COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

Contents

In accordance with a resolution of the Board of Directors, the Directors herewith submit the Consolidated Statement of Financial Position of the company and the group as at 31 December 2012, the related Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended on that date and report as follows:

Directors

Directors at the date of this report are:

Mathew Wilson (appointed as Chairman on 15 February 2012)
William Parkinson
Pramesh Sharma
Shaenaz Voss
Semi Leweniqila

Principal activity

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

Results

The operating group profit for the year was $2,231,636 (2011: $876,558) after providing $1,060,027 (2011: $711,232) for income tax. The operating profit for the holding company for the year was $937,790 (2011 loss: $276,696) after an income tax expense of $211,374 (2011: $218,484).

Dividends

The directors declared and paid a final dividend for 2011 of $177,900 and an interim dividend for 2012 of $604,860 - 12 cents per share during the year. Final dividend proposed for 2012 is $426,960 - 12 cents per share.

Reserves

The directors recommended that no transfer be made to reserves during the year.

Bad and doubtful debts

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

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

Non-current assets

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

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

Unusual transactions

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

Significant events during the year

In last financial year the company's subsidiary, PNG FM Limited invested PGK1,000,000 in Paradise Cinemas (PNG) Limited ("Paradise Cinemas"). PNG FM owns one-third of the shares in Paradise Cinemas. Paradise Cinemas commenced operations on 23 February 2012.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company and the group, the results of those operations, or the state of affairs of the company and the group in future financial years.

Other circumstances

As at the date of this report :

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

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

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

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

Directors' benefits

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

Directors' interests

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

	Direct interest	Indirect interest
Mathew Wilson	112,736	Nil
William Parkinson	Nil	1,973,933

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

Date this 20th day of March 2013.

Director: ....

Director: ....

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

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

(i) the accompanying statement of comprehensive income of the company and group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2012;

(ii) the accompanying statement of changes in equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the group for the year ended 31 December 2012;

(iii) the accompanying statement of financial position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2012;

(iv) the accompanying statement of cash flows of the company and the group is drawn up so as to give a true and fair view of the statement of cash flows of the company and the group for the year ended 31 December 2012;

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

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors this 20th day of March 2013.

Director: ....

Director: ....

ERNST & YOUNG

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INDEPENDENT AUDIT REPORT

To the members of COMMUNICATIONS (FIJI) LIMITED

Scope

We have audited the accompanying Financial Statements of Communications (Fiji) Limited and its subsidiary ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion:

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

b) the accompanying consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards:
   - i) are in agreement with the books of account; and
   - ii) to the best of our information and according to the explanations given to us:
     - a) give a true and fair view of the state of affairs of the company and the group as at 31 December 2012 and of its financial performance, changes in equity, and its cash flows for the year ended on that date; and
     - b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

INDEPENDENT AUDIT REPORT *continued*

Opinion continued

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

Ernst & Young

Suva, Fiji
20 March 2013

Ernst & Young
Chartered Accountants

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Group		Holding Company	
		2012	2011	2012	2011
		$	$	$	$
Radio income	4.1	14,121,757	11,324,519	4,610,303	4,817,752
Other revenue	4.2	955,943	544,060	930,941	586,752
Salaries and employee benefits	4.3	(3,427,818)	(2,773,257)	(1,874,722)	(1,740,087)
Depreciation and amortization	4.4	(1,065,176)	(869,251)	(545,647)	(521,266)
Other expenses	4.5	(6,615,599)	(5,317,563)	(1,965,231)	(1,951,091)
Profit from operations		3,969,107	2,908,508	1,155,644	1,192,060
Finance costs	4.6	(138,500)	(201,812)	(141,628)	(131,366)
Net (loss)/gain from associates	4.7	(538,944)	(1,118,906)	135,148	(1,118,906)
Profit/(loss) before income tax		3,291,663	1,587,790	1,149,164	(58,212)
Income tax expense	5	(1,060,027)	(711,232)	(211,374)	(218,484)
Net profit/(loss) for the year		**2,231,636**	**876,558**	**937,790**	**(276,696)**
Other comprehensive income					
Exchange differences on translation of foreign operations	22	1,016,665	193,640	-	-
Other comprehensive income for the year		1,016,665	193,640	-	-
Total comprehensive income for the year		**3,248,301**	**1,070,198**	**937,790**	**(276,696)**
Earnings per share (cents)	6	62.72	24.64	26.36	(7.78)

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

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	Group		Holding Company	
		2012	2011	2012	2011
Current assets		$	$	$	$
Cash and cash equivalents	9	1,080,685	564,779	281,572	281,522
Trade receivables	8	2,814,085	2,169,756	1,068,632	1,024,349
Inventories	10	47,727	42,296	2,539	2,687
Prepayments and other assets	11	592,550	343,355	89,522	57,782
		4,535,047	3,120,186	1,442,265	1,366,340
Non-current assets					
Investment in subsidiaries	12	-	-	1,994,707	1,994,707
Investment in associates	13	1,690,993	2,668,213	1,432,840	2,014,576
Financial assets	14	591,884	-	591,884	-
Intangible assets	15	1,640,287	1,676,819	503,287	539,819
Property, plant and equipment	16	6,627,522	5,107,982	2,699,733	2,653,124
		10,550,686	9,453,014	7,222,451	7,202,226
Total assets		15,085,733	12,573,200	8,664,716	8,568,566
Current liabilities					
Trade and other payables	17	1,206,234	916,303	403,538	407,382
Interest-bearing borrowings	18	879,656	523,032	814,178	326,955
Income tax payable		784,939	749,142	8,975	129,161
Provisions	19	382,396	125,577	305,787	86,997
		3,253,225	2,314,054	1,532,478	950,495
Non-current liabilities					
Interest-bearing borrowings	18	1,314,451	2,354,285	1,314,451	2,149,328
Deferred income tax liability	5	267,515	297,760	305,374	289,260
		1,581,966	2,652,045	1,619,825	2,438,588
Total liabilities		4,835,191	4,966,099	3,152,303	3,389,083
Net assets		10,250,542	7,607,101	5,512,413	5,179,483
Shareholders' equity					
Share capital	20	3,558,000	3,558,000	3,558,000	3,558,000
Reserves	22	994,304	(22,361)	61,500	61,500
Retained earnings		5,698,238	4,071,462	1,892,913	1,559,983
		10,250,542	7,607,101	5,512,413	5,179,483

