MARKET ANNOUNCEMENT
(For Immediate Release)

ATH Group FY24 Financial Results

Amalgamated Telecom Holdings Limited (ATH) Reports Strong FY24 Financial Performance, 138% Net Profit Growth, and Strategic Expansion in the Pacific

Amalgamated Telecom Holdings Limited (ATH) today announced its financial results for the 12-month period ended June 30, 2024, recording robust performance across key financial metrics and continued strategic growth in the Pacific telecommunications sector.

Key Financial Highlights:

1. **Net Profit After Tax (NPAT):** ATH reported a net profit of $9.20 million, representing a 138% increase from the comparable 12-month period of FY23, which closed at $3.86 million. This marks significant progress from the $4.83 million reported for the 15-month period ended June 2023.
2. **Revenue:** ATH generated revenue of $935 million, slightly down from $960 million during the 15-month FY23 period but up 22% when compared to the equivalent 12-month revenue of $768 million from FY23.
3. **EBITDA:** The Group's EBITDA grew by $35 million, closing at $207 million, reflecting a $69 million improvement over the comparable FY23 performance.
4. **Debt Levels:** The Group's total debt increased to $692 million from $650 million in FY23, primarily due to investments in Papua New Guinea (PNG) and strategic projects in Fiji.

Strategic and Business Developments: ATH progress on key milestones and continuing developments:

1. **5G Network Rollout:** The launch of 5G services in American Samoa positioned the nation as the first in the Pacific to fully adopt this cutting-edge technology. Trials are also underway in Fiji and Samoa, with commercial rollout dependent on regulatory approvals.
2. **Fibre Network Expansion:** ATH further expanded its fibre infrastructure across the Pacific, enhancing regional connectivity and reinforcing its commitment to providing the best technological solutions to its customers.
3. **Starlink Partnership:** Telecom Fiji Limited (TFL), a subsidiary of ATH, is collaborating with Starlink to leverage satellite technology, improving connectivity and bridging the digital divide in underserved communities across the Pacific.
4. **PNG Operations:** Vodafone PNG demonstrated significant progress, achieving positive EBITDA in FY25 and expanding its network to all 22 provinces. ATH remains optimistic about continued growth and operational success in PNG.

Ivan Fong, CEO of ATH, commented, "FY24 has been a pivotal year for ATH, with strong financial uptick and strategic achievements. Our focus on operational efficiency, regional expansion, and the successful launch of 5G technology underscores our leadership in the Pacific's telecommunications industry. We remain committed to providing cutting-edge services and driving long-term value for our shareholders."

Mr. Attar Singh, the newly appointed Chairman of the Board, added, "ATH has emerged stronger from the global disruptions of recent years, delivering substantial growth and innovation. As we look to FY25, we are confident that ATH is well-positioned to navigate challenges and capitalize on new opportunities in the evolving telecommunications landscape."

This announcement has been approved by the Board of Directors of ATH Group.

(Ends)

Chairman

Company Secretary

20th September 2024

AMALGAMATED TELECOM HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the consolidated statement of financial position of Amalgamated Telecom Holdings Limited ("the Holding Company") and its subsidiary companies ("the Group", individually referred to as "group entities", see note 32 for investments in subsidiaries) as at 30 June 2024, 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 and report as follows:

Directors

The following were directors of the Holding Company at any time during the financial year and up to the date of this report:

Mr Attar Singh – Chairman- Appointed 10 July 2024
Mr Daksesh Patel
Mr Joweli Taoi
Mrs Tanya Waqanika – Appointed 10 July 2024
Mr Peter Chan
Mr Vilash Chand
Mr Viliame Vodonaivalu

