements	52,926	47,468	9,002	7,081
Accelerated depreciation for tax purposes and other	(243,068)	(183,222)	(180,920)	(183,222)
Accruals and prepayments	43,230	3,426	-	-
Provision for impairment loss	953,879	-	-	-
Net deferred tax liability	<u>855,484</u>	<u>(95,541)</u>	<u>(167,343)</u>	<u>(172,285)</u>
Represented on the consolidated balance sheet as:				
Deferred income tax asset	1,022,826	-	-	-
Deferred tax liability	(167,342)	(95,541)	(167,342)	(172,285)
	<u>855,484</u>	<u>(95,541)</u>	<u>(167,342)</u>	<u>(172,285)</u>
6. EARNINGS PER SHARE	\$	\$		
Operating profit after income tax	1,455,513	1,474,957		
Weighted average number of shares outstanding	<u>3,558,000</u>	<u>3,558,000</u>		
Basic earnings per share (cents)	<u>40.91</u>	<u>41.45</u>		
Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.				
There are no convertible redeemable preference shares for the group. There have been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.				
7. DIVIDENDS PAID AND PROPOSED	\$	\$	\$	\$
<i>Declared and paid in year:</i>				
Final dividend for 2013: 5 cents	-	177,900	-	177,900
Interim dividend for 2014: 5 cents	-	177,900	-	177,900
Final dividend for 2014: 8 cents	284,640	-	284,640	-
Interim dividend for 2015: 4 cents	142,320	-	142,320	-
Dividends declared and paid	<u>426,960</u>	<u>355,800</u>	<u>426,960</u>	<u>355,800</u>
8. TRADE RECEIVABLES	\$	\$	\$	\$
Trade receivables	2,553,483	2,480,824	1,053,758	1,122,793
Provision for doubtful debts	(192,228)	(148,329)	(45,754)	(38,560)
	<u>2,361,255</u>	<u>2,332,495</u>	<u>1,008,004</u>	<u>1,084,233</u>
Receivable from related entities	92,538	370,573	505,746	431,569
	<u>2,453,793</u>	<u>2,703,068</u>	<u>1,513,750</u>	<u>1,515,802</u>

For terms and conditions relating to related party receivable, refer Note 24.

Trade receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December 2015, trade receivables of the group at nominal value of \$192,228 (2014: \$148,329) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

8. TRADE RECEIVABLES *continued*

	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
At 1 January	148,329	228,042	38,560	69,242
Charge for the year	67,362	-	27,000	-
Utilized	(19,806)	(66,352)	(19,806)	(30,682)
Translation adjustment	(3,657)	(13,361)	-	-
At 31 December	192,228	148,329	45,754	38,560

At 31 December, the ageing analysis of trade receivables for the group is as follows:

	Total	< 30 days	Past due but not impaired		
			30 - 60 days	60 - 90 days	> 90 days
2015	2,361,255	1,467,988	547,000	153,352	192,915
2014	2,332,495	1,455,707	547,500	170,564	158,724

At 31 December, the ageing analysis of trade receivables for the company is as follows:

	Total	< 30 days	Past due but not impaired		
			30 - 60 days	60 - 90 days	> 90 days
2015	1,008,004	783,608	208,628	15,768	-
2014	1,084,233	657,472	295,651	113,686	17,424

9. CASH AND CASH EQUIVALENTS

\$ \$ \$ \$

(a) For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

Cash at bank	432,845	379,585	236,363	450
Bank overdraft (Note 19)	-	(189,567)	-	(189,567)
	432,845	190,018	236,363	(189,117)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate requirements of the group, and earn interest at the respective short-term deposit rates.

10. INVENTORIES

	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Total Event Company Limited merchandise	4,734	38,279	4,734	4,734

The amount of write-down of inventories recognized as an expense was \$Nil (2014: \$Nil).