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

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

Director: .... Director: ....

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group		Holding Company	
		2012	2011	2012	2011
		$	$	$	$
Operating activities					
Receipts from customers		14,437,759	11,138,399	5,499,460	5,448,714
Payments to suppliers and employees		(9,912,596)	(7,642,153)	(3,892,462)	(3,707,212)
Interest and bank charges paid		(138,500)	(201,812)	(141,628)	(131,366)
Income tax paid		(1,054,475)	(379,135)	(315,446)	(196,795)
Net cash provided by Operating Activities	21(a)	3,332,188	2,915,299	1,149,924	1,413,341
Investing activities					
Proceeds from sale of plant and equipment		160,391	38,627	21,740	3,478
Acquisition of plant, equipment and intangibles		(1,882,320)	(1,645,666)	(557,580)	(763,366)
Advance to associate entity		(240,511)	(1,255,015)	-	(1,255,015)
Acquisition of shares in associate entity		-	(653,637)	-	-
Dividends received		125,000	250,000	125,000	250,000
Net cash flows used in Investing Activities		(1,837,440)	(3,265,691)	(410,840)	(1,764,903)
Financing activities					
Dividends paid to equity holders of the parent		(391,380)	(320,220)	(391,380)	(320,220)
Proceeds from borrowings		-	1,230,000	-	1,230,000
Repayment of secured loan principal		(611,879)	(162,258)	(347,654)	(208,390)
Repayment of lease principal		(71,331)	(61,192)	-	-
Net cash flows (used in)/provided by Financing Activities		(1,074,590)	686,330	(739,034)	701,390
Net increase in cash held		420,158	335,938	50	349,828
Cash and cash equivalents at the beginning of year		564,779	183,916	281,522	(68,306)
Effects of exchange rate changes on opening cash balances		95,748	44,925	-	-
Cash and cash equivalents at the end of year	21(b)	1,080,685	564,779	281,572	281,522

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

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Group		Holding Company	
		2012	**2011**	**2012**	**2011**
		$	**$**	**$**	**$**
Retained earnings					
Balance at the beginning of the year		4,071,462	3,515,124	1,559,983	2,156,899
Operating profit/(loss) after tax		2,231,636	876,558	937,790	(276,696)
Dividends paid/proposed	7	(604,860)	(320,220)	(604,860)	(320,220)
Balance at the end of the year		5,698,238	4,071,462	1,892,913	1,559,983
Reserves					
Balance at the beginning of the year		(22,361)	(216,001)	61,500	61,500
Movement arising on translation of the financial statements of foreign subsidiary		1,016,665	193,640	-	-
Balance at the end of the year	22	994,304	(22,361)	61,500	61,500
Share capital					
Balance at the beginning of the year		3,558,000	3,558,000	3,558,000	3,558,000
Balance at the end of the year	20	3,558,000	3,558,000	3,558,000	3,558,000
Total equity		**10,250,542**	**7,607,101**	**5,512,413**	**5,179,483**

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

1. Corporate information

The consolidated financial statements of Communications (Fiji) Limited and its subsidiary company ("the Group") for the year ended 31 December 2012 were authorized for issue with a resolution of the directors on 20 March 2013. Communications (Fiji) Limited is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

2.1 Basis of preparation

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

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Communications (Fiji) Limited ("the company") and its subsidiary company as at 31 December each year.

The subsidiary company is fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

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.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognized in goodwill.

On consolidation, subsidiary company; PNG FM's assets and liabilities has been translated at the rate of exchange ruling at balance date. Revenue and expense accounts have been translated using the average of the exchange rates ruling at the end of each month during the current financial year. The rate used to translate the assets and liabilities of PNG FM was 1.1434:1 (2011: 1.5299:1) while the average rate used to translate revenue and expense accounts was 1.0456:1 (2011: 1.3288:1).

2.2 Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.3 Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2012:

- IAS 12 *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets*
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
- IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*

The adoption of the standards or interpretations is described below:

IAS 24 *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measure at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and there has been no effect on the Group's financial position, performance or its disclosures.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Group.

IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognized assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Standards issued but not yet effective

IAS 1 *Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 *Employee Benefits (revised)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. However, the amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

2.3 Changes in accounting policy and disclosures *continued*

Standards issued but not yet effective continued

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 *Joint Arrangements,* and *IFRS 12 Disclosures of Interests in Other Entities, IAS 28 Investments in Associates,* IAS 28 *Investment in Associates,* has been renamed IAS 28 *Investments in Associates and Joint Ventures,* and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013. The standard may result in reclassification but will not affect previously reported amounts by the company.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures,* issued in December 2011*,* moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The company will review the impact of this standard once the IASB addresses outstanding issues.