Principal Activities

The principal activity of the Group during the year were the provision of telecommunications services. The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte Limited	Telecommunication, Information and Communications Technology (ICT) and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services and selling of prepaid transactions cards.
Vodafone Fiji Pte Limited including its subsidiaries, Datec (Fiji) Pte Limited and its subsidiary, Datec Australia Pty Limited, Datec New Zealand Limited, Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia).	Cellular mobile telecommunication services, cloud services, e-transport, other ancillary services on mobile platform and sale of computer hardware and software, ICT services, equipment rental, provision of technical support and other related services provided within the technology industry.
Fiji International Telecommunications Pte Limited (FINTEL)	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services. In March 2024, the operations of this entity has been transferred to Datec (Fiji) Pte Limited.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited	Telecommunication services in the Republic of Vanuatu.
Amalgamated Bluesky Telecom Holdings LLC and its subsidiary companies including AST Telecom LLC, American Samoa Entertainment Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary company including Digitec Communications Limited (PNG)	Equity investments and telecommunication services.

DIRECTORS' REPORT [CONT'D]

Principal Activities (Cont'd)

There were no significant changes in the nature of principal activities of the Group during the financial year.

Results

The consolidated profit after income tax attributable to the members of the Holding Company for the year ended 30 June 2024 was $17,097,000 (for the period 1 April 2022 to 30 June 2023: consolidated profit after income tax attributable to the members of the Holding Company of $11,681,000).

Dividends

Dividends of $14,358,000 were proposed by the Holding Company, endorsed by the board of directors, subject to its final approval by the shareholders at the AGM, for the year ended 30 June 2024 (for the period 1 April 2022 to 30 June 2023: $21,537,000).

Basis of Accounting - Going Concern

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 consolidated financial statements as the directors believe that the Group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

Bad Debts and Allowance for Expected Credit Loss

Prior to the completion of the financial statements of the Group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for expected credit loss. In the opinion of the directors, adequate allowance has been made for expected credit 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 expected credit 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 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 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 in the current financial year.

DIRECTORS' REPORT [CONT'D]

Events Subsequent to Balance Date

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

Other Circumstances

As at the date of this report:

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

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

(iii) no contingent liabilities or other liabilities of any company in the Group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the 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 period, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the consolidated financial statements or received as the fixed salary of a full-time employee of any company in the Group or of a related corporation) by reason of a contract made by any company in the Group or by a related corporation with the director or with a company of which the director is a member, or with a company in which the director has a substantial financial interest.

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

Dated this 19th day of September 2024.

.... Director	.... Director

DIRECTORS' DECLARATION

In the opinion of the directors of the Holding Company:

a) the accompanying consolidated statement of profit or loss and other comprehensive income of the Group is drawn up so as to give a true and fair view of the results of the Group for the year ended 30 June 2024;

b) the accompanying consolidated statement of financial position of the Group is drawn up so as to give a true and fair view of the state of the affairs of the Group as at 30 June 2024;

c) the accompanying consolidated statement of changes in equity of the Group is drawn up so as to give a true and fair view of the movement in shareholders' funds for the year ended 30 June 2024;

d) the accompanying consolidated statement of cash flows of the Group is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 30 June 2024;

e) at the date of this statement, there are reasonable grounds to believe that the group entities will be able to pay their debts as and when they become due and payable;

f) all related party transactions have been adequately recorded in the books of the group entities; and

g) the consolidated financial statements have been prepared in accordance with the Companies Act 2015.

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

Dated this 19th day of September 2024.

....	....
Director	Director

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

As Auditor for the audit of Amalgamated Telecom Holdings Limited and subsidiary companies for the financial year ended 30 June 2024, 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