11. PREPAYMENTS AND OTHER ASSETS

\$ \$ \$ \$

Current

Refundable deposits	133,566	146,747	57,482	47,515
Prepayments	122,373	101,517	36,855	30,592
Other receivables	100,694	138,270	13,647	2,286
	356,633	386,534	107,984	80,393



COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT IN SUBSIDIARY

	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Shares in subsidiary companies:				
- Total Event Company Limited	-	-	2	2
- PNG FM Pty Limited	-	-	1,725,115	1,725,115
	<u>-</u>	<u>-</u>	<u>1,725,117</u>	<u>1,725,117</u>

Communications (Fiji) Limited holds 100% of the ordinary shares of PNG FM Pty Limited. The results of PNG FM Pty Limited have been consolidated in these financial statements. The results of Total Event Company Limited is included in the results of the holding company.

13. INVESTMENT IN ASSOCIATE OR JOINT VENTURE

	2015	2014
	\$	\$

(a) Investment of Communications (Fiji) Limited in 231 Waimanu Rd Holdings Limited

The holding company has a shareholding of 50% interest in 231 Waimanu Rd Holdings Limited, a company involved in property management. The company's investment in 231 Waimanu Rd Holdings Limited is accounted for using the equity method. Summarized financial information of 231 Waimanu Rd Holdings Limited, based on its financial statements, and reconciliation with the carrying amount of the investment are set out below:

Current assets, including cash and cash equivalents and prepayments	115,955	347,610
Non-current assets	4,497,972	2,876,403
Current liabilities, including tax payable	(18,305)	(15,669)
Non-current liabilities, including deferred tax liabilities	(653,716)	(304,367)
Equity	<u>3,941,906</u>	<u>2,903,977</u>
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Limited	<u>1,970,953</u>	<u>1,451,988</u>

*Summarized statement of profit or loss of 231 Waimanu Rd Holdings Limited:*

Revenue	419,840	347,260
Expenses	(88,159)	(79,128)
Change in fair value of investment property	1,272,644	-
Profit before tax	<u>1,604,325</u>	<u>268,132</u>
Income tax expense	(66,396)	(53,649)
Profit for the year	<u>1,537,929</u>	<u>214,483</u>
Group's share of profit for the year	<u>768,965</u>	<u>107,242</u>

231 Waimanu Rd Holdings Limited had no contingent liabilities or capital commitments as at 31 December 2015 and 2014.

(b) Investment of PNG FM Limited in Paradise Cinemas (PNG) Limited

The subsidiary, PNG FM Limited has a 43.87% shareholding in Paradise Cinemas (PNG) Limited, a company involved in cinema entertainment in Papua New Guinea. The group's investment in Paradise Cinemas (PNG) Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information of Paradise Cinemas (PNG) Limited, based on its audited financial statements, and reconciliation with the carrying amount of the investment are set out below:

Current assets, including cash and cash equivalents and prepayments	590,007	485,836
Non-current assets	7,943,982	10,044,287
Current liabilities, including tax payable	(3,044,321)	(8,106,543)
Non-current liabilities, including deferred tax liabilities	(3,725,649)	(1,243,117)
Equity	<u>1,764,019</u>	<u>1,180,463</u>
Proportion of the group's ownership	43.87%	41.67%
Carrying amount of investment - Paradise Cinemas (PNG) Limited	773,898	491,860
Less: Additional impairment loss	(773,898)	-
Net Carrying amount of investment - Paradise Cinemas (PNG) Limited	<u>-</u>	<u>491,860</u>

PNG FM Limited made additional investments in Paradise Cinemas (PNG) Limited during the year taking its interest in the Joint Venture to 43.87%.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

13. INVESTMENT IN ASSOCIATE OR JOINT VENTURE <i>continued</i>	2015	2014
(b) Investment of PNG FM Limited in Paradise Cinemas (PNG) Limited	\$	\$
<i>Summarized statement of profit or loss of Paradise Cinemas (PNG) Limited:</i>		
Revenue	6,562,219	5,763,724
Expenses	(8,509,427)	(7,552,137)
Profit before tax	(1,947,208)	(1,788,413)
Income tax expense	-	-
Profit for the year	(1,947,208)	(1,788,413)
Group's share of profit for the year	(854,265)	(745,172)

At 31 December 2015, the holding company authorised PNG FM Limited to issue a qualified letter of support for the operations of Paradise Cinemas (PNG) Ltd limited to the guarantee the subsidiary company issued to Westpac Bank, PNG. At 31 December 2015, the contingent liability from the guarantee is estimated at K2.9m.