IFRS 10 *Consolidated Financial Statements,* IAS 27 *Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidated-Special Purpose Entities.*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. Preliminary analysis indicate that there would be no impact of this standard on previously reported amounts.

IFRS 11 J*oint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures and* SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Venturers.* IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard may result in a reclassification of investments currently accounted for as an associate. The reclassification, if any, would not affect profit or equity as investments in associates are already accounted for on an equity basis.

IFRS 12 *Disclosures of Interests in Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013. This standard will require further disclosures in the next financial report.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013. Preliminary analysis indicate that there would be no impact of this standard on previously reported amounts.

2.4 Summary of significant accounting policies

Intangible assets

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

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change 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 comprehensive income when the asset is derecognized.

Investments in an associate

The group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. If company's ownership in an associate is reduced, but the investment continues to be an associate, the company shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

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 subsidiaries or other available fair value indicators.

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

2.4 Summary of significant accounting policies *continued*

Impairment of non-financial assets continued

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

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

Goodwill

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

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

Intangible assets

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

Associates

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 associates. The group determines at each balance date whether there is any objective evidence that the investment in associate and the acquisition cost requires impairment and recognizes the amount in the statement of comprehensive income.

Investments and other financial assets

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

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2.4 Summary of significant accounting policies *continued*

Investments and other financial assets continued

Fair value

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

Amortized cost

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

Impairment of financial assets

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

Assets carried at amortized cost

If there is an objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e.. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in statement of comprehensive income.

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

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

Inventories

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

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

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.

Trade and other receivables

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

2.4 Summary of significant accounting policies *continued*

Trade and other payables

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

Financial liabilities

Interest bearing loans and borrowings

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

Borrowing costs

Borrowing costs are recognized as an expense when incurred.

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%
Furniture and fittings	12%
Equipment	10% - 30%
Motor vehicles	18%

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

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

The recoverable amount of property, plant and equipment is greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income.

Leases

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

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

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

Revenue

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

Rendering of services

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

2.4 Summary of significant accounting policies *continued*

Revenue continued

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.

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.

Foreign currencies

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

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

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

Business combinations and Goodwill

Business combinations are accounted for using the purchase method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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 the cash generating unit that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

2.4 Summary of significant accounting policies *continued*

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 subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, 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.

2.4 Summary of significant accounting policies *continued*

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Comparatives

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

3. SEGMENT INFORMATION

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

(a) Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2012 and 2011.

Year ended 31 December 2012	PNG $	Fiji $	Eliminations $	Total $
Revenue				
External sales	9,511,454	4,610,303	-	14,121,757
	9,511,454	4,610,303	-	14,121,757
Results				
Segment result	2,813,463	1,155,644	-	3,969,107
Unallocated expenses	-	-	-	-
Profit from operating activities	2,813,463	1,155,644	-	3,969,107
Net finance costs	3,128	(141,628)	-	(138,500)
Net (loss)/gain from associates	(674,092)	135,148	-	(538,944)
Profit before income tax	2,142,499	1,149,164	-	3,291,663
Income tax expense	(848,653)	(211,374)	-	(1,060,027)
Net profit	1,293,846	937,790	-	2,231,636
Assets and liabilities				
Segment assets	7,099,422	7,231,876	(936,558)	13,394,740
Investment in associates	258,153	1,432,840	-	1,690,993
Total assets	7,357,575	8,664,716	(936,558)	15,085,733
Segment liabilities	2,057,496	3,152,303	(374,608)	4,835,191
Total liabilities	2,057,496	3,152,303	(374,608)	4,835,191
Other segment information				
Capital expenditure:				
- tangible fixed assets	2,120,118	524,979	-	2,645,097
- intangible assets	-	274,633	-	274,633
Amortization of intangible assets	-	69,133	-	69,133
Depreciation	519,529	476,514	-	996,043
Doubtful and bad debts	153,405	7,188	-	160,593

3. SEGMENT INFORMATION *continued*

(a) Geographical segments *continued*

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

Year ended 31 December 2011	PNG	Fiji	Eliminations	Total
	$	$	$	$
Revenue				
External sales	6,506,767	4,817,752	-	11,324,519
	6,506,767	4,817,752	-	11,324,519
Result				
Segment result	1,716,448	1,192,060	-	2,908,508
Unallocated expenses	-	-	-	-
Profit from operating activities	1,716,448	1,192,060	-	2,908,508
Finance costs	(70,446)	(131,366)	-	(201,812)
Net loss from associates	-	(1,118,906)	-	(1,118,906)
Profit/(loss) before income tax	1,646,002	(58,212)	-	1,587,790
Income tax expense	(492,748)	(218,484)	-	(711,232)
Net profit	1,153,254	(276,696)	-	876,558
Assets and liabilities				
Segment assets	4,291,730	6,553,990	(940,733)	9,904,987
Investment in associates	653,637	2,014,576	-	2,668,213
Total assets	4,945,367	8,568,566	(940,733)	12,573,200
Segment liabilities	1,868,518	3,389,083	(291,502)	4,966,099
Total liabilities	1,868,518	3,389,083	(291,502)	4,966,099
Other segment information				
Capital expenditure:				
tangible fixed assets	971,095	488,733	-	1,459,828
intangible assets	-	-	-	-
Amortization of intangible assets	-	60,245	-	60,245
Depreciation	347,985	461,021	-	809,006
Doubtful and bad debts	7,372	12,149	-	19,521

(b) Business segments

The company and its subsidiary both operate predominantly in the commercial radio services industry. Revenue, expenditure and certain asset information regarding business segments for the years ended 31 December 2012 and 2011 are the same as that disclosed for geographical segments above.