19 September 2024

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To the Shareholders of Amalgamated Telecom Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Amalgamated Telecom Holdings Limited and its subsidiary companies (the Group), which comprise the consolidated statement of financial position as at 30 June 2024, 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 material 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 30 June 2024, 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 other ethical responsibilities in accordance with 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Impairment Assessments of Non - Financial Assets	
a) Impairment Assessment of Goodwill The Group's goodwill is recognised in a number Cash Generating Units (CGUs).We focused on this area due to: • the size of the goodwill balance ($136million as at 30 June 2024); • the Group's assessment of the 'Value In Use' of the CGUs involves significant judgements about the future results of the relevant CGU's and the discount rates applied to future cash flow forecasts; and • the Group incurs significant capital investments annually and the capital expenditure forecasts also involves significant estimation and judgement process. The Group performed an impairment assessment of the goodwill by: • calculating the Value In Use for each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for each CGU for five years, with a terminal growth rate applied to the fifth year. These cash flows were then discounted to net present value using each CGU's weighted average cost of capital (WACC); and • comparing the resulting Value In Use of each CGU to their respective book values. Refer to note 15(a) of the financial statements for details of the Group's impairment test and assumptions. Given the complexities involved in Goodwill impairment assessment process, we got our valuation experts involved to assist our senior audit team members in assessing this matter.	We performed detailed procedures for all the CGUs which included the following, amongst others: • Reviewed and assessed the methodology used by the Group and its appropriateness for conducting goodwill impairment tests. • Evaluated each CGU's cash flow forecasts, capital expenditure forecasts and the process by which they were developed, including considering the mathematical accuracy of the underlying calculations. We also compared them to the latest Board-approved budgets. We found that the budgets used in the Value In Use calculations were consistent with the Board - approved budgets and forecasts. • Compared current year (2024) actual results with the prior year (2023) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. • Evaluated the Group's key assumptions for growth rates in the forecasts by comparing them to historical results and economic and industry forecasts. • We got our valuation experts involved, to recalculate management's discount rates based on the Group and its industry. Valuation specialists were also involved in assessing the Value In Use model for valuation methodology, including the treatment of assumptions for capital expenditure, working capital, terminal value and the net present value calculations. • Performed sensitivity analysis on all CGUs in two main areas being the discount rate and terminal growth rate assumptions. For the CGUs with a higher risk of impairment we performed a range of sensitivity analyses including discount rate, terminal growth rate assumptions and revenue growth. • Reviewed events and transactions occurring after the reporting date that may indicate changes in the recoverable amounts of CGUs. • Assessed the Group's disclosures of the quantitative and qualitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding of the matter and against the requirements of the accounting standards.

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Impairment Assessments of Non - Financial Assets	
b) Impairment Assessment of Property, Plant and Equipment Property, Plant and Equipment (PPE) is considered to be one of the most significant balances in the financial statements of the Group given the size of the balance being $1,060miilon as at 30 June 2024. Furthermore, complexities are involved in capitalization and impairment assessment process of property, plant and equipment, in particular due to evolving changes in technology in telecommunications industry. Significant investments are also made by the Group annually in enhancing the infrastructure networks in various subsidiary entities. Given the evolving changes in technology in telecommunications industry and significant investments made in capital assets of the Group over time, we have considered assessment of impairment of property, plant and equipment as a key audit aspect for the audit hence, considered it as a key audit matter.	We performed following procedures in relation to impairment assessment of property, plant and equipment amongst others: • Reviewed the Group's policies and procedures for testing property, plant and equipment for impairment and internal controls related to the identification and assessment of impaired property, plant and equipment. • Ensured that the Group's impairment assessment process complies with relevant accounting standards. • Reviewed the criteria used by the Group to identify potential impairment indicators (e.g., significant decline in market value, physical damage, changes in technology, upgrade into new technology or market conditions). • Assessed whether the Group's process for identifying impairment indicators is consistent with accounting standards and industry practices. • Checked for any signs of impairment based on internal indicators and external indicators affecting the telecommunications industry and assessments carried out by the management evaluating the indicators and conclusions reached.