Total investment in associate or joint venture	1,970,953	1,943,848
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231 Waimanu Rd Holdings Limited and PNG FM Limited are not listed on any stock exchange.

14. FINANCIAL ASSETS	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Shares in i-Pac Communications Limited	591,884	591,884	591,884	591,884

The company's shares in i-Pac Communications Limited are subject to put option that can be exercised in 2016.

15. INTANGIBLE ASSETS

<u>Holding company</u>		\$	\$
<u>Software</u>			
<i>Cost:</i>			
At 1 January		909,068	868,899
Additions		11,712	40,169
Disposal		(4,922)	-
At 31 December		915,858	909,068
<i>Depreciation and impairment:</i>			
At 1 January		465,132	391,973
Disposal		(4,922)	-
Depreciation charge for the year		81,398	73,159
At 31 December		541,608	465,132
Net book value		374,250	443,936
<u>Group</u>	Goodwill	Software	Total
<i>Cost:</i>	\$	\$	\$
At 1 January 2015	1,507,569	973,758	2,481,327
Additions	-	14,044	14,044
Disposal	-	(4,922)	(4,922)
Translation adjustment	-	(3,304)	(3,304)
At 31 December 2015	1,507,569	979,576	2,487,145
<i>Depreciation and impairment:</i>			
At 1 January 2015	370,569	473,441	844,010
Depreciation charge for the year	-	88,405	88,405
Disposal	-	(4,922)	(4,922)
Translation adjustment	-	(1,147)	(1,147)
At 31 December 2015	370,569	555,777	926,346
Net written down value:			
At 31 December 2015	1,137,000	423,799	1,560,799
At 1 January 2015	1,137,000	500,317	1,637,317

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

15. INTANGIBLE ASSETS *continued*

(a) Impairment testing of goodwill and intangibles with indefinite useful lives

Goodwill acquired through business combination with indefinite life has been allocated to the subsidiary acquired which is an individual cash generating unit, which is also a reportable segment, for impairment testing as follows:

	\$	\$
Carrying amount of goodwill	1,137,000	1,137,000

The recoverable amount of the subsidiary has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projection is 19% (2014: 19%) and cash flows beyond the 5-year period are extrapolated using a 5% growth rate (2014: 5%) that is the same as the long term average growth rate for the industry in PNG.

*Key assumptions used in value in use calculations*

The calculation of value in use are most sensitive to the following assumptions:

- Discount rates;
- Market share during budget period;
- Growth rates used to extrapolate cash flows beyond the budget period;
- Political stability; and
- Capital expenditure.

*Discount rates*

Discount rates reflect management's estimate of the risks specific to the unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining the appropriate discount rate, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

*Market share during budget period*

These assumptions are important, because, as well as using industry data for growth rates management assess how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the PNG market to be stable over the budget period.

*Growth rate estimates*

Rates are based on published industry research.

*Political stability*

Management expect the political environment to be stable over the budget period.

*Capital expenditure*

There are no significant capital expenditure adjusted in the budgeted period. The capital expenditure used in this calculation is assumed to be equal to depreciation.

16. PROPERTY, PLANT AND EQUIPMENT

<u>Holding company</u>	Land and buildings	Plant and equipment	Motor vehicles	Total
<i>Cost:</i>	\$	\$	\$	\$
At 1 January 2015	486,026	10,562,000	664,458	11,712,484
Additions	-	466,890	10,665	477,555
Disposals	-	(5,458,709)	(83,745)	(5,542,454)
At 31 December 2015	<u>486,026</u>	<u>5,570,181</u>	<u>591,378</u>	<u>6,647,585</u>
<i>Depreciation and impairment:</i>				
At 1 January 2015	286,632	8,001,268	377,023	8,664,923
Depreciation charge for the year	15,337	391,138	64,435	470,910
Disposals	-	(5,457,284)	(83,745)	(5,541,029)
At 31 December 2015	<u>301,969</u>	<u>2,935,122</u>	<u>357,713</u>	<u>3,594,804</u>
Net written down value:				
At 31 December 2015	<u>184,057</u>	<u>2,635,059</u>	<u>233,665</u>	<u>3,052,781</u>
At 1 January 2015	<u>199,394</u>	<u>2,560,732</u>	<u>287,435</u>	<u>3,047,561</u>

