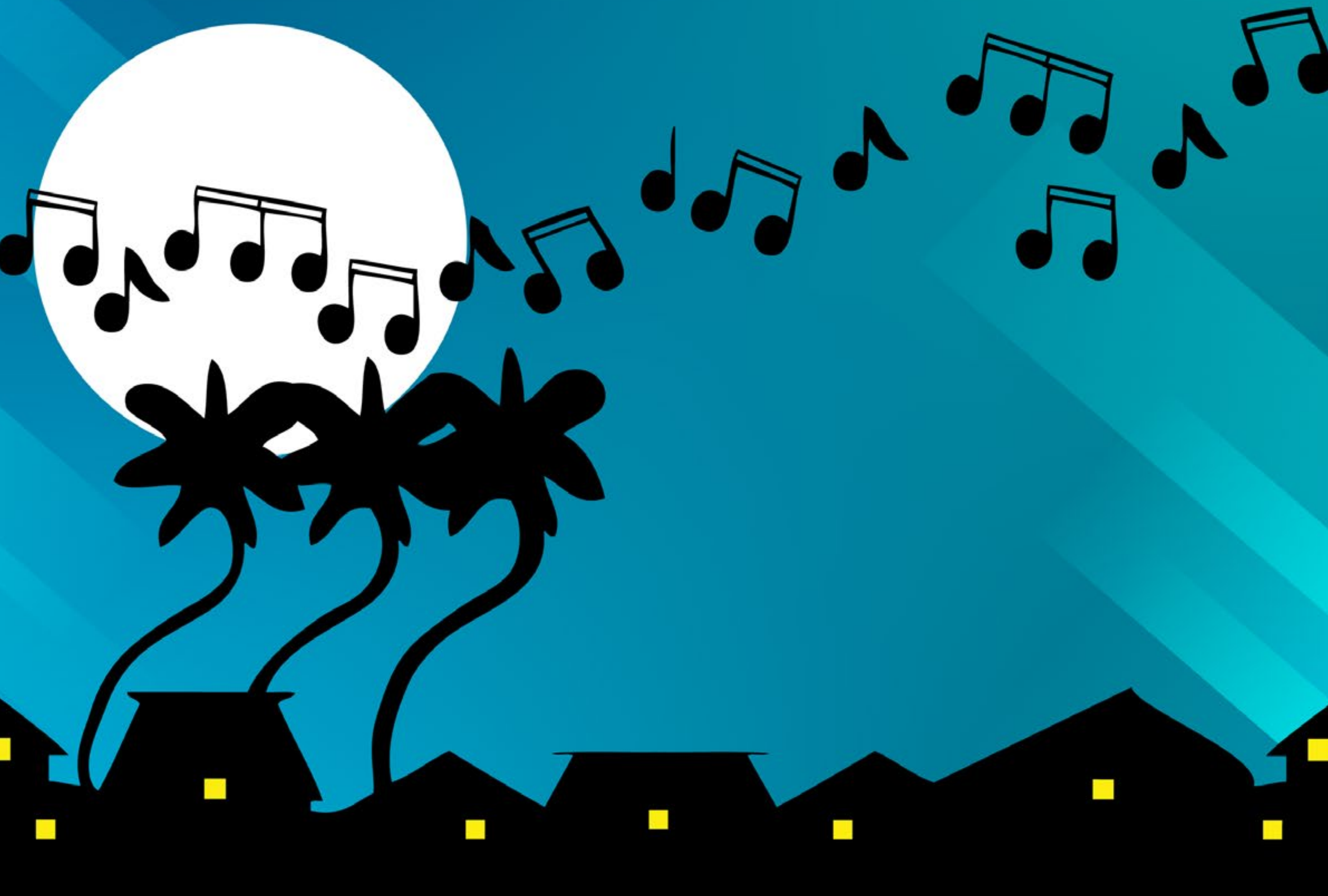
Communications Fiji Limited

ANNUAL REPORT 2019



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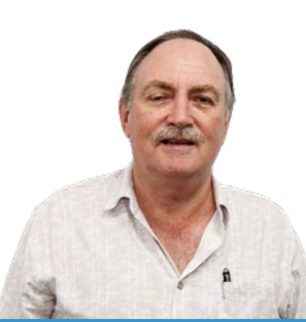
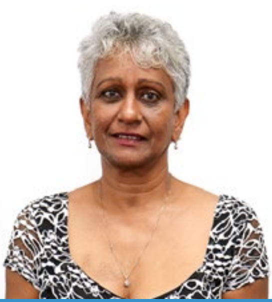
DIRECTORS, ADVISORS & EXECUTIVE COMMITTEE



William Parkinson
Chairman

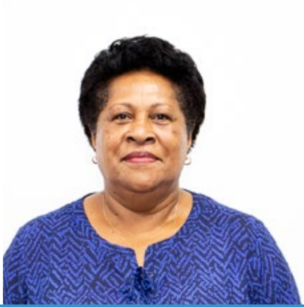
Pramesh Sharma
Director



Sufinaaz Dean
Director

Vilash Chand
Director

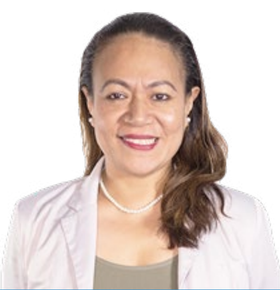
Josephine Yee Joy
Director



Thelma Savua
Director

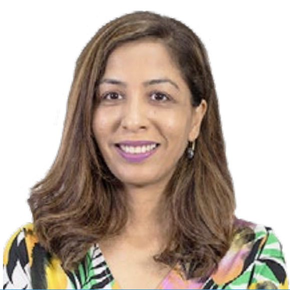
Seini Tinaikoro
Company Secretary - 2019

Charles Taylor
General Manager - PNG FM



Doris Southwick
Group Sales Director

Vijay Narayan
News Director



Jyoti Khatri
Chief Financial Officer

Satya Nand
Snr. Content Director

Auditors	Solicitors	Bankers	Registered Office	Share Registry
BDO	Siwatibau & Sloan Barristers & Solicitors	Westpac	231 Waimanu Road Suva	Central Share Registry Depository for your Wealth

MANAGEMENT TEAM

Maikeli Radua
Content Director - Viti FM

Philip Smith
Chief Engineer

Alex Elbourne
Content Director - Legend FM

Pratika Kumar
Financial Controller - Fiji

Aaron Ah Yuk
Digital Director

Tikiko Korocowiri
Manager Creative & Prod

Nanise Waqa
Administration Manager

Mahjabeen Khan
Event Coordinator

Rosemarie Botong
Sales Director

Genesis Ketan
News Director

Sam Kopi
Asst. Content Director - NAU FM

Vivian Dumit
Content Director - Yumi Fm

Michelle Lai
Content Director - Legend Fm

Talitha Ligo
Social Media Manager

Marisca Korerua
Event Manager

Clezy Rakole
Chief Engineer

William Bereung
Production Manager

Rau Kia
Team Leader – Finance & Admin

CHAIRMAN'S REPORT

The financial year, ending December 31st, 2019, proved challenging on several fronts. It was also a year of great change and achievement across the Communications Fiji Ltd (CFL) group.

In both Fiji and Papua New Guinea our teams navigated tough economic times with a rapidly slowing economy in Fiji and a typically turbulent Papua New Guinea.

The Fiji result was also impacted by having to run Fiji Showcase in the much smaller national gymnasium complex which resulted in lower profits from this key event. We received excellent results in the Tebbutt Research media surveys that ran in both countries in 2019. The PNG results stood out in particular as they proved that our radio stations enjoyed the largest audience reach of any media in the market. As a result, the PNG FM team were able to boost revenue in the last quarter as well as in the first quarter of 2020.

Shareholders can be very proud of the fact that the Communications Fiji Ltd radio stations now enjoy greater audience reach than any other media organisation in the South Pacific.

As shareholders will recall the Communications Fiji Ltd group has been steadily working on a corporate restructure process that commenced several years ago in the lead up to the retirement of long-time Chairman and co-founder Matt Wilson. This led to my own transition from Managing Director to Chairman. Our goal is to be an organisation that is no longer dependent on founding leadership but driven by strong independent boards and local management teams.

At the beginning of the year, I took up the role of Executive Chairman to drive this change process. The board aimed to complete the transition in 2019 so I could return to my role as Chairman and I am happy to report that we have been able to achieve this goal.

As the first step, we set, with wide participation across the team, a new strategic vision for the organisation. We also documented the values that we believe are at the core of our corporate culture. These now provide the foundation for planning and decision making in both Fiji and Papua New Guinea.

At the board level, Communications Fiji Ltd completed the drafting and implementation of charters for both the board and sub-committees along with various policies which are available on our new-look corporate website cfl.com.fj. I can report that we are now fully compliant with South Pacific Stock Exchange requirements.

Under the leadership of our two independent board members; Thelma Savua, Human Resources, and Josephine Yee Joy, Audit and Risk, our board sub-committees have been working with management to bring various systems and policies up to international governance standards.

At PNG FM Ltd we expanded the board to include a second independent board member, Sundar Ramamurthy. He joined a board led by long-time independent Chair and founding management team member Peter Aitsi. The board also includes me and our longest-serving Communications Fiji Ltd director Pramesh Sharma. The PNG FM board is now actively working with the management team and delivering great results.

I want to acknowledge and thank our boards in both Fiji and Papua New Guinea for their support and guidance through this period. Shareholders should feel fortunate that they are represented by Directors who bring significant experience and diversity of thought to the leadership of the Communications Fiji Ltd group.

If much was achieved at board level it didn't compare with the change at management level in both countries. As shareholders may recall we began 2019 without a General Manager for our Fiji operations. After reviewing the marketplace, the Communications Fiji Ltd board decided that the best person to take up the position was our current General Manager of PNG FM, Charles Taylor. However, we recognised that time was needed to develop his successor as well as prepare him for his new role in Fiji. In addition, the board saw the need for our executive teams to develop a better understanding of corporate governance standards and systems.