	Group		Holding Company	
	2012	**2011**	**2012**	**2011**
4. REVENUE AND EXPENSES	**$**	**$**	**$**	**$**
Revenue, expenses and finance costs for the year include the following:				
4.1 Radio income				
Advertising income	12,510,432	9,410,465	4,107,346	4,081,065
TEC income and other commercial income	1,611,325	1,914,054	502,957	736,687
	14,121,757	11,324,519	4,610,303	4,817,752
4.2 Other revenue				
Other income	292,136	152,141	252,990	146,099
Gain on disposal of assets	31,905	20,034	19,884	3,478
Cinema advertising	631,902	366,485	371,367	366,485
Recovered expenses	-	5,400	286,700	70,690
	955,943	544,060	930,941	586,752
4.3 Salaries and employee benefits				
Superannuation and FNU levy	316,103	258,220	167,651	135,241
Salaries and wages	2,340,785	1,973,916	1,510,898	1,406,819
Staff commission and bonus	698,015	481,037	167,530	179,821
Staff training	72,915	60,084	28,643	18,206
	3,427,818	2,773,257	1,874,722	1,740,087
4.4 Depreciation and amortization				
Depreciation	996,043	869,251	476,514	521,266
Amortization of intangibles assets	69,133	-	69,133	-
	1,065,176	869,251	545,647	521,266
4.5 Other expenses				
Auditors remuneration - audit fees	79,847	35,076	12,900	9,000
- other services	21,849	15,878	1,750	1,750
Bad debts	2,275	9,395	-	-
Directors emoluments	185,000	185,000	92,500	92,500
Directors' fees	33,564	37,526	24,000	30,000
Doubtful and bad debts	160,593	19,521	7,188	12,149
Operating lease rentals	658,367	505,553	210,757	195,437
Annual and long service leave	85,639	18,792	5,310	4,666
Other operating expenses	5,388,465	4,490,822	1,610,826	1,605,589
	6,615,599	5,317,563	1,965,231	1,951,091
4.6 Finance costs				
Finance charges payable under finance leases	(3,128)	70,446	-	-
Bank loans and overdrafts	141,628	131,366	141,628	131,366
	138,500	201,812	141,628	131,366
4.7 Net loss/(gain) from associates				
Share of profit from 231 Waimanu Rd Holdings	(135,148)	(184,713)	(135,148)	(184,713)
Share of loss from i-Pac Communications Ltd	-	309,605	-	309,605
Share of loss from Paradise Cinemas Ltd	674,092	-	-	-
Dilution loss on i-Pac Communications Ltd	-	994,014	-	994,014
	538,944	1,118,906	(135,148)	1,118,906

	Group		Holding Company	
	2012	2011	2012	2011
5. INCOME TAX	$	$	$	$

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

A reconciliation between tax expense and the product of accounting profit multiplied by Fiji's domestic tax rate for the years ended 31 December 2012 and 2011 is as follows:

	Group 2012 $	Group 2011 $	Holding Company 2012 $	Holding Company 2011 $
Accounting profit/(loss) before income tax	3,291,663	1,587,790	1,149,164	(58,212)
Prima facie tax thereon at the Fiji rate of 20%	658,333	317,558	229,833	(11,642)
Tax rates differential on overseas income	214,250	164,600	-	-
Non deductible expenses	19,707	23,020	19,707	23,020
Net loss from associates not deductible	107,788	223,781	(27,030)	223,781
Under/(over) provision from prior year	59,949	(17,727)	(11,136)	(16,675)
Income tax attributable to operating profit/(loss)	1,060,027	711,232	211,374	218,484

(a) Consolidated income statement

	Group 2012 $	Group 2011 $	Holding Company 2012 $	Holding Company 2011 $
Current income tax:				
Current income tax charge	892,290	505,178	222,510	235,159
Adjustments in respect of previous year	59,949	(17,727)	(11,136)	(16,675)
Deferred income tax:				
Origination and reversal of temporary differences	107,788	223,781	-	-
Income tax expense	1,060,027	711,232	211,374	218,484

(b) *Deferred income tax*

Deferred income tax assets/liabilities at 31 December relates to the following:

	Group 2012 $	Group 2011 $	Holding Company 2012 $	Holding Company 2011 $
Provision for doubtful debts	18,724	36,290	3,848	9,170
Provision for employee entitlements	37,974	52,509	14,991	13,929
Accelerated depreciation for tax purposes and other	(324,213)	(386,559)	(324,213)	(312,359)
Net deferred tax liability	(267,515)	(297,760)	(305,374)	(289,260)

Represented on the consolidated balance sheet as:

	Group 2012 $	Group 2011 $	Holding Company 2012 $	Holding Company 2011 $
Deferred income tax asset	-	-	-	-
Deferred income tax liability	(267,515)	(297,760)	(305,374)	(289,260)
	(267,515)	(297,760)	(305,374)	(289,260)

	Group		Holding Company	
	2012	**2011**	**2012**	**2011**
6. EARNINGS PER SHARE	**$**	**$**	**$**	**$**
Operating profit/(loss) after income tax	2,231,636	876,558	937,790	(276,696)
Weighted average number of shares outstanding	3,558,000	3,558,000	3,558,000	3,558,000
Basic earnings per share (cents) (i)	62.72	24.64	26.36	(7.78)