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

16. PROPERTY, PLANT AND EQUIPMENT <i>continued</i>	Land and buildings	Plant and equipment	Motor vehicles	Total
<u>Group</u>	\$	\$	\$	\$
<i>Cost:</i>				
At 1 January 2015	513,340	16,802,717	1,340,807	18,656,864
Additions	13,325	643,273	97,328	753,926
Disposals	-	(5,459,549)	(189,416)	(5,648,965)
Transfer	-	-	-	-
Translation adjustment	(1,395)	(318,959)	(34,181)	(354,535)
At 31 December 2015	525,270	11,667,482	1,214,538	13,407,290
<i>Depreciation and impairment:</i>				
At 1 January 2015	289,360	11,137,527	778,493	12,205,380
Depreciation charge for the year	19,083	784,904	176,653	980,640
Disposals	-	(5,457,326)	(189,385)	(5,646,711)
Transfer	-	-	-	-
Translation adjustment	(525)	(201,217)	(31,503)	(233,245)
At 31 December 2015	307,918	6,263,888	734,258	7,306,064
<i>Net written down value:</i>				
At 31 December 2015	217,352	241,307	480,280	6,101,226
At 1 January 2015	223,980	238,851	562,314	6,451,484

The carrying amount of plant and equipment held under finance leases and hire purchase contracts for the group at 31 December 2015 was \$234,924 (2014: \$245,799). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Total non-cash addition during the year amounted to Nil (2014:\$133,826).

Land and buildings with a carrying amount of \$217,352 (2014: \$224,513) are subject to a first mortgage charge to secure all of the group's bank loans (Note19).

As at 31 December 2015, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is \$1,351,061(2014: \$6,653,749).

17. TRADE AND OTHER PAYABLES	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade payables	183,818	187,990	100,476	34,921
Other payables	964,027	923,621	324,887	377,648
	1,147,845	1,111,611	425,363	412,569

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled monthly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 24.

18. EMPLOYEE BENEFIT LIABILITIES	\$	\$	\$	\$
Annual leave	134,555	107,125	90,022	70,814
Long service leave	101,879	98,306	-	-
	236,434	205,431	90,022	70,814

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
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			Group		Holding Company	
19. INTEREST-BEARING BORROWINGS			2015	2014	2015	2014
<u>Current</u>	Maturity	Effective interest rate %	\$	\$	\$	\$
Bank overdraft	On demand	4%	-	189,567	-	189,567
Secured loan	Note 26	4%	433,907	552,606	425,963	396,575
Lease liabilities	Note 22	4%	50,367	48,511	50,367	48,511
			<u>484,274</u>	<u>790,684</u>	<u>476,330</u>	<u>634,653</u>
<u>Non-current</u>						
Secured loan	Note 26	4%	551,789	988,789	551,789	988,789
Lease liability	Note 22	4%	37,179	84,571	37,179	84,571
			<u>588,968</u>	<u>1,073,360</u>	<u>588,968</u>	<u>1,073,360</u>

Details of interest bearing borrowings are:

(a) *Bank overdraft and secured loan are secured as follows:*

Holding company

The loan from Westpac Banking Corporation is secured by a first registered mortgage debenture over the assets of the company and undertakings including its uncalled ad called but unpaid capital. Interest on loan accounts are charged at the rate of 4.00%.

(b) *Lease liabilities*

Lease liabilities were secured by a Master Lease agreement and a charge over leased assets.

20. SHARE CAPITAL	\$	\$	\$	\$
<u>Authorised capital</u>				
5,000,000 ordinary shares of \$1 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<u>Issued and paid up capital</u>				
3,558,000 ordinary shares of \$1 each	<u>3,558,000</u>	<u>3,558,000</u>	<u>3,558,000</u>	<u>3,558,000</u>
21. RESERVES	\$	\$	\$	\$
<u>Foreign currency translation reserve</u>				
At 1 January	192,185	421,199	-	-
Currency translation differences	(280,032)	(229,014)	-	-
At 31 December	<u>(87,847)</u>	<u>192,185</u>	<u>-</u>	<u>-</u>
<u>Share premium reserve</u>				
At 1 January	61,500	61,500	61,500	61,500
Issue of additional shares - at a premium	-	-	-	-
At 31 December	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>	<u>61,500</u>
Total reserves	<u>(26,347)</u>	<u>253,685</u>	<u>61,500</u>	<u>61,500</u>

Nature and purpose of reserves

*Foreign currency translation reserve*

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiary. It is also used to record the effect of hedging net investments in foreign operations.