My appointment as Executive Chair allowed us the time to spend 2019 focusing on these challenges.

Actions included:

• Formation of executive management committees in Fiji and PNG.

CHAIRMAN'S REPORT

- Training for senior executives with Charles Taylor, Rosemary Botong, Jyoti Khatri and Doris Southwick completing management programs at the Melbourne Business School and University of New South Wales. Vijay Narayan and Satya Nand both attended the Australian Institute of Company Directors Fiji course.

- Development of comprehensive risk management programs across the company.

- A review of our team structures and compensation schemes.

In March 2020 Rosemary Botong was appointed General Manager of PNG FM Ltd. Unfortunately, due to travel restrictions following the COVID-19 pandemic, Charles Taylor is unable to return to Fiji to take up the General Manager position but will as soon as it is practical. He remains in an advisory capacity in PNG for the moment.

As part of his new role, Charles will continue to advise the PNG FM team and visit on a regular basis.

2019 has also seen greater sharing of ideas and resources between the Fiji and PNG teams. This has proved very useful in the current crisis and I expect this to grow.

As mentioned 2019 has been a year of tremendous personal growth across the organisation. This sets a strong foundation for the Communications Fiji Ltd group.

As part of our strategic review, we established that our biggest threat as a 'traditional' media organisation was the impact of online media. This is already clear in the Fiji market with a significant rise in the use of Google Ads and paid social media by local advertisers.

Our teams have been working with international consultants to confront this threat. Actions taken include:

- Redesign of our flagship online product fijivillage.com with a new look mobile-friendly format.

- Interactive websites for all our radio products.

- Increased use of social media platforms in partnership with our radio products.

- Launch of The Magic Factory as an internal multimedia production house.

Our aim is to interact with our listeners on multiple platforms connecting via broadcast (both through FM transmission and internet streaming), online through fijivillage.com, our websites and social media, and on the street through our event-based activities.

A good example of this was the Viti FM Live Mai concert held at the end of the year. This featured Fiji's top artists performing from our rooftop at 231 Waimanu Rd, with the spectacular Suva Harbour as a backdrop, with audio broadcast on Viti FM and a live video stream going worldwide via the internet. Over 51,000 people accessed the live stream.

This leads me to our challenges going forward. Over the last 35 years we have faced numerous crises but none of the magnitude of COVID-19. As it is for global business our dilemma is that we have no idea of the scale of the pandemic and its ultimate impact.

Fortunately, we are well equipped to deal with it:

- Financially both in Fiji and Papua New Guinea, we are debt-free with good cash reserves.

- Our management team is experienced and well prepared and has strong support from their respective boards.

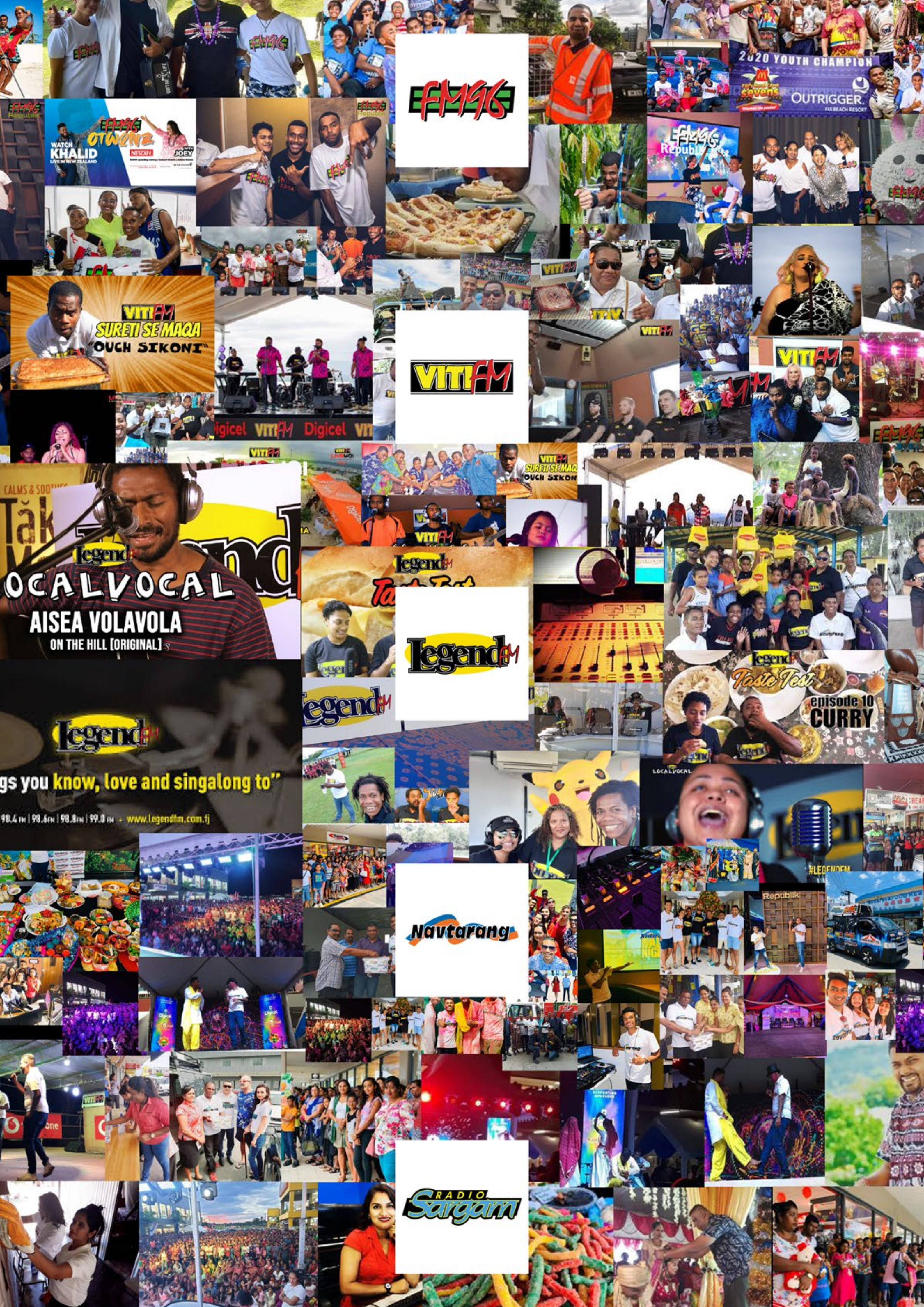
- We have a long history of being able to survive in tough times and are structured so we can cut costs quickly.

- Our media products are ready to compete and hold distinct advantages over other media organisations particularly in the digital space.

However, we cannot accurately forecast the future and so we commit to keeping shareholders updated with regular updates as 2020 unfolds.

It is difficult for me to express how proud I am, as a founder, of the growth and development shown across the Communications Fiji Ltd group in 2019. After 35 years of leading the organisation, I want to make sure Communications Fiji Ltd is future proof, with or without me, and while I am not planning to go anywhere soon I am confident that WE ARE READY!

William Parkinson
Chairman


FM96
VITI FM
Legend FM
Navtarang
RADIO Sargam
2020 YOUTH CHAMPION
OUTRIGGER
WATCH KHALID LIVE IN NEW ZEALAND
OTWONZ
SURETI SE MAQA
"OUCH SIKONI"
Digicel
LOCALVOCAL
AISEA VOLAVOLA
ON THE HILL [ORIGINAL]
Taste Test
episode 10
CURRY
gs you know, love and singalong to"
www.legendfm.com.fj
Republik

CORPORATE GORVENANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Principle	Requirement	Compliance Status
1. Establish clear responsibilities for board oversight	Separation of duties: Clear separation of duties between Board and Senior Management. Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	The role of the Board is to set corporate strategies and strategic direction to enhance shareholder's value. Decisions made by the Board should safeguard the interests of the shareholders by overseeing Management and regularly assessing controls and accountability systems. The Board is also responsible for establishing the organization's strategic goals, monitoring organisational performance and evaluating the achievement of the strategic and business plans. The two board sub-committees, Audit, Risk & Compliance and Remuneration & Human Resources, chaired by independent directors, are in place as part of good corporate governance and best practice. In addition, the Board of Communications Fiji Ltd adopted the Board Charter in early 2019. Policies and procedures on whistle blowing, shareholder grievances and the preservation of documents are in place.
2. Constitute an effective Board	Board Composition: Balanced Board Composition with Executive and Non-Executive directors of which 1/3rd of total number of directors to be independent directors.	The CFL Board comprises of six directors two of which are independent and four representing significant shareholders. All Directors are qualified individuals with wide experience in the media industry and the commercial sector. Appointments are based on qualification, skill, experience, knowledge and integrity of the individual. All appointments and removal of directors are confirmed at the Annual General Meeting.
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	Recently, the Board adopted a Diversity Policy to not only maintain a 50-50 gender balance but to also ensure that the Board comprises men and women with the relevant blend of differing skills, experience and perspectives.