(i) Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

There are no convertible redeemable preference shares for the group. There have been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. DIVIDENDS PAID AND PROPOSED	**$**	**$**	**$**	**$**
Declared and paid in year:				
Final dividend for 2011: 5 cents (2010: 4 cents)	177,900	142,320	177,900	142,320
Interim dividend for 2012: 12 cents (2011: 5 cents)	426,960	177,900	426,960	177,900
Dividends declared and paid	604,860	320,220	604,860	320,220
Declared but not paid:				
Final dividend for 2012: 12 cents (2011: 5 cents)	426,960	177,900	426,960	177,900

8. TRADE RECEIVABLES	**$**	**$**	**$**	**$**
Trade receivables	2,573,574	2,169,756	989,779	941,321
Receivable from related entity	240,511	-	78,853	83,028
	2,814,085	2,169,756	1,068,632	1,024,349

Trade receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December 2012, trade receivables of the group at nominal value of $181,415 (2011: $72,945) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

At 1 January	72,945	53,449	45,800	33,676
Charge for the year	160,593	19,496	7,188	12,124
Utilized	(52,123)	-	(33,746)	-
At 31 December	181,415	72,945	19,242	45,800

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

			Past due but not impaired		
	Total	< 30days	30 - 60 days	60 - 90 days	> 90 days
2012	2,573,574	1,281,125	831,936	267,937	192,576
2011	2,169,756	1,200,034	642,776	211,021	115,925

9. CASH AND CASH EQUIVALENTS

	Group		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
Cash at bank	1,079,935	564,729	281,522	281,472
Cash on hand	750	50	50	50
	1,080,685	564,779	281,572	281,522

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

At 31 December 2012, the group had available $200,000 (2011: $250,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

10. INVENTORIES

	$	$	$	$
TEC merchandise	47,727	42,296	2,539	2,687

The amount of write-down of inventories recognized as an expense was $Nil (2011: $Nil).

11. PREPAYMENTS AND OTHER ASSETS

	$	$	$	$
Current				
Refundable deposits	126,844	83,344	46,050	29,874
Prepayments	155,290	141,162	41,176	37,572
Other receivables	310,416	118,849	2,296	(9,664)
	592,550	343,355	89,522	57,782

12. INVESTMENT IN SUBSIDIARIES

	$	$	$	$
Shares in subsidiary companies:				
- Total Event Company Limited	-	-	2	2
- PNG FM Pty Ltd	-	-	1,994,705	1,994,705
	-	-	1,994,707	1,994,707

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

13. INVESTMENT IN ASSOCIATES

The holding company has a shareholding of 50% interest in 231 Waimanu Rd Holdings Limited. As at 31 December 2012, the holding company's shareholding in i-Pac Communications Limited was diluted to 12.5% (2011: 34.6%). The subsidiary, PNG FM Limited has a 33.3% shareholding in Paradise Cinemas (PNG) Limited. The reporting date of the financial statements for all associates is 31 December except i-Pac Communications Limited is 31 March. On dilution of the holding company's shares in i-Pac Communication Limited, the holding company's investment in that company was classified as an available for sale financial asset.

231 Waimanu Rd Holdings Ltd and PNG FM Limited are not listed on any public exchange. The following table illustrates summarized information of the group's investment in the companies.

13. INVESTMENT IN ASSOCIATES *continued*

	2012 $	2011 $
(a) Investment of Communications (Fiji) Limited in associates:		
Share of associate's balance sheet:		
Current assets	178,484	224,586
Non-current assets	1,443,818	2,792,137
Current liabilities	(33,033)	(843,322)
Non-current liabilities	(156,429)	(158,825)
Net assets	1,432,840	2,014,576
Share of associate's revenue and loss:		
Revenue	207,346	779,540
Net gain/(loss)	135,148	(1,118,906)
Carrying amount of investment - 231 Waimanu Rd Holdings Limited	1,432,840	1,422,692
Carrying amount of investment - i-Pac Communications Limited	-	591,884
Carrying amount of investment in associates	1,432,840	2,014,576
(b) Investment of PNG FM Limited in associates:		
Carrying amount of investment - Paradise Cinemas (PNG) Limited	258,153	653,637
Total investment in associates	1,690,993	2,668,213

	Group		Holding Company	
	2012	2011	2012	2011
14. FINANCIAL ASSETS	$	$	$	$
Shares in i-Pac Communications Limited	591,884	-	591,884	-

The company is a 12.5% shareholder in i-Pac Communications Limited as at 31 December 2012. On dilution of the share holding, the holding company has accounted for this investment as an available for sale investment in the current year.

15. INTANGIBLE ASSETS	$	$	$	$
Goodwill on consolidation and acquisition of subsidiary	1,507,569	1,507,569	-	-
Software costs	792,223	517,590	792,223	517,590
Additions	32,601	274,633	32,601	274,633
	2,332,393	2,299,792	824,824	792,223
Amortization and impairment:				
At 1 January	622,973	562,728	252,404	192,159
Amortization	69,133	60,245	69,133	60,245
At 31 December	692,106	622,973	321,537	252,404
Net book value	1,640,287	1,676,819	503,287	539,819

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

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

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

The recoverable amount of the subsidiary has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projection is 19% (2011: 19%) and cash flows beyond the 5-year period are extrapolated using a 5% growth rate (2011: 5%) that is the same as the long term average growth rate for the industry in PNG.