*Share premium reserve*

The share premium reserve arises from the issue of shares at a premium.

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

22. EXPENDITURE COMMITMENTS	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
(a) Capital expenditure commitments	-	517,575	-	517,575
(b) Finance lease commitments				
Future commitments in respect of finance lease are as follows:				
Within one year	52,952	52,952	52,952	52,952
Total minimum lease payments	52,952	52,952	52,952	52,952
Deduct future finance charges	(2,585)	(4,440)	(2,585)	(4,440)
Present value of minimum lease payments	50,367	48,512	50,367	48,512
Analyzed as:				
Current	50,367	48,512	50,367	48,512
Non-current	37,179	84,571	37,179	84,571
	87,546	133,083	87,546	133,083
(c) Operating lease commitments				
Future commitments in respect of operating lease are as follows:				
Within one year	152,997	146,114	152,997	146,114
After one year but not more than five years	589,232	586,788	589,232	586,788
More than five years	466,323	484,052	466,323	484,052
Minimum lease payments	1,208,552	1,216,954	1,208,552	1,216,954
The group has lease agreements for office space. The annual lease rentals are recognized as an expense in the current year.				
23. CONTINGENT LIABILITIES	\$	\$	\$	\$
Fiji Electricity Authority	8,660	8,660	8,660	8,660
Telecom Fiji Limited	8,567	8,567	8,567	8,567
	17,227	17,227	17,227	17,227
24. RELATED PARTY DISCLOSURES	\$	\$	\$	\$
(a) Directors				
Directors at anytime during the year were as follows: Mathew Wilson, William Parkinson, Pramesh Sharma and Shaenaz Voss.				
(b) Ownership interest in related parties	Ownership interest		Ownership interest	
PNG FM Limited	-	-	100%	100%
Total Event Company Limited	-	-	100%	100%
231 Waimanu Holdings Limited	50%	50%	50%	50%
Paradise Cinemas (PNG) Limited	43.9%	36.0%	-	-
(c) The following related party transactions occurred during the financial year:				
(i) <i>Transactions with consolidated subsidiary - PNG FM Limited</i>			\$	\$
Costs incurred on behalf of the subsidiary and recovered			269,415	250,500
Management fees			36,000	36,000
(ii) <i>Transactions with 231 Waimanu Rd Holdings Limited</i>			\$	\$
Rental of office and studio space			144,597	137,712
Dividends received			250,000	100,000
Related party transactions are at normal commercial terms and conditions.				

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

24. RELATED PARTY DISCLOSURES <i>continued</i>	Group		Holding Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
(d) Compensation of key management personnel				
Short-term employee benefits	507,915	399,618	385,645	296,161
Superannuation contribution	40,633	31,969	30,852	23,693
	<u>548,548</u>	<u>431,587</u>	<u>416,497</u>	<u>319,854</u>
(e) Owings to related entities	\$	\$	\$	\$
Paradise Cinemas (PNG) Limited	92,538	370,573	-	-
PNG FM Limited	-	-	505,746	431,569
	<u>92,538</u>	<u>370,573</u>	<u>505,746</u>	<u>431,569</u>
(f) (Receivables) from related entity	\$	\$	\$	\$
PNG FM Limited	-	-	(236,156)	(161,979)
	<u>-</u>	<u>-</u>	<u>(236,156)</u>	<u>(161,979)</u>

(g) Directors' interests in an employee-share incentive plan

No share options have been granted to staff, executives and the non-executive members of the Board of Directors under this scheme.

25. COMPANY DETAILS

(a) Company incorporation

The legal form of the company is a public company, domiciled and incorporated in the Republic of Fiji under the Companies Act, 1983.