CORPORATE GORVENANCE

Communications Fiji Limited

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	Nomination Committee: Selection, approval, renewal and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	The Human Resources sub-committee acts where necessary as the nomination sub-committee .
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	We will be looking to implement an evaluation process in 2020
	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	The Company supports ongoing directors' training.
	Board Sub-committees: Board must have sub-committees which must at a minimum include - • Audit Committee; • Risk Management Committee; and • Nomination Committee/Recruitment Committee.	The two sub-committees in place are Audit, Risk & Compliance sub-committee which is chaired by Ms. Josephine Yee Joy and Remuneration & Human Resources sub-committee which is chaired by Ms. Thelma Savua. The chairs of these committees are Independent Directors.
3. Appointment of Chief Executive Officer/ Managing Director	CEO: To appoint a suitably qualified and competent Chief Executive Officer/ Managing Director	In 2019, William Parkinson was appointed as Executive Chairman for an interim period until such time that a suitable General Manager is recruited for Fiji operations. William Parkinson continued in his current role as Executive Director PNG FM Ltd for 2019. The Board also appointed an Executive Committee comprising Charles Taylor, Jyoti Khatri, Doris Southwick, Satya Nand and Vijay Narayan to oversee operations. Mr Taylor will take up the position of General Manager as soon as he is able to return to Fiji from Papua New Guinea where he has been General Manager of PNG FM Ltd. The Board also provides oversight of the GM/Executive Committee, in particular monitoring to ensure the GM's actions are consistent with the strategy and policies approved by the Board, setting formal performance standards consistent with the long-term objectives, strategy and financial soundness of the Company, monitoring performance against these standards; and ensuring that the GM's knowledge and expertise remain appropriate given the nature of the business.

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4. Appointment of a Board and Company Secretary	Company Secretary: Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	In recognition of the increasing demands arising from corporate governance, the Board contracted Siwatibau and Sloan, solicitors, to provide company secretarial services. They in turn nominated Ms. Seini Tinaikoro who was appointed Company Secretary in January 2019
5. Timely and balanced disclosure	Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.	Board meetings are held on a quarterly basis where the company's performance, strategies and operating results are discussed. Major decisions are deliberated and approved by the Board. Board sub-committee meetings are currently scheduled for twice per annum from 2019. All the required material information is released periodically to the public through market announcements, as required under the rules of the South Pacific Stock Exchange. In between meetings, the Board is kept informed by management on all the relevant matters transacting during the period.
	Payment to Directors & Senior Management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.	Annual Report discloses all payments made to directors and senior management.
	Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	All the disclosures are made in timely manner and are available on CFL's corporate website and SPX website.
6. Promote ethical and responsible decision-making	Code of Conduct: To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	The Board realizes that no organization can flourish if there is an absence of ethical and responsible decision making. Therefore, the Board has placed strong emphasis on encouraging management to engage in discussions and training that would foster improved ethical and responsible decision making. The Board has established a Code of Conduct which is posted on CFL's website

CORPORATE GORVENANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. Register of Interests	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	The declarations of interests of directors are noted during Board meetings, as and when a situation arises.
8. Respect the rights of shareholders	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	The shareholders of CFL are well informed through market announcements, media briefings and the Annual General Meeting. Shareholders are invited to participate in AGM and are given an opportunity to communicate with the Board of Directors in that forum. The Company also has an official website www.cfl.com.fj which is updated on a regular basis.
	Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	CFL has a corporate website cfl.com.fj where all the information related to the entity is published for the benefit of our shareholders.
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	The Company Secretary/Compliance Officer is in charge of addressing shareholders' grievances. A grievance policy is in place.
	Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	There were no complaints received during the year.
	Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	This remains at the heart of all discussions and decision making. In 2019 the Company adopted a new vision statement and values that are widely distributed throughout the organisation.
9. Accountability and audit	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	Each subsidiary is audited annually by an external auditor and an Independent audit report is presented to the Board. This report also forms part of the Annual Report. External auditors are appointed every year by shareholders in the Annual General Meeting.

CORPORATE GORVENANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Company does not have an internal audit team. Special projects relating to Audit are performed by the Finance team and reports are presented to Management, Audit,, Risk & Compliance sub-committee and the Board. The establishment of the Board Audit, Risk & Compliance sub-committee in 2019 has enhanced the oversight role in the internal controls process.
	External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	The appointment of external auditor is done in the AGM by shareholders.
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	As part of good governance and best practice, tenders were invited for supply of services for external audit. CFL appointed BDO as our new auditors in 2019. Tenders were reviewed by the Audit, Risk & Compli-ance sub- committee and approved by the board and then shareholders in the AGM.
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	We have Audit, Risk & Compliance sub-committee which is spearheaded by independent director Ms Josephine Yee Joy, who has wide experience in Finance and corporate governance
10. Risk Management	Risk Management Policy: To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Board Audit, Risk & Compliance sub-committee has strengthened risk management initiatives. Both Fiji and Papua New Guinean operations have internal risk management committees in place that report directly to the Fiji Executive Committee and GM PNG and ultimately to their respective Boards.
	Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act. [Refer Rule 68 of the Listing Rules]	The Company Secretary is appointed as the Whistle Officer under the Whistle Blower Policy and is appointed to receive Protected Disclosures from Whistle Blowers and handle investigations of the Protected Disclosures in accordance with the Whistle Blower Policy.

DIRECTORS REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the consolidated statement of financial position of Communications Fiji Limited and its subsidiary company, PNG FM Limited (together "group") as at 31 December 2019, the related consolidated statement of profit or loss and other 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:

The names of directors of the holding company at the date of this report are:

William Parkinson	Vilash Chand
Pramesh Sharma	Thelma Savua
Josephine Yee Joy	Sufinaaz Dean

Principal activity

The principal business activity of the holding company and the subsidiary company in the course of the year was the operation of commercial radio stations. There has been no significant change in this activity during the year. The associate companies provide cinema entertainment and rent out a property.

Results

The operating group profit for the year was $2,234,010 (2018: $2,943,789) after providing $450,749 (2018: $539,755) for income tax expense.

Dividends

During the year, the holding company declared and paid dividends amounting to $711,600 (2018: $1,067,400).

Basis of Accounting - Going Concern

Notwithstanding the recent novel coronavirus (COVID-19) global outbreak and significant economic uncertainty resulting therefrom, the financial statements of the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the group has plans and strategies, together with the support of its principal shareholders and lenders to generate required funding to meet its liabilities as and when they fall due over the next twelve months. Accordingly, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

Bad Debts and Allowance for Impairment Loss

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

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

Current and Non-Current Assets

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

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

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

Events Subsequent to Balance Date
The novel coronavirus (COVID-19) global outbreak, developed subsequent to year end, presents a significant challenge for Fiji and the entire world. The impact of the coronavirus outbreak on public life and the economy in Fiji is expected to affect the overall operations of the group including its liquidity and cash flows for the 2020 financial year. The group cannot quantify the magnitude and duration of the negative impact on the financial performance of the group in 2020 at this time given the fluidity of the situation. The group continues to monitor and assess its business operations daily, and will undertake actions as appropriate. In connection with the COVID-19 global outbreak, the group has implemented precautionary measures, protocols and have various plans for alternative arrangements and strategies under different scenarios to minimize the disruptions to its day to day operations and continue with its business as usual.

In the event, the situation becomes worse and have a prolonged negative impact to day to day operations of the business and Fiji economy, the group may not be able to realize the carrying values of its assets and liabilities recorded in books as at 31 December 2019 at its recorded values, and adjustments may be required in the 2020 financial year in relation to these added risks and material uncertainties. At this stage, the financial statements do not reflect uncertain financial implications, if any, arising from this situation.

Other Circumstances

As at the date of this report:

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

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

(iii) no contingent liabilities or other liabilities of any company in the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the 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 group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the group misleading or inappropriate.

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

DIRECTORS REPORT (Cont'd)

Directors' Interests

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

	Direct interest	Indirect interest
Thelma Savua	2,000	Nil
Sufinaaz Dean	Nil	934,170
William Parkinson	Nil	934,171

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

Dated this 27th day of March 2020.

....
Director

....
Director

Communications Fiji Limited & Subsidiary Company

DIRECTORS DECLARATION

The declaration by directors is required by the Companies Act, 2015.

The directors of the holding company have made a resolution that declares:

(a) In the opinion of the directors, the financial statements of the group for the financial year ended 31 December 2019:

  (i) comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the group as at 31 December 2019 and of the performance and cash flows of the group for the year ended 31 December 2019; and

  (ii) have been prepared in accordance with the Companies Act, 2015.

(b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and

(c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

Dated this 27th day of March 2020.

....

Director Director

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

Communications Fiji Limited & Subsidiary Company

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Communications Fiji Limited

As group auditor for the audit of Communications Fiji Limited and Subsidiary Company for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

27 March 2020

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Communications Fiji Limited

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Communications Fiji Limited and its subsidiary company (the group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Goodwill (Refer Disclosure Note 15) The net goodwill balance at 31 December 2019 was $1,137,000 (2018: $1,137,000). Management is required to carry out an annual impairment test. This process is complex and highly judgmental given the indefinite nature of the goodwill. It is based on assumptions about future growth and discount rates, which can be sensitive particularly in certain jurisdictions where the growth rates are typically linked to individual country GDP and country wage inflation. Therefore, a risk exists that goodwill is overstated on the balance sheet should any judgments or assumptions be considered inappropriate. Refer to the goodwill impairment critical accounting judgment and note 3(c) to the financial statements for further detail.	We have: – assessed the design and implementation of key controls around the impairment review process; – performed a detailed review of the models used including the assumptions used; – assessed the reasonability of key assumptions (including discount rates and growth rates); – assessed the reasonableness of forecast future cash flows by comparison to historical performance and future outlook; – performed sensitivity analysis on key assumptions, including discount rates adopted; and – performed a detailed review of the disclosures in respect of impairments and impairment testing adopted by management.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Communications Fiji Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
The recent novel corona virus pandemic outbreak and its potential impact to the business operations	
The novel coronavirus (COVID-19) global outbreak, developed subsequent to year end, presents a significant challenge for Fiji and the entire world. The impact of the coronavirus outbreak on public life and the economy in Fiji is expected to affect the overall operations of the group including its liquidity and cash flows for 2020 financial year. We have considered this as a key audit matter given the significance of this crisis and likely implications to businesses and operations.	- Determining whether the coronavirus pandemic was a condition in existence at the year- end date versus being a non-adjusting subsequent event. - Evaluating management's assessment that no material uncertainty exists related to going concern. - Determining the potential impact of the coronavirus outbreak on the valuation of assets and liabilities, including specific accounting decisions to; or make other significant adjustments to Financial Statement Areas. - Determining the adequacy of nature and extent of subsequent event disclosures.