15. INTANGIBLE ASSETS *continued*

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

Key assumptions used in value in use calculations

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

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

Discount rates

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

Market share during budget period

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

Growth rate estimates

Rates are based on published industry research.

Political stability

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

Capital expenditure

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

16. PROPERTY, PLANT AND EQUIPMENT

Holding company	**Land and buildings**	**Plant and equipment**	**Motor vehicles**	**Total**
Cost:	**$**	**$**	**$**	**$**
At 1 January 2012	486,026	9,026,831	599,560	10,112,417
Additions	-	520,744	4,235	524,979
Disposals	-	-	(49,479)	(49,479)
At 31 December 2012	486,026	9,547,575	554,316	10,587,917
Depreciation and impairment:				
At 1 January 2012	225,143	6,885,264	348,886	7,459,293
Depreciation charge for the year	22,032	392,787	61,695	476,514
Disposals	-	-	(47,623)	(47,623)
At 31 December 2012	247,175	7,278,051	362,958	7,888,184
Net written down value:				
At 31 December 2012	238,851	2,269,524	191,358	2,699,733
At 1 January 2012	260,883	2,141,567	250,674	2,653,124

16. PROPERTY, PLANT AND EQUIPMENT *continued*	**Land and buildings**	**Plant and equipment**	**Motor vehicles**	**Total**
Group	$	$	$	$
Cost:				
At 1 January 2012	486,026	13,106,374	793,199	14,385,599
Additions	-	2,416,026	229,071	2,645,097
Disposals	-	(6,761)	(170,376)	(177,137)
At 31 December 2012	486,026	15,515,639	851,894	16,853,559
Depreciation and impairment:				
At 1 January 2012	225,143	8,656,023	396,451	9,277,617
Depreciation charge for the year	22,032	763,777	210,234	996,043
Disposals	-	-	(47,623)	(47,623)
At 31 December 2012	247,175	9,419,800	559,062	10,226,037
Net written down value:				
At 31 December 2012	238,851	6,095,839	292,832	6,627,522
At 1 January 2012	260,883	4,450,351	396,748	5,107,982

The carrying amount of plant and equipment held under finance leases and hire purchase contracts for the group at 31 December 2012 was $70,231 (2011: $136,503). Additions during the year include $55,726 (2011: $91,239) of motor vehicles acquired under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Land and buildings with a carrying amount of $238,851 (2011: $260,883) are subject to a first mortgage charge to secure all of the group's bank loans (Note18).

	Group		**Holding Company**	
	2012	**2011**	**2012**	**2011**
17. TRADE AND OTHER PAYABLES	**$**	**$**	**$**	**$**
Trade payables	188,580	114,374	59,158	43,128
Other payables	1,017,654	801,929	344,380	364,254
	1,206,234	916,303	403,538	407,382

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled monthly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 25.

			Group		Holding Company	
			2012	2011	2012	2011
18. INTEREST BEARING BORROWINGS			$	$	$	$
Current	Maturity	Effective interest rate %				
Bank overdraft	On demand	6.25%	-	-	-	-
Secured loan	Note 27	Note 18 (a)	814,178	442,576	814,178	326,955
Lease liability	Note 23	14.00%	65,478	80,456	-	-
			879,656	523,032	814,178	326,955
Non-current						
Secured loan	Note 27	Note 18 (a)	1,314,451	2,297,932	1,314,451	2,149,328
Lease liability	Note 23	14.00%	-	56,353	-	-
			1,314,451	2,354,285	1,314,451	2,149,328

Details of interest bearing borrowings are:

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

Holding company
The bank overdraft facility and loan from Westpac Banking Corporation are secured by a first registered debenture over the assets of the company. Interest on loan accounts are charged at the rate of 6.25%.

Subsidiary - PNG FM Limited
The bank overdraft facility and bank loan at interest rate of 11.25% are secured by a Stand-by letter of credit issued by Westpac Banking Corporation Fiji in the amount of K600,000 and a mortgage debenture by PNG FM Limited over the assets of PNG FM Limited.

Loan from Westpac Banking Corporation was obtained for the purpose of relocating the PNG FM office. The loan is repayable in 3 years at interest rate of 11.7% per annum.

(b) *Lease liability*
Lease liabilities were secured by a Master Lease agreement and a charge over leased assets.

19. PROVISIONS	$	$	$	$
Provision for dividend				
Balance at 1 January	17,354	17,354	17,354	17,354
Arising during the year	213,480	-	213,480	-
Utilized	-	-	-	-
Balance at 31 December	230,834	17,354	230,834	17,354
Provision for employee leave entitlements				
Balance at 1 January	108,223	90,787	69,643	64,977
Arising during the year	106,942	75,489	68,913	58,621
Utilized	(63,603)	(58,053)	(63,603)	(53,955)
Balance at 31 December	151,562	108,223	74,953	69,643
Current	382,396	125,577	305,787	86,997
Non-current	-	-	-	-
	382,396	125,577	305,787	86,997

	Group		Holding Company	
20. SHARE CAPITAL	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Authorised capital				
5,000,000 ordinary shares of $1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and Paid up capital				
3,558,000 ordinary shares of $1 each	3,558,000	3,558,000	3,558,000	3,558,000