(b) Registered office/Company operation

The company's operations and registered office is located at 231 Waimanu Road, Suva while the subsidiary is in Papua New Guinea. The associate company namely 231 Waimanu Rd Holdings Limited operate from 231 Waimanu Road, Suva.

(c) Number of employees

As at balance date, the company employed a total of 150 employees (Group: 230 employees - 2014: 254 employees).

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprises bank overdrafts, finance leases, hire purchase contracts, trade payables and loans. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash, which arise directly from its operations.

The main risk arising from the company's financial statements are interest rate and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. The group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase / (decrease) in interest rate	Effect on profit before tax \$
2014	+10%	(16,768)
	-10%	16,768
2015	+10%	13,437
	-10%	(13,437)

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*  
 FOR THE YEAR ENDED 31 DECEMBER 2015

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Foreign currency risk

The group has an investment in Papua New Guinea. The movement in the Kina/Fiji dollar exchange rates are recorded in equity and will be realized on disposal of the investment.

The group has transactional currency exposures. Such exposures arises from purchases by the group in currencies other than Fijian dollars.

Credit risk

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the group.

Liquidity risk

The table below summarizes the maturity profile of the Group's liabilities at 31 December based on contractual undiscounted payments:

	Total	\$ On demand	\$ < 1 year	\$ 1 - 5 years	\$ > 5 years
<i>31 December 2015</i>					
Interest-bearing borrowings	1,073,242	-	484,274	588,968	-
Trade and other payables	1,147,845	183,818	964,027	-	-
	<u>2,221,087</u>	<u>183,818</u>	<u>1,448,301</u>	<u>588,968</u>	<u>-</u>
<i>31 December 2014</i>					
Interest-bearing borrowings	1,864,044	189,567	601,117	1,073,360	-
Trade and other payables	1,111,611	187,990	923,621	-	-
	<u>2,975,655</u>	<u>377,557</u>	<u>1,524,738</u>	<u>1,073,360</u>	<u>-</u>

Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 31 December 2015 and 31 December 2014.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The group's policy is to keep the gearing ratio below 40%. The group includes net debt, interest-bearing borrowings, trade and other payables less cash and cash equivalents, excluding discounted operations. Capital includes any preference shares, equity attributable to equity holders of the parent less any unrealized gains reserve.

	Group	
	2015	2014
	\$	\$
Interest-bearing borrowings	1,073,242	1,864,044
Trade and other payables	1,147,845	1,111,611
Less: cash and short term deposits	(432,845)	(379,585)
Net debt	<u>1,788,242</u>	<u>2,596,070</u>
Equity	11,863,656	11,115,135
Total capital	<u>11,863,656</u>	<u>11,115,135</u>
Capital and net debt	<u>13,651,898</u>	<u>13,711,205</u>
Gearing ratio	13%	19%

27. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company and the Group, the results of those operations or the state of affairs of the company and the Group as reported in these financial statements.



COMMUNICATIONS (FIJI) LIMITED  
DISCLAIMER ON ADDITIONAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2015

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Disclaimer on additional Information

The additional financial information, being the detailed SPSE disclosure requirements has been compiled by the management of Communications (Fiji) Limited.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than Communications (Fiji) Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

COMMUNICATIONS (FIJI) LIMITED  
SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

STOCK EXCHANGE LISTING DISCLOSURES

Disclosure requirements of the South Pacific Stock Exchange (not included elsewhere in this report) are as follows:

(a) Statement of interest of each Director in the share capital of the Company or in a related corporation as at 31 December 2014 in compliance with Listing Requirements :

Mathew Wilson (Direct interest) 112,736 shares in Communications (Fiji) Limited.

William Parkinson (Indirect interest - Parkinson Holdings Limited) 1,881,341 shares in Communications (Fiji) Limited.