Other Information

The Management and Directors are responsible for the other information. The other information that we received comprise of the information included in the directors report and the listing requirements of South Pacific Stock Exchange included in the Annual Report of the group for the year ended 31 December 2019 but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Directors for the Consolidated Financial Statements

The management and directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act, 2015 and for such internal control as the management and directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management and directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the companies in the group or to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Communications Fiji Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and directors.

- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the companies in the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management and directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Communications Fiji Limited (Cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the group has kept financial records sufficient to enable the consolidated financial statements to be prepared and audited.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

27 March 2020

Communications Fiji Limited & Subsidiary Company

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
Radio income	7(a)	$ 12,361,471	$ 12,286,547
Other revenue	7(b)	1,171,365	1,542,626
Salaries and employee benefits	7(c)	(4,336,036)	(4,242,988)
Depreciation and amortization	7(d)	(2,145,163)	(1,880,971)
Impairment loss on trade receivables		(27,632)	(41,596)
Other expenses	7(e)	(4,796,300)	(4,423,488)
Profit from operations		**2,227,705**	**3,240,130**
Finance costs	7(f)	(169,466)	(221,040)
Share of profit of Joint Venture	14	626,520	464,454
Profit before income tax		**2,684,759**	**3,483,544**
Income tax expense	8	(450,749)	(539,755)
Net profit for the year		**2,234,010**	**2,943,789**
Other comprehensive expense			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation	24	(9,842)	(71,387)
Other comprehensive expense for the year		(9,842)	(71,387)
Total comprehensive income for the year		**2,224,168**	**2,872,402**
Earnings per share (cents)	9	$ 62.79	$ 82.74

The accompanying notes form an integral part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Communications Fiji Limited & Subsidiary Company

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019	2018
Current assets			
Cash and cash equivalents		$ 813,196	$ 1,069,433
Trade receivables	11	2,674,905	2,032,119
Prepayments and other assets	13	349,109	359,797
Current tax asset	8(b)	151,818	14,629
Other investments	21	820,272	-
Total current assets		**4,809,300**	**3,475,978**
Non-current assets			
Investment in associates and joint ventures	14	2,905,617	2,404,097
Intangible assets	15	1,360,369	1,385,009
Property, plant and equipment	16	6,496,601	6,640,334
Right-of-use assets	17	2,125,512	1,792,782
Deferred tax assets	8(c)	34,908	35,463
Total non-current assets		**12,923,007**	**12,257,685**
Total assets		**17,732,307**	**15,733,663**
Current liabilities			
Trade and other payables	19	985,083	941,585
Employee benefit liabilities	23	165,037	165,198
Bank overdraft	20	202,027	-
Lease liability	18	855,580	674,036
Total current liabilities		**2,207,727**	**1,780,819**
Non-current liabilities			
Employee benefit liabilities	23	95,952	78,484
Deferred tax liability	8(c)	72,119	84,182
Lease liability	18	1,186,141	1,132,378
Total non-current liabilities		**1,354,212**	**1,295,044**
Total liabilities		**3,561,939**	**3,075,863**
Net assets		**14,170,368**	**12,657,800**
Shareholders' equity			
Share capital	22	3,619,500	3,619,500
Foreign currency translation reserve	24	(597,043)	(587,201)
Retained earnings		11,147,911	9,625,501
Total equity		**$ 14,170,368**	**$ 12,657,800**

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

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

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Director Director

Communications Fiji Limited & Subsidiary Company

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Inflows/ (Outflows)	2018 Inflows/ (Outflows)
Operating activities			
Receipts from customers		$ 12,872,456	$ 13,812,646
Payments to suppliers and employees		(9,099,134)	(8,747,545)
Interest and bank charges paid		(169,466)	(221,040)
Interest income received		11,103	-
Income tax paid		(569,816)	(478,785)
Net cash provided by Operating Activities		**3,045,143**	**4,365,276**
Investing activities			
Proceeds from sale of plant and equipment		130,017	85,070
Acquisition of plant, equipment and intangibles		(1,310,356)	(1,959,670)
Payment for other investments		(820,272)	-
Dividends received		125,000	100,000
Net cash flows used in Investing Activities		**(1,875,611)**	**(1,774,600)**
Financing activities			
Dividends paid to equity holders of the parent		(711,600)	(2,241,540)
Prepayment of secured loan		-	(810,110)
Repayment of secured loan principal		-	(51,075)
Repayment of lease liability		(912,478)	(492,239)
Net cash flows used in Financing Activities		**(1,624,078)**	**(3,594,964)**
Net decrease in cash held		(454,546)	(1,004,288)
Cash and cash equivalents at the beginning of year		1,069,433	2,055,770
Effects of exchange rate changes on opening cash balances		(3,718)	17,951
Cash and cash equivalents at the end of year	12	**$ 611,169**	**$ 1,069,433**

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

Communications Fiji Limited & Subsidiary Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
Retained earnings			
Balance at the beginning of the year		$ 9,625,501	$ 7,749,112
Operating profit after tax		2,234,010	2,943,789
Dividends paid/proposed	10	(711,600)	(1,067,400)
Balance at the end of the year		11,147,911	9,625,501
Foreign currency translation reserve			
Balance at the beginning of the year		(587,201)	(515,814)
Movement arising on translation of the financial statements of foreign subsidiary		(9,842)	(71,387)
Balance at the end of the year	24	(597,043)	(587,201)
Share capital			
Balance at the beginning of the year	22	3,619,500	3,619,500
Movement during the year		-	-
Balance at the end of the year		3,619,500	3,619,500
Total equity		**$ 14,170,368**	**$ 12,657,800**

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

NOTE 1. GENERAL INFORMATION

a) Corporate Information

The consolidated financial statement of Communications Fiji Limited and its subsidiary company ("the group") for the year ended 31 December 2019 was authorized for issue with a resolution of the directors on 27 March 2020. Communications Fiji Limited ("the Company") is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

b) Principal Activity

The principal business activity of the holding company and the subsidiary company in the course of the year was the operation of commercial radio stations. There has been no significant change in this activity during the year. The associate companies provide cinema entertainment and rent out a property.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for the valuation of financial assets at fair value through other comprehensive income. Historical cost is based on the fair values of the consideration given in exchange for assets.

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements have been disclosed under notes to the financial statements, where applicable.

b) Statement of compliance

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards ('IFRS') and in compliance with the requirements of the Companies Act, 2015.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 31 December 2019. 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.

NOTE 2. BASIS OF PREPARATION (Cont'd)

c) Basis of consolidation (Cont'd)
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, the 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 1.5801 (2018:1.5430:1) while the average rate used to translate revenue and expense accounts was 1.4542 (2018: 1.461:1).

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

e) Changes in Accounting Policies
i. Amendments to standards and annual improvements effective from 1 January 2019

Certain new standards are effective for the first time for periods beginning on (or after) 1 January 2019. However, there has been no material effect on the group's financial statements of the below amendment:

- *IFRIC 23 Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies how to recognize and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments.

Other new and amended Standards and Interpretations issued by the IASB that will apply for the first time in the annual financial statements are not expected to impact the group as they are either not relevant to the group's activities or require accounting which is consistent with the group's current accounting policies and so have not been discussed in detail in the notes to the financial statements.

NOTE 2. BASIS OF PREPARATION (Cont'd)

e) Changes in Accounting Policies (Cont'd)

ii. New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 December 2019

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- *IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)*
- *IFRS 3 Business Combinations (Amendment – Definition of Business)*
- *Revised Conceptual Framework for Financial Reporting*

The group is currently assessing the impact of these new accounting standards and amendments. The group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

f) Basis of Accounting - Going Concern

Notwithstanding the recent novel coronavirus (COVID-19) global outbreak and significant economic uncertainty resulting therefrom, the financial statements of the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the group has plans and strategies, together with the support of its principal shareholders and lenders to generate required funding to meet its liabilities as and when they fall due over the next twelve months. Accordingly, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the group are stated to assist in a general understanding of the consolidated financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

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 Profit or Loss 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 Profit or Loss 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 is 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 Profit or Loss when the asset is derecognized.

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

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 is shown on the face of the Statement of Profit or Loss and Other 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.

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 Profit or Loss and Other Comprehensive Income.

Upon loss of significant influence over the associate or 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, 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.

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

c) Impairment of Non-Financial Assets (Cont'd)
Impairment losses of continuing operations are recognized in the Statement of Profit or Loss and Other 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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income.

d) Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

d) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; (Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the group changes its business model for managing financial assets.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

d) Financial Instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Derecognition

Financial assets
The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (3(d)(iii))) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (3(e)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see (3(f)).

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

d) Financial Instruments (Cont'd)

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Impairment of Financial Instruments

The group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. No impairment loss is recognised on equity investment.

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

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

e) Impairment of Financial Instruments (Cont'd)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the com pany expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

f) Finance income and finance costs

The group's finance income and finance costs include:
- interest income on term deposit;
- bank administration charges;
- Interest expense on lease liabilities.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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

f) Finance income and finance costs (Cont'd)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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 Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consider ation to be paid in the future for goods and services received whether or not billed to the entity.

i) 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 Profit or Loss and Other Comprehensive Income.

j) Leases

In the prior year, the group early adopted IFRS 16 and applied it using the modified retrospective approach and therefore the comparative information was not restated.

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

j) Leases (Cont'd)

To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

• the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

• the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

• the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:

- the group has the right to operate the asset; or

- the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable as a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

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

j) Leases (Cont'd)

Policy applicable as a lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the group's consolidated statement of financial position. Payments made under operating leases were recognised in consolidated Statement of Profit or Loss and Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

k) Revenue

The group recognises revenue from selling goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue is recognised at an amount that reflects the consideration that the group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract;
- Identification of separate performance obligations for each good or service;
- Determination of the transaction price;
- Allocation of the price to performance obligations; and
- Recognition of revenue.