21. NOTES TO THE STATEMENT OF CASH FLOWS	**$**	**$**	**$**	**$**
(a) Reconciliation of net cash provided by operating activities to Operating Profit/(loss) after income tax:				
Profit after income tax	2,231,636	876,558	937,790	(276,696)
Adjustment to reconcile profit/(loss) before income tax to net cash flows:				
Adjustments:				
Depreciation and amortization	1,065,176	869,251	545,647	521,266
(Gain) on sale of property, plant and equipment	(31,905)	(20,034)	(19,884)	(3,478)
Loss/(gain) from investment in associates	538,944	1,118,906	(135,148)	1,118,906
Movement in provision for doubtful debts	108,470	19,521	(26,558)	12,174
(Decrease)/increase in deferred tax liability	(30,245)	3,934	16,114	2,527
Movement in provision for employee entitlements	43,339	17,436	5,310	4,666
Movement in translation reserve	(56,293)	193,640	-	-
Working capital adjustments:				
(Increase)/decrease in receivables and inventories	(766,914)	(600,614)	(53,492)	67,435
Increase/(decrease) in other liabilities and accruals	194,183	108,538	331	(52,621)
Increase/(decrease) in income tax payable	35,797	328,163	(120,186)	19,162
Net cash flows provided by Operating Activities	3,332,188	2,915,299	1,149,924	1,413,341

(b) For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Cash at bank	1,080,685	564,779	281,572	281,522
Bank overdraft	-	-	-	-
	1,080,685	564,779	281,572	281,522

22. RESERVES	**$**	**$**	**$**	**$**
Foreign currency translation reserve				
At 1 January	(83,861)	(277,501)	-	-
Currency translation differences	1,016,665	193,640	-	-
At 31 December	932,804	(83,861)	-	-

22. RESERVES *continued*	**Group 2012 $**	**Group 2011 $**	**Holding Company 2012 $**	**Holding Company 2011 $**
Share premium reserve				
At 1 January	61,500	61,500	61,500	61,500
Issue of additional shares - at a premium	-	-	-	-
At 31 December	61,500	61,500	61,500	61,500
Total reserves	994,304	(22,361)	61,500	61,500

Nature and purpose of reserves

Foreign currency translation reserve

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

Share premium reserve

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

23. EXPENDITURE COMMITMENTS	**$**	**$**	**$**	**$**
(a) Capital expenditure commitments	-	-	-	-

(b) Finance lease commitments

Future commitments in respect of finance lease are as follows:

Within one year	67,976	103,399	-	-
After one year but not more than five years	-	103,772	-	-
More than five years	-	-	-	-
Total minimum lease payments	67,976	207,171	-	-
Deduct future finance charges	(2,498)	(70,362)	-	-
Present value of minimum lease payments	65,478	136,809	-	-
Analysed as:				
Current	65,478	80,456	-	-
Non-current	-	56,353	-	-
	65,478	136,809	-	-

(c) Operating lease commitments

Future commitments in respect of operating lease are as follows:

Within one year	210,757	195,437	210,757	195,437
After one year but not more than five years	632,271	586,311	632,271	586,311
More than five years	-	-	-	-
Minimum lease payments	843,028	781,748	843,028	781,748

The group has lease agreements for office space. The annual lease rentals are recognized as an expense in the current year.

24. CONTINGENT LIABILITIES

	Group 2012 $	Group 2011 $	Holding Company 2012 $	Holding Company 2011 $
(a) Fiji Electricity Authority	8,660	8,660	8,660	8,660
Telecom Fiji Limited	8,567	8,567	8,567	8,567
Letter of credit for PNG FM Limited	582,000	582,000	582,000	582,000
	599,227	849,227	599,227	849,227

(b) The subsidiary company (PNG FM Ltd) has filed a request for amendment to income tax assessments received for the financial years 1997 to 2002. The directors believe that the outcome of the request will not result in significant additional tax liability for the company. Assessments are yet to be received for years 2005 to 2008.

In prior financial year, the company received a re-assessment for financial year 2005 from Inland Revenue Commission. The Tax Authority's assessment is PKG29,671 more than that lodged in their income tax return. The company directors are in the process of reviewing this assessment.

25. RELATED PARTY DISCLOSURES

(a) Directors

Directors at anytime during the year were as follows:
Mathew Wilson, William Parkinson, Pramesh Sharma, Shaenaz Voss, Semi Leweniqila and Hari Punja (resigned on 15 February 2012).

(b) Ownership interest in related parties

	Place of incorporation	Ownership interest 2012	Ownership interest 2011
PNG FM Limited	PNG	100%	100%
Total Event Company Limited	Fiji	100%	100%
231 Waimanu Holdings Limited	Fiji	50.0%	50.0%
i-Pac Communications Limited	Fiji	12.5%	34.6%

(c) The following related party transactions occurred during the financial year:

	2012	2011
(i) *Transactions with consolidated subsidiary - PNG FM Limited*	$	$
Costs incurred on behalf of the subsidiary and recovered	288,971	164,081
Management fees	36,000	79,457
(ii) *Transactions with associate - 231 Waimanu Rd Holdings Limited*	$	$
Rental of office and studio space	133,662	132,338
Dividends received	125,000	250,000
(iii) *Transactions with investee - i-Pac Communications Limited*	$	$
Purchase of internet services	26,817	62,793
Radio income received	83,000	37,200
Other income received	-	5,219

25. RELATED PARTY DISCLOSURES *continued*

		2012	2011
		$	$

(iv) *Transactions with related entities*

During the year the company entered into various transactions with related entities which were at normal commercial terms and conditions. The aggregate value of major transactions with related entities during the year are as follows:

Revenue		$	$
Flour Mills of Fiji Limited	Radio revenue	-	80,831
Dominion Insurance	Radio revenue	11,066	12,897