(b) Distribution of shareholding

Holding	No. of holders	% Holding
Less than 500 Shares	40	0.52%
501 to 5,000 Shares	86	4.38%
5,001 to 10,000 Shares	11	2.47%
10,001 to 20,000 Shares	4	1.66%
20,001 to 30,000 Shares	6	4.01%
30,001 to 40,000 Shares	3	2.90%
40,001 to 50,000 Shares	-	-
50,001 to 100,000 Shares	2	4.63%
100,001 to 1,000,000 Shares	4	26.55%
Over 1,000,000 Shares	1	52.88%
	<u>157</u>	<u>100%</u>

(c) Share register, registered and principal administrative office and company secretary

SPSE Central Share Registry  
Level 2, Provident Plaza 1  
Suva  
Fiji

The company is incorporated in Fiji with limited liability and is listed on the South Pacific Stock Exchange. The company secretary is Ms Jyoti Solanki, Financial Controller, Communications (Fiji) Limited.

(d) Disclosure under Section 6.3.1(viii)

	Communications (Fiji) Limited F\$	PNG FM Limited F\$
Turnover	4,871,660	7,355,518
Other income	538,065	371,110
Share of profit/(loss) from associates and joint venture	768,965	(854,265)
	<u>6,178,690</u>	<u>6,872,363</u>
Depreciation and amortisation	552,308	516,736
Other expenses	3,772,757	9,077,644
Income tax expense	128,428	(774,424)
	<u>4,453,493</u>	<u>8,819,956</u>
Net profit after tax	<u>1,725,197</u>	<u>(1,947,593)</u>

COMMUNICATIONS (FIJI) LIMITED  
SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2015

STOCK EXCHANGE LISTING DISCLOSURES *continued*

(e) Top 20 Shareholders Report

Security: CFM                      Communications (Fiji) Limited  
Share Class: ORD                Ordinary Shares

Shareholder Name	No. of Shares	Total % Holdings
PARKINSON HOLDINGS LTD	1,881,341	52.88%
UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	388,627	10.92%
BSP LIFE (FIJI) LIMITED	275,855	7.75%
JP BAYLY TRUST	167,333	4.70%
MATT WILSON	112,736	3.17%
DEBORAH KEOLA YASMEEN DEAN	95,262	2.68%
FHL TRUSTEES LIMITED ATF FIJIAN HOLDINGS UNIT TRUST	69,385	1.95%
FIJICARE INSURANCE LIMITED	35,000	0.98%
LAUTOKA STEVEDORING (FIJI) COMPANY LTD	34,100	0.96%
AMY LYNN BERGQUIST	34,000	0.96%
AEQUI-LIBRIA ASSOCIATES INSURANCE BROKER LTD	26,700	0.75%
CARLISLE (FIJI) LIMITED	25,580	0.72%
ERIK LARSON AND KARLA LARSON-WADD, JTWROS	24,400	0.69%
IAN & LORETTA JACKSON	24,000	0.67%
ETA & RADIKE QEREQERETABUA	21,200	0.60%
GRAHAM EDEN	20,891	0.59%
REDDY'S ENTERPRISES LIMITED	20,000	0.56%
NABUKERU VILLAGE - APANISA	14,795	0.42%
ARTHUR JOHN REYNOLDS & JULIAN REYNOLDS	12,400	0.35%
JIGNESH CHAUHAN	12,000	0.34%
<b>Total</b>	<b>3,295,605</b>	<b>93%</b>

(f) Five year financial history	2015	2014	2013	2012	2011
			Restated	Restated	
	\$000	\$000	\$000	\$000	\$000
Net profit	1,456	1,475	1,515	2,219	642
Assets	14,550	14,392	13,860	14,805	12,369
Liabilities	2,686	3,277	3,636	4,838	4,966
Equity	11,864	11,115	10,225	9,967	7,404
Dividend per share					
Earning per share		40.91			
Net tangible asset per share		2.90			
Highest market price per share		4.16			
Lowest market price per share		4.12			
Market price per share at end of financial year		4.16			

(g) Board meeting attendance

Directors	28/01/2015	27/03/2015	18/06/2015	21/08/2015	27/11/2015	17/12/2015
Mathew Wilson	✓	✓	✓	✓	✓	✓
William Parkinson	✓	✓	✓	✓	✓	✓
Pramesh Sharma	✓	✓	✓	✓	✓	✓
Shaenaz Voss	✓	✓	x	✓	x	x
Vilash Chand (Alternate director)	n/a	n/a	✓	n/a	✓	✓

Keys:

- ✓ - Attended
- x - Apology
- n/a - Not applicable