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.

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

l) 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.

m) 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.

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 Profit or Loss and Other Comprehensive Income.

n) 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.

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.

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

n) Business Combinations and Goodwill (Cont'd)

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.

o) 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

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

o) Taxes (Cont'd)
- 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.

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.

NOTE 4. RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units. The board of directors provide policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Financial Risks
The main financial risks to the group are the following:

i. 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.

NOTE 4. RISK MANAGEMENT (Cont'd)

(a) Financial Risks (Cont'd)

ii. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk.

Impairment loss on financial assets amounting to $27,632 (2018: $41,596) was recognised in profit or loss for the year.

Trade and other receivables

Expected credit loss assessment for trade and other receivables as at 31 December 2019

The group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2019:

	Weighted-Average Loss Rate %	Gross Carrying Amount $	Loss Allowance $	Credit Impaired
31 December 2019				
Current (not past due)	1.53%	1,366,876	20,895	No
30 days past due	2.51%	681,157	17,107	Yes
60 days past due	7.81%	434,950	33,978	Yes
More than 90 days past due	11.94%	275,992	32,961	Yes
		2,758,975	104,941	
Debtors specifically assessed		209,904	189,033	Yes
		2,968,879	**293,974**	

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

NOTE 4. RISK MANAGEMENT (Cont'd)

(a) Financial Risks (Cont'd)

ii. Credit risk (Cont'd)

Trade and other receivables (Cont'd)

Movements in the allowance for impairment loss in respect of trade receivables

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

	2019
Balance at 1 January 2019	303,366
Charge for the year	27,632
Debtors written off against allowance	(31,391)
Translation adjustment	(5,633)
Balance at 31 December 2019	**293,974**

Cash at bank

The group held cash of $813,196 at 31 December 2019 (2018: $1,069,433). It also held term deposit of $820,272 (2018: $Nil) as at balance date. Cash are held with bank and financial institutions, which have sound credit ratings.

The group considers that its cash have low credit risk based on the external credit ratings of the counterparties.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure availability of funding. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

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

	Contractual undiscounted cash flows				
	Gross Carrying Amount $	Total $	Less than year $	1-5 Years $	5+ Years $
At 31 December 2019					
Trade and other payables	985,083	985,083	985,083	-	-
Bank overdraft	202,027	202,027	202,027	-	-
Lease liability	2,041,721	2,690,965	997,133	850,938	842,894
	3,228,831	**3,878,075**	**2,184,243**	**850,938**	**842,894**
At 31 December 2018					
Trade and other payables	941,585	941,585	941,585	-	-
Lease liability	1,806,414	2,521,569	846,051	808,413	867,105
	2,747,999	**3,463,154**	**1,787,636**	**808,413**	**867,105**

NOTE 4. RISK MANAGEMENT (Cont'd)

(b) Other Risks

i. Operational Risks

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

ii. Regulatory Risk

The group's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji and Papua New Guinea.

Also, the salaries and wages payable to workers are subject to the wages regulations and employment legislations. Licensing authorities in respective countries regulate the licensing aspects required for operations.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Note 3(c) - Impairment of non-financial assets

Note 3(d) – Impairment of financial instruments

Note 3(i) - Depreciation of property, plant and equipment

NOTE 6. SEGMENT INFORMATION

The holding company and its subsidiary operate predominantly in radio broadcasting services industry. The holding company operates in Fiji while its subsidiary operates in Papua New Guinea.

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 2019 and 2018.

Year ended 31 December 2019	PNG $	Fiji $	Eliminations $	Total $
Revenue				
External sales	**6,603,417**	**5,758,054**	-	**12,361,471**
Results				
Segment result	1,385,352	842,353	-	2,227,705
Net finance costs	(112,845)	(56,621)	-	(169,466)
Share of profit of joint venture	-	626,520	-	626,520
Profit before income tax	**1,272,507**	**1,412,252**	-	**2,684,759**
Income tax expense	(383,939)	(66,810)	-	(450,749)
Net profit	**888,568**	**1,345,442**	-	**2,234,010**
Year ended 31 December 2019				
Assets and liabilities				
Segment assets	5,804,437	10,256,383	(1,234,130)	14,826,690
Investment in joint venture	-	2,905,617	-	2,905,617
Total assets	**5,804,437**	**13,162,000**	**(1,234,130)**	**17,732,307**
Segment liabilities	2,410,010	1,741,999	(590,070)	3,561,939
Total liabilities	**2,410,010**	**1,741,999**	**(590,070)**	**3,561,939**
Other segment information				
Capital expenditure:				
- tangible fixed assets	235,404	1,059,896	-	1,295,300
- intangible assets	-	15,056	-	15,056
Amortization of intangible assets	5,864	33,669	-	39,533
Depreciation of property, plant and equipment	482,999	807,577	-	1,290,576
Doubtful and bad debts	-	27,632	-	27,632
Cash flows				
Operating activities	1,869,041	1,176,102		
Investing activities	(537,193)	(1,338,418)		
Financing activities	(673,780)	(950,298)		

NOTE 6. SEGMENT INFORMATION

Year ended 31 December 2018	PNG $	Fiji $	Eliminations $	Total $
Revenue				
External sales	**6,408,998**	**5,758,054**	-	**12,286,547**
Results				
Segment result	1,319,149	1,929,113	(8,132)	3,240,130
Net finance costs	(162,499)	(58,541)	-	(221,040)
Share of profit of joint venture	-	464,454	-	464,454
Profit before income tax	1,156,650	2,335,026	(8,132)	3,483,544
Income tax expense	(378,765)	(160,990)	-	(539,755)
Net profit	**777,885**	**2,174,036**	**(8,132)**	**2,943,789**
Assets and liabilities				
Segment assets	4,325,584	9,997,695	(993,713)	13,329,566
Investment in joint venture	-	2,404,097	-	2,404,097
Total assets	**4,325,584**	**12,401,792**	**(993,713)**	**15,733,663**
Segment liabilities	1,687,003	1,615,636	(226,776)	3,075,863
Total liabilities	**1,687,003**	**1,615,636**	**(226,776)**	**3,075,863**
Other segment information				
Capital expenditure:				
- tangible fixed assets	684,344	1,270,123	-	1,954,467
- intangible assets	-	5,202	-	5,202
Amortization of intangible assets	5,839	32,861	-	38,700
Depreciation	486,879	718,498	-	1,205,377
Doubtful and bad debts	7,368	34,228	-	41,596
Cash flows				
Operating activities	1,436,425	2,928,851		
Investing activities	(661,734)	(1,112,866)		
Financing activities	(2,309,628)	(1,285,336)		

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

NOTE 7. REVENUE AND EXPENSES

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

	2019	2018
a) Radio income		
Advertising income	$ 10,579,304	$ 11,320,300
Total Event Company Limited income and other commercial income	1,782,167	966,247
	12,361,471	**12,286,547**
b) Other revenue		
Other income	430,026	620,056
Gain on disposal of assets	16,249	23,526
Cinema advertising	705,323	889,308
Interest income	19,767	9,736
	$ 1,171,365	**$ 1,542,626**

NOTE 7. REVENUE AND EXPENSES (Cont'd)

	2019	2018
c) Salaries and employee benefits		
Superannuation and FNU levy	$ 308,443	$ 332,067
Salaries and wages	3,125,093	2,925,299
Staff commission and bonus	387,558	609,286
Staff training	181,239	36,929
Other staff cost	333,703	339,407
	4,336,036	**4,242,988**
d) Depreciation and amortization		
Depreciation on property, plant and equipment	1,290,576	1,229,724
Amortisation of Right to Use Assets	815,054	612,547
Amortization of intangible assets	39,533	38,700
	2,145,163	**1,880,971**
e) Other expenses		
Auditors remuneration - audit fees	45,000	47,225
- other services	12,500	5,250
Bad debts	-	16,492
Directors' remuneration	145,063	224,922
Operating leases – short term and low value	60,143	170,314
Other operating expenses	4,533,594	3,959,285
	4,796,300	**4,423,488**
f) Finance costs		
Bank loans	18,023	57,335
Interest on lease liability	151,443	163,705
	169,466	**221,040**

NOTE 8. INCOME TAX

a) Income Tax Expense

The prima facie income tax payable on profit is reconciled to the income tax expense as follows:

	2019	2018
Accounting profit before income tax	**2,684,759**	**3,483,544**
Prima facie tax thereon: - Fiji rate of 10%	141,225	348,354
- PNG rate of 30%	381,752	232,143
Tax effect of non-deductible items	11,631	(38,236)
Share of profit of associate or joint venture non-deductible/non-taxable	(62,652)	46,445
Other	-	(57,508)
Under/(over) provision of income tax expense in prior year	(21,207)	8,557
Income tax expense attributable to operating profit	**$ 450,749**	**$ 539,755**

NOTE 8. INCOME TAX (Cont'd)

	2019	2018
b) Current tax asset		
Opening balance	$ 14,629	$ 68,668
Income tax paid	569,816	478,785
Tax liability for the year	(420,428)	(532,824)
Under provision of current tax in prior year	(12,080)	-
Translation adjustment	(119)	-
Total current tax asset	**151,818**	**14,629**
c) Deferred tax		
Deferred tax assets/liabilities at 31 December relates to the following:		
Allowance for impairment loss	73,484	78,312
Employee entitlements	67,255	59,928
Accelerated depreciation for tax purposes	(197,818)	(210,405)
Accruals and prepayments	-	23,446
Difference between right to use asset and lease liabilities	19,868	-
Net deferred tax liability	**(37,211)**	**(48,719)**
Represented on the consolidated statement of financial position as:		
Deferred income tax asset	34,908	35,463
Deferred tax liability	(72,119)	(84,182)
	(37,211)	**(48,719)**

NOTE 9. EARNINGS PER SHARE

	2019	2018
Operating profit after income tax	2,234,010	2,943,789
Weighted average number of shares outstanding	3,558,000	3,558,000
Basic earnings per share (cents)	**62.79**	**82.74**

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.