(v) *Compensation of key management personnel of the Group*

	$	$
Short-term employee benefits	366,770	366,770
Post-employment pension and medical benefits	22,985	22,985
	389,755	389,755

(vi) *Owings from/(to) related party*

	$	$
PNG FM Limited	78,853	83,028
i-Pac Communications Limited - Trade creditors	-	9,610
	78,853	92,638

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

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

(viii) *Transactions with other related party*

	$	$
Superannuation contribution:		
Fiji National Provident Fund	151,773	120,456
Association of Superannuation Funds of PNG	82,083	64,590

26. COMPANY DETAILS

(a) Company incorporation

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

(b) Registered office/Company operation

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

(c) Number of employees

As at balance date, the company employed a total of 140 employees (Group: 200 employees).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations

with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

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

	Increase / (decrease) in interest rate	**Effect on profit before tax**
		$
2012	+10%	(11,366)
	-10%	11,306
2011	+10%	(13,420)
	-10%	13,350

Foreign currency risk

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

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

Credit risk

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

Liquidity risk

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

		$	$	$	$
31 December 2012	**Total**	**On demand**	**Less than 1 year**	**1 to 5 years**	**> 5 years**
Interest bearing borrowings	2,128,629	-	814,178	943,253	371,198
Lease liabilities	65,478	-	65,478	-	-
Trade and other payables	1,206,234	188,580	1,017,654	-	-
	3,400,341	188,580	1,897,310	943,253	371,198
31 December 2011	**Total**	**On demand**	**Less than 1 year**	**1 to 5 years**	**> 5 years**
Interest bearing borrowings	2,740,508	-	442,576	1,926,734	371,198
Lease liabilities	136,809	-	80,456	56,353	-
Trade and other payables	916,303	114,374	801,929	-	-
	3,793,620	114,374	1,324,961	1,983,087	371,198

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the year 31 December 2011 and 31 December 2012.

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

	Group	
	2012	**2011**
	$	**$**
Interest bearing borrowings	2,194,107	2,877,317
Trade and other payables	1,206,234	916,303
Less cash and short term deposits	(1,080,685)	(564,779)
Net debt	2,319,656	3,228,841
Equity	10,250,542	7,607,101
Total capital	10,250,542	7,607,101
Capital and net debt	**12,570,198**	**10,835,942**
Gearing ratio	18%	30%

28. SUBSEQUENT EVENTS

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

COMMUNICATIONS (FIJI) LIMITED
DISCLAIMER ON ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

Disclaimer on additional Information

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

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

STOCK EXCHANGE LISTING DISCLOSURES

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

(a) Statement of interest of each Director in the share capital of the Company or in a related corporation as at 31 December 2012 in compliance with Listing Requirements :

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

William Parkinson (Indirect interest - Parkinson Holdings Limited) 1,973,933 shares in Communications (Fiji) Limited.

(b) Distribution of shareholding

Holding	**No. of holders**	**% Holding**
Less than 500 Shares	40	0.54%
501 to 5,000 Shares	85	4.40%
5,001 to 10,000 Shares	12	2.57%
10,001 to 20,000 Shares	8	3.60%
20,001 to 30,000 Shares	6	4.06%
30,001 to 40,000 Shares	2	1.91%
40,001 to 50,000 Shares	Nil	Nil
50,001 to 100,000 Shares	2	3.39%
100,001 to 1,000,000 Shares	4	24.04%
Over 1,000,000 Shares	1	55.48%
	160	100%

(c) Share register

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

(d) Disclosure under Section 6.3.1(viii)

	Communications (Fiji) Limited F$	PNG FM Limited F$
Turnover	4,610,303	9,511,454
Other income	930,941	311,702
	5,541,244	9,823,156
Depreciation	545,647	519,529
Other expenses	3,846,433	7,161,128
Income tax expense	211,374	848,653
	4,603,454	8,529,310
Net profit after tax	937,790	1,293,846

STOCK EXCHANGE LISTING DISCLOSURES *continued*

(e) Top 20 Shareholders Report

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

Shareholder Name	No. of Shares	Total % Holdings
PARKINSON HOLDINGS LTD	1,973,933	55.48%
UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	386,327	10.86%
BSP INVESTMENTS (FIJI) LTD	252,955	7.11%
MATT WILSON	112,736	3.17%
JP BAYLY TRUST	103,300	2.90%
GUARDIAN TRUSTEES LIMITED-FIJIAN HOLDINGS UNIT TRUST	62,000	1.74%
PRAFUL & ANITA PATEL SUPERANNUATION FUND	58,668	1.65%
LAUTOKA STEVEDORING (FIJI) COMPANY LTD	34,100	0.96%
AMY LYNN BERGQUIST	34,000	0.96%
AEQUI-LIBRIA ASSOCIATES LTD	26,700	0.75%
KONTIKI FUND LIMITED	25,385	0.71%
ERIK LARSON AND KARLA LARSON-WADD, JTWROS	24,400	0.69%
IAN & LORETTA JACKSON	24,000	0.67%
BSP LIFE (FIJI) LIMITED	22,900	0.64%
ETA & RADIKE QEREQERETABUA	21,200	0.60%
FIJICARE INSURANCE LIMITED	20,000	0.56%
REDDY'S ENTERPRISES LIMITED	20,000	0.56%
PATELKHATRI INVESTMENTS (FIJI) LTD	19,070	0.54%
ROLAND F SCHULTZ	15,000	0.42%
GRAHAM EDEN	14,891	0.42%
Total	**3,251,565**	**91%**