NOTE 10. DIVIDENDS PAID AND PROPOSED

	2019	2018
Declared and paid in year:		
Final dividend for 2017: 12 cents	-	426,960
1st Interim dividend for 2018: 8 cents	-	284,640
2nd Interim dividend for 2018: 10 cents	-	355,800
Final dividend for 2018: 12 cents	426,960	-
1st Interim dividend for 2019: 8 cents	284,640	-
Total dividend declared and paid	**$ 711,600**	**$ 1,067,400**

NOTE 11. TRADE RECEIVABLES

	2019	2018
Trade receivables	$ 2,968,879	$ 2,335,485
Estimated credit loss	(293,974)	(303,366)
	2,674,905	**2,032,119**

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

NOTE 12. 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:

	2019	2018
Cash at bank (i)	813,196	1,069,433
Bank overdraft	(202,027)	-
Total cash and cash equivalents	**611,169**	**1,069,433**

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTE 13. PREPAYMENTS AND OTHER ASSETS

	2019	2018
Current		
Refundable deposits	170,287	168,255
Prepayments	143,746	119,076
Other receivables	35,076	72,466
Total prepayments and other assets	**$ 349,109**	**$ 359,797**

NOTE 14. INVESTMENT IN ASSOCIATE AND JOINT VENTURE

(a) Investment in 231 Waimanu Rd Holdings Pte Limited

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

NOTE 14. INVESTMENT IN ASSOCIATE AND JOINT VENTURE (Cont'd)

	2019	2018
Current assets, including cash and cash equivalents and Prepayments	$ 111,995	$ 77,744
Non-current assets	7,000,000	5,842,606
Current liabilities, including tax payable	(32,364)	(31,682)
Non-current liabilities, including deferred tax liabilities	(1,268,397)	(1,080,475)
Net assets	5,811,234	4,808,193
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Pte Limited	**2,905,617**	**2,404,097**
Summarized statement of profit or loss of 231 Waimanu Rd Holdings Pte Limited:		
Revenue	472,598	451,332
Expenses	(105,885)	(97,668)
Change in fair value of investment property	891,463	1,070,019
Profit before tax	1,258,176	1,423,683
Income tax expense	(251,670)	(494,775)
Profit for the year	**1,006,506**	**928,908**
Group's share of profit for the year	503,253	464,454
Adjustment on group's share of profit for prior year	123,267	-
Total share of profit from associate	**626,520**	**464,454**

231 Waimanu Rd Holdings Pte Limited had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

(a) Investment in Paradise Cinemas (PNG) Limited

The subsidiary, PNG FM Limited has a 43.87% (2018:43.87%) 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. The Group has entered into an agreement to sell its investment in Paradise Cinemas. At the date of this report, the settlement of the sale has not been completed. Summarized financial information of Paradise Cinemas (PNG) Limited are set out below:

	2019	2018
Current assets, including cash and cash equivalents and prepayments	411,568	622,774
Non-current assets	-	-
Current liabilities, including tax payables	(358,642)	(342,713)
Non-current liabilities, including deferred tax liabilities	-	-
Net assets	**52,926**	**280,061**
Original investment - Paradise Cinemas (PNG) Limited		
- At 1 January	4,727,803	4,720,155
- Translation adjustments	(111,007)	7,648
	$ 4,616,796	**$ 4,727,803**

NOTE 14. INVESTMENT IN ASSOCIATE AND JOINT VENTURE (Cont'd)

	2019	2018
Less: Cumulative share of losses		
- At 1 January	$ (2,464,408)	$ (2,460,422)
- Translation adjustments	57,863	(3,986)
	(2,406,545)	**(2,464,408)**
Less: Impairment loss		
- At 1 January	(2,263,395)	(2,259,733)
- Translation adjustments	53,144	(3,662)
	(2,210,251)	**(2,263,395)**
Net Carrying amount of investment - Paradise Cinemas (PNG) Limited	-	-
Summarized statement of profit or loss of Paradise Cinemas (PNG) Limited:		
Revenue	492,203	2,071,448
Expenses	(647,065)	(5,982,682)
Loss for the year	**(154,862)**	**(3,911,234)**
Unrecognised Group's share of loss for the year	**(67,938)**	**(1,715,909)**

PNG FM Limited had written down its investment in Paradise Cinemas (PNG) Limited to Nil and had settled all guarantees and legal obligations in regards to this investment. Therefore, the Group has not recorded any further share of loss resulting from the operations of PCL. Total share of losses not recorded at 31 December 2019 was K 2,270,350 (2018:K 2,171,552).

Total Investment Joint ventures	**$ 2,905,617**	**$ 2,404,097**

NOTE 15. INTANGIBLE ASSETS

	Goodwill $	Software $	Total $
Gross carrying amount			
Balance at 1 January 2019	1,507,569	486,841	1,994,410
Additions	-	15,056	15,056
Translation adjustment	-	(1,310)	(1,310)
Balance at 31 December 2019	**1,507,569**	**500,587**	**2,008,156**
Accumulated depreciation and impairment			
Balance at 1 January 2019	370,569	238,832	609,401
Depreciation charge for the year	-	39,533	39,533
Translation adjustment	-	(1,147)	(1,147)
Balance at 31 December 2019	**370,569**	**277,218**	**647,787**
Net written down value:			
At 31 December 2019	**1,137,000**	**223,369**	**1,360,369**
At 31 December 2018	**1,137,000**	**248,009**	**1,385,009**

NOTE 15. INTANGIBLE ASSETS (Cont'd)

i. 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 and also a reportable segment, for impairment testing as follows:

	2019	2018
Carrying amount of goodwill	$ 1,137,000	$ 1,137,000

The recoverable amount of the subsidiary has been determined based on its assessment provided by the group. The assessment used the future maintainable earnings method to value the subsidiary. Based on the assessment which determine the value in use of the subsidiary, the group concluded that goodwill is not impaired.

NOTE 16. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings $	Plant & Equiment $	Motor Vehicles $	Total $
Gross Carrying Amount				
Balance as at 1 January 2019	515,855	13,466,115	969,765	14,951,735
Additions	-	1,034,552	260,748	1,295,300
Disposals	-	(743,543)	(266,700)	(1,010,243)
Translation adjustment	(870)	(141,384)	(7,989)	(150,243)
Balance as at 31 December 2019	**514,985**	**13,615,740**	**955,824**	**15,086,549**
Accumulated Depreciation				
Balance as at 1 January 2019	349,054	7,470,453	491,894	8,311,401
Depreciation charge for the year	16,798	1,111,546	162,232	1,290,576
Disposals	-	(736,281)	(156,624)	(892,905)
Translation adjustment	(671)	(103,828)	(14,625)	(119,124)
Balance as at 31 December 2019	**365,181**	**7,741,890**	**482,877**	**8,589,948**
Net written down value				
As at 31 December 2019	**149,804**	**5,873,850**	**472,947**	**6,496,601**
As at 31 December 2018	**166,801**	**5,995,662**	**477,871**	**6,640,334**

As at 31 December 2019, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is $2,229,831 (2018: $2,767,057).

NOTE 17. RIGHT OF USE ASSETS

	2019	2018
Cost		
Balance as at 1 January	$ 2,405,329	$ 2,405,329
Additions	1,114,276	-
Translation adjustment	(26,256)	-
Balance as at 31 December	**3,493,349**	**2,405,329**
Accumulated Depreciation		
Balance as at 1 January	612,547	-
Depreciation charge for the year	815,054	612,547
Translation adjustment	(59,764)	-
Balance as at 31 December	**1,367,837**	**612,547**
Net written down value	**$ 2,125,512**	**$ 1,792,782**
As at 31 December		

NOTE 17. RIGHT OF USE ASSETS (Cont'd)

The group adopted IFRS 16 as of 1 January 2018. The above represent assets under lease contracts which have been recognized as an asset in accordance with IFRS 16. The assets are written down over the terms of their contracts. The Group elected to use the modified retrospective approach in transition to IFRS 16 in prior year.

NOTE 18. LEASES

	2019	2018
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	$ 997,133	$ 846,051
One to five years	850,938	808,413
More than five years	842,894	867,105
Total undiscounted lease liabilities at 31 December	**2,690,965**	**2,521,569**
Lease liabilities included in the statement of financial position at 31 December		
Current	855,580	674,036
Non-current	1,186,141	1,132,378
	2,041,721	**1,806,414**
Amounts recognised in profit or loss		
Interest on lease liabilities	151,443	163,705
Variable lease payments not included in the measurement of lease liabilities	92,657	514,583
	244,100	**678,288**
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	**$ 912,478**	**$ 492,239**

Reconciliation of movement of liabilities to cash flows from financing activities.

	Lease Liabilities $	Total $
Balance at 1 January 2019	**1,806,414**	**1,806,414**
Additions to lease liabilities	1,114,276	1,114,276
Translation adjustment	33,509	33,509
Changes from financing cash flows		
Payment of lease liabilities	(912,478)	(912,478)
Total changes from financing cash flows	**2,041,721**	**2,041,721**
Other changes – liability related		
Interest expense	151,443	151,443
Interest paid	(151,443)	(151,443)
Total liability related other changes	-	-
Balance at 31 December 2019	**2,041,721**	**2,041,721**

NOTE 19. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	$ 139,607	$ 250,634
Other payables	845,476	690,951
Total trade and other payable	**985,083**	**941,585**

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.
- Other payables are non-interest bearing and have an average term of six months.

NOTE 20. BANK OVERDRAFT

Current		
Bank overdraft – Westpac Banking Corporation Limited (a)	**202,027**	-

(a) The holding company has an overdraft facility with Westpac Banking Corporation Limited which is secured by a first registered mortgage debenture over the assets of the company and undertakings including its uncalled and called but unpaid capital. As at balance date, the overdraft of $202,027 represents a book overdraft.

NOTE 21. OTHER INVESTMENTS

Current		
Term deposits		
– Kontiki Finance Limited	500,000	-
- Credit Corporation Finance Limited (PNG)	320,272	-
Total other investments	**820,272**	**-**

Term deposits with Kontiki Finance Limited and Credit Corporation Finance Limited (PNG) are held for a period of 6 months at competitive interest rates.

NOTE 22. SHARE CAPITAL

As at the end of the financial year, the number of fully paid ordinary shares was 3,558,000. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

Issued and paid up capital

3,558,000 ordinary shares	**$ 3,619,500**	**$ 3,619,500**

The group's capital comprises ordinary shares only and these carry the same rights, preferences and restrictions.

NOTE 23. EMPLOYEE BENEFIT LIABILITIES

	2019	2018
Current		
Annual leave	$ 102,037	$ 104,633
Long service leave	63,000	60,565
Total current employee benefit liabilities	**165,037**	**165,198**
Non-current		
Long service leave	95,952	78,484
Total non-current employee benefit liabilities	**95,952**	**78,484**

NOTE 24. FOREIGN CURRENCY TRANSLATION RESERVE

	2019	2018
Balance as at 1 January	(587,201)	(515,814)
Currency translation difference	(9,842)	(71,387)
Balance as at 31 December	**(597,043)**	**(587,201)**

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiary.

NOTE 25. COMMITMENTS

	2019	2018
(a) Capital expenditure commitments		
Approved by the board and committed	-	-
Approved by the board and not committed	3,086,730	-
Total capital expenditure commitments	**3,086,730**	-

(i) Capital expenditure commitment relates to the purchase of transmitters for various sites, plant and equipment and motor vehicles.

NOTE 26. CONTINGENT LIABILITIES

	2019	2018
Contingent liabilities exist with respect to the following:		
Guarantees, bankers undertaking and deed of guarantee	**$ 17,227**	**$ 17,227**

NOTE 27. RELATED PARTY DISCLOSURES

(a) Directors

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

William Parkinson	Vilash Chand
Pramesh Sharma	Thelma Savua
Josephine Yee Joy	Sufinaaz Dean

NOTE 27. RELATED PARTY DISCLOSURES (Cont'd)

	2019	2018
(b) Ownership interest in related parties	**Ownership Interest**	
PNG FM Limited	100%	100%
Total Event Company Limited	100%	100%
231 Waimanu Rd Holdings Pte Limited	50%	50%
Paradise Cinema (PNG) Limited	**43.9%**	**43.9%**

(c) Transactions with Related Parties

Transactions with related parties during the year ended 31 December 2019 and 2018 with approximate transaction values are summarized as follows:

Relationship	Nature of Transaction	$	$
Shareholder related entities	Sales	289,667	-
	Medical insurance	42,710	-
Associate company	Rental expense	142,488	144,597
	Dividend	125,000	100,000
	Management and administrative fees	9,633	9,425

(d) Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The aggregate remuneration to the executives for the year ended 31 December 2019 and 2018 were:

Salaries and short-term employee benefits	**$ 911,653**	**$ 722,698**

(e) Director's 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.

NOTE 28. 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 Fiji Companies Act.

(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 Joint Venture Entity namely 231 Waimanu Rd Holdings Pte Limited operates from 231 Waimanu Road, Suva.

NOTE 28. COMPANY DETAILS (Cont'd)

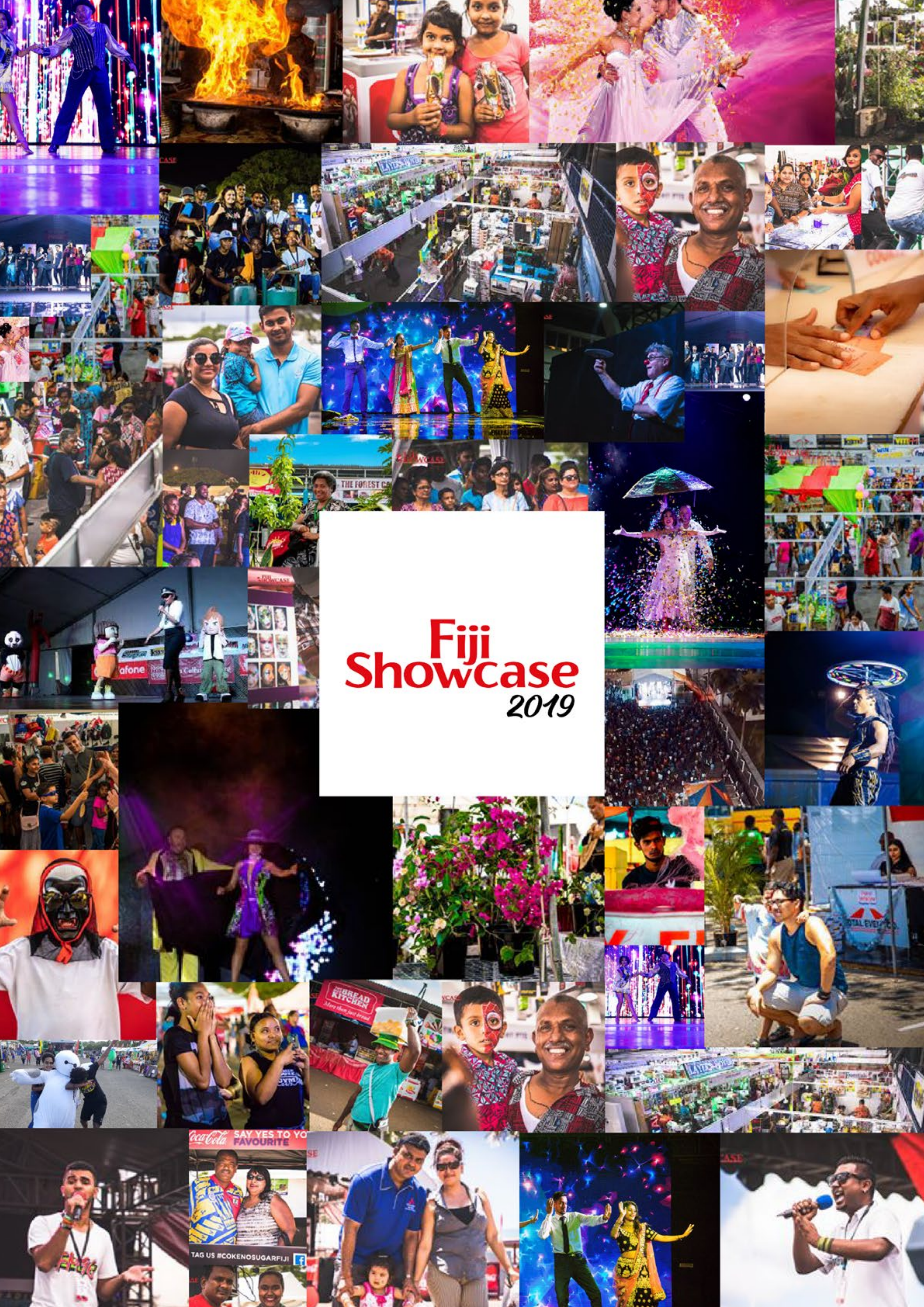
(c) Number of employees

As at balance date, the group employed a total of 190 employees (2018: 190 employees).

NOTE 29. EVENTS SUBSEQUENT TO BALANCE DATE

The novel coronavirus (COVID-19) global outbreak, developed subsequent to year end, presents a significant challenge for Fiji and the entire world. The impact of the coronavirus outbreak on public life and the economy in Fiji is expected to affect the overall operations of the group including its liquidity and cash flows for 2020 financial year. The group cannot quantify the magnitude and duration of the negative impact on the financial performance of the group in 2020 at this time given the fluidity of the situation. The group continues to monitor and assess its business operations daily, and will undertake actions as appropriate. In connection with the COVID-19 global outbreak, the group has implemented precautionary measures, protocols and also have various plans for alternative arrangements and strategies under different scenarios to minimize the disruptions to its day to day operations and continue with its business as usual.

In the event, the situation becomes worse and has a prolonged negative impact to day to day operations of the business and Fiji economy, the group may not be able to realize the carrying values of its assets and liabilities recorded in books as at 31 December 2019 at its recorded values, and adjustments may be required in the 2020 financial year in relation to these added risks and material uncertainties. At this stage, the financial statements do not reflect uncertain financial implications, if any, arising from this situation.


Fiji Showcase 2019
THE BREAD KITCHEN
More than just bread
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LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE

(IV) Schedule of each class of shares held by Directors and Senior Management under listing rule 51.2(iv) as at 31st December 2019

Names	No. of Shares
Parkinson Holdings Ltd	1,868,341
Unit Trust of Fiji (Trustee Company) Ltd	388,627
BSP Life(Fiji) Ltd	275,855
Doris King	2,500
Pratika Kumar	2,100
Jyoti Khatri	2,000
Thelma Florence Kuini Savua	2,000
Charles Taylor	1,500
Philip Wilikibau	1,500
Ratu Irinale Soqeta Aaron Ah Yuk	1,000
Maikeli Radua	1,000
Ratu Tikiko Korocowiri	1,000
Vijay Narayan	1,000

(V) Shareholdings of those persons holding twenty largest blocks of shares

Names		No. of Shares	Total % Holdings
1	Parkinson Holdings Ltd	1,868,341	52.51
2	Unit Trust of Fiji (Trustee Company) Ltd	388,627	10.92
3	FHL Trustees Ltd ATF Fijian Holdings Unit Trust	292,553	8.22
4	BSP Life (Fiji) Ltd	275,855	7.75
5	JP Bayly Trust	167,333	4.70
6	Deborah Keola Yasmeen Dean	95,262	2.68
7	Carlisle (Fiji) Ltd	51,780	1.46
8	FijiCare Insurance Ltd	35,000	0.98
9	Amy Lynn Bergquist	34,000	0.96
10	Aequi-Libria Associates Insurance Broker Ltd	26,700	0.75
11	Erik Larson and Karla Larson –Wadd,JTwros	24,400	0.69
12	Ian & Loretta Jackson	24,000	0.67
13	Graham Eden	21,624	0.61
14	Arthur John Reynolds & Julian Reynolds	12,400	0.35
15	Tony Singh	11,973	0.34
16	Frazine Dutta	10,000	0.28
17	Jimaima T Schultz	10,000	0.28
18	Jitendra Thakorlal Narsey	8,800	0.25
19	Krishna Nair & Manorma Nair	8,000	0.22
20	Tutanekai Investments Limited	6,500	0.18

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

(VI) Distribution of shareholding (Annexure E)

Holdings	No. of holders	% Holding
Less than 500 Shares	44	0.54%
501 to 5,000 Shares	88	4.32%
5,001 to 10,000 Shares	7	1.56%
10,001 to 20,000 Shares	2	0.69%
20,001 to 30,000 Shares	4	2.72%
30,001 to 40,000 Shares	2	1.94%
50,001 to 100,000 Shares	2	4.13%
100,001 to 1,000,000 Shares	4	31.60%
Over 1,000,000 Shares	1	52.51%
TOTAL	**154**	**100%**

(VII/ VIII) Composition of Board & Committee Members with attendance

Names	No. of meetings held during the year	No.of meetings attended	Apologies
William Parkinson (Chairman)	4	4	
Vilash Chand	4	4	
Sufinaaz Dean	4	4	
Thelma Savua	4	4	
Pramesh Sharma	4	3	1
Josephine Yee Joy	4	4	
ARSC Committee			
Josephine Yee Joy (Chair)	3	3	
Pramesh Sharma	3	3	
Vilash Chand	3	2	1
HRSC Committee			
Thelma Savua (Chair)	3	3	
Sufinaaz Dean	3	3	
William Parkinson	3	3	

(X) Statement of Financial Details- Subsidiary Companies

% of Shareholding	PNG FM LTD (PNG) *100% ($)*	231 Waimanu RD (FIJI) *50% ($)*
Turnover	6,603,417	**472,598**
Other income	89,738	**-**
Change in fair value of investment property	-	891,463
	6,693,155	**1,364,061**
Depreciation and amortization	(1,111,839)	-
Interest expense	(112,845)	-
Other expenses	(4,195,964)	(105,885)
Income tax expense/benefit	(383,939)	(251,670)
	(5,804,587)	**(357,555)**
Net profit/(loss) after tax	**888,568**	**1,006,506**
Total Assets	5,804,437	7,111,995
Total Liabilities	(2,410,010)	(1,300,761)
Shareholders Fund	3,394,427	5,811,234

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

(XIV) Summary of Key Financial Results for the previous five years. (Consolidated)

	2019	2018	2017	2016	2015	2014
Net (Loss)/Profit After Tax	**2,234,010**	**2,943,789**	**2,922,934**	**(1,335,445)**	**1,455,513**	**1,474,957**
Current Assets	4,809,300	3,475,978	4,715,023	4,141,605	3,302,224	3,767,229
Non- Current Assets	12,923,007	12,257,685	9,514,834	10,129,496	11,247,688	10,624,533
Total Assets	**17,732,307**	**15,733,663**	**14,229,857**	**14,271,101**	**14,549,912**	**14,391,762**
Current Liabilities	2,207,727	1,720,254	2,870,960	2,313,238	1,828,067	2,107,726
Non- Current Liabilities	1,354,212	1,355,609	506,099	1,932,119	858,189	1,168,901
Total Liabilities	**3,561,939**	**3,075,863**	**3,377,059**	**4,245,357**	**2,686,256**	**3,276,627**
Shareholders' Equity	**14,170,368**	**12,657,800**	**10,852,798**	**10,025,744**	**11,863,656**	**11,115,135**

(XV) Information Related to the Equity shares

	2019 (cents)	2018 (cents)	2017 (cents)	2016 (cents)	2015 (cents)	2014 (cents)
Dividend Declared per share	0.20	0.30	0.53	0.12	0.12	0.13
Earnings per share	62.79	82.74	82.15	(37.53)	40.91	41.45
Net tangible assets per share	3.60	3.17	2.65	2.40	2.90	2.66

Share price during the year (cents per share)	2019
Highest	6.22
Lowest	5.40
On 31st December 2019	6.22

(XVI) The company secretary for 2019 was
Ms Seini Tinaikoro.

(XVII) Registered Office details:
Communications Fiji Limited
231 Waimanu Rd,
Suva.
Contact: +(679) 3314 766

PNGFM Limited (Subsidiary)
Pacific Palms Property
Unit 1 (Bldg B)
Ahuia Street, National Capital District
Port Moresby,
PNG
Contact: +(675) 7373 8806

(XVIII) Share register, registered and principal administrative office
Central Share Registry Pte Limited (CSRL)
Shop 1 and 11, Sabrina Building
Victoria Parade, Suva
Fiji
Contact: +(679) 3304 130
Email: registry@spx.com.fj

MINUTES OF THE 2018 AGM

Minutes of the Thirty fourth Annual General Meeting of Shareholders held on the 07th May 2019, at 231 Waimanu Road at 12.00pm.

Present
Mr. William Parkinson (Chairperson)
Mr. Pramesh Sharma (Director)
Ms. Sufinaaz Dean (Director)
Ms. Thelma Savua (Director)
Ms. Josephine Yee Joy (Director)
Ms. Seini Tinaikoro (Company Secretary)
Ms. Krishika Narayan (SPX)
Ms. Joana Rarasea (SPX)
Ms. Wathsala Suraweera (Partner, BDO)
Abhishek Punja (E&Y)
Ms. Jyoti Kharti
Mr. Phillip Wilikibau
Ms. Pratika Kumar
Parkinson Holdings Ltd
Ms. Priya Singh (FHL Fund Management)
Ms. Timaima B (FHL Fund Management)
Mr. Antonio Rahiman
Ms. Elenoa Kaloumaira (Unit Trust of Fiji)
Mr. Vijay Narayan
Ms. Eun Jin Kwon
Ms. Joleen Hazelman
Ms. Doris Southwick
Mr. Vincent Kumar (BSP Life Fiji Limited)

Apologies
None

Quorum
The Quorum required was met and recorded.

Opening of AGM
The Chairperson welcomed the shareholders and attendees to the 34th AGM for the Company.

Following the retirement of Mr. Ian Jackson the Board of Director appointed the Chairperson as the Executive Chairperson for the Company. The Board's intention is that the Executive Chairperson's appointment is short term and this is a transition period in appointing a Managing Director for the Company.
The Board of Directors are very impressed with management and talent within the organization. The task of the Board is to mold the talent within the company. The Board is encouraged with the growth of the organization for 2019 and onward.

Confirmation of Minutes

- The minutes of the thirty third Annual General Meeting held on 30 May 2018 were read and approved.

- The minutes were unanimously adopted by shareholders and was moved by Mr. Parmesh Sharma and seconded by Ms. Thelma Savua.

Matters arising from the Minutes
- No matters arising.

Audited Accounts:
- The Chairperson went through the Audited Financials page by page and highlighted on the major information and disclosures.

MINUTES OF THE 2018 AGM (Cont'd)

- The Auditors were present to answer any technical questions, however, no major issues were raised.

- The Audited Balance Sheet, Profit and Loss and Directors reports were received and adopted. The motion was moved by Mr. Pramesh Sharma and seconded by Ms. Thelma Savua.

Election of Directors
- Re-appointment of Mr. Pramesh Sharma.

- Mr. Pramesh Sharma whose is due for re-appointment by rotation under article 108 of the Company's Article of Asso ciation offered himself for re-appointment. The motion was moved by Mr. William Parkinson and seconded by Ms. Jyoti Kharti.

- Re-appointment of Ms. Thelma Savua, an independent Director, offered herself for re-appointment. The motion was moved by Mr. Pramesh Sharma and seconded by Ms. Sufinaaz Dean.

- The Chairperson advised the Shareholders that as part of good practice and governance the Board of Directors have created the Audit Risk Sub-Committee chaired by Ms. Josephine Yee Joy and the Human Resources Sub-Committee chaired by Ms. Thelma Savua.

Appointment of Auditors
- It was decided by the Board of Directors that a tender for external Auditors would be conducted as part of practicing good governance.

- Ernst & Young have been the Company's external auditors since the inception of the Company. This is the first year that the role has been tendered.

- The Board of Directors have nominated BDO, Charted Accountants to be the external Auditors for the financial year ending 31 December 2019. Ms. Wathsala Suraweera, Partner, BDO was present.

- The meeting resolved to appoint BDO, Charted Accountants, as the external Auditors for the Company. The motion to appoint BDO as the external Auditors was moved by Ms. Sufinaaz Dean and seconded by Mr. Pramesh Sharma.

- The Chairperson thanked Ernst and Young, represented by Mr. Abhishek Punja, for their many years of services to the Company.

Declaration of Dividend
- The meeting noted that a third distribution of dividend of $426,960.00 ($0.12cents per share) has been adopted as the final dividend for the year 2018.
- The motion was unanimously adopted by the Shareholders. The motion was moved by Ms. Thelma Savua and seconded by Mr. Vijay Narayan.

Other Business:
- The floor was open to all present for further discussion, there were no questions raised.

- The Chairperson acknowledged the presence of SPX and advised the Shareholders that the Company was doing all efforts and making preemptive decisions to comply with the SPX listing rules and requirements.

- The Company was in the process of learning new elements of corporate governance – both at the Board and management levels.

- There being no other business the Chairperson closed the meeting at 12.30pm.

Approved

Chairperson
William Parkinson