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Revenue Recognition	
Revenue recognition of the Group is relatively complex as the Group is predominantly involved in telecommunications industry and its various telecommunication products and revenue streams requires large volume of data processing with the significant volumes of transactions. The audit focused on evaluating the adequacy and appropriateness of the Group's revenue recognition policies, testing the accuracy of revenue calculations, and ensuring compliance with the relevant accounting standards.	Our procedures included amongst others: • With the assistance of our IT specialists, evaluated the design and implementation of internal controls related to revenue recognition and tested the operating effectiveness of these controls through walkthroughs and sample testing. This specifically included the evaluation of general IT Control environment of the Group and its effectiveness for our reliance. • Reviewed the Group's revenue recognition policies and procedures and evaluated whether these policies aligned with the relevant accounting standards. • Assessed the Group's practices for recognizing revenue from various sources (e.g., pre-paid services, post-paid services, subscription fees, equipment sales, and bundled services). • Obtained and reviewed a sample of customer contracts, in particular for new products and plans introduced during the year including bundled service agreements and long-term contracts etc. • Identified the performance obligations in different contracts and products and assessed the terms and conditions to determine how they impact revenue recognition. • Tested the complete reconciliations between the Group's billing systems and the general ledger. This involved analyzing and reconciling journal entries recorded in both the billing system and the general ledger. • Selected a sample of revenue transactions for detailed testing and verified the accuracy of revenue entries by tracing them to supporting documentation such as contracts, billings, and receipts. Confirmed that revenue is recognized in accordance with the contract terms and accounting policies. • Performed analytical procedures on prepaid revenue such as developing an expectation for monthly prepaid revenue during the financial period by applying the ratio of prepaid revenue to cash collected from top-ups in previous comparable periods to the cash collected from top-ups in the current period. • Performed cut-off testing to verify that revenue is recorded in the correct period. For example, checked transactions occurring near the period-end to ensure deferred revenue are recognized appropriately. • Reviewed the revenue-related disclosures in the financial statements to ensure they meet the requirements of the applicable accounting standards. Verified that the disclosures include information on significant judgments, estimates, and changes in revenue recognition practices.

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

Other Information

The management and directors are responsible for the other information. The other information comprise of the information included in the directors' report and the Annual Report of the Group for the year ended 30 June 2024 but does not include in the consolidated financial statements and the auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Those Charged with Governance 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.

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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- 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 those charges with governance 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 those charged with governance 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 consolidated 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.

Other Matter

The consolidated financial statements of the Group for the fifteen-month period ended 30 June 2023 were audited by other auditor who expressed an unmodified opinion on those consolidated financial statements on 31 October 2023.

To the Shareholders of Amalgamated Telecom Holdings 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.

BDO
CHARTERED ACCOUNTANTS

Wathsala Suraweera
Partner
Suva, Fiji
19 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Revenue	6	935,954	960,392
Direct costs	7	(361,042)	(390,848)
Gross profit		574,912	569,544
Other income	8	15,555	12,826
Impairment loss on trade receivables and contract assets recognised, net	20(c)	(2,732)	(2,848)
Marketing and promotion expenses		(20,434)	(29,778)
Other expenses	11	(509,009)	(518,872)
Operating profit		58,292	30,872
Finance income	10	11,676	19,257
Finance costs	10	(66,808)	(53,078)
Net finance costs		(55,132)	(33,821)
Profit / (loss) before tax		3,160	(2,949)
Income tax benefit	12(a)	6,042	7,786
Profit for the period		9,202	4,837
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(7,824)	9,919
Other comprehensive income / (expense), net of tax		(7,824)	9,919
Total comprehensive income		1,378	14,756

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

	Note	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Profit attributable to:			
Equity holders of the Holding Company		17,097	11,681
Non-controlling interests		(7,895)	(6,844)
		9,202	4,837
Total comprehensive income attributable to:			
Equity holders of the Holding Company		8,643	22,247
Non-controlling interests		(7,265)	(7,491)
		1,378	14,756
Earnings per share			
- Basic and diluted earnings per share (cents per share)	13	3.57	2.44

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to equity holders of the Holding Company							
	Share capital $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Other equity reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 April 2022	220,570	(4,054)	4,519	(6,327)	264,184	478,892	143,896	622,788
Total comprehensive income								
Profit for the period	-	-	-	-	11,681	11,681	(6,844)	4,837
Other comprehensive income	-	10,566	-	-	-	10,566	(647)	9,919
Total comprehensive income	-	10,566	-	-	11,681	22,247	(7,491)	14,756
Contributions and distributions to owners								
Dividends (Note 27)	-	-	-	-	(21,537)	(21,537)	(25,457)	(46,994)
Total contributions and distributions	-	-	-	-	(21,537)	(21,537)	(25,457)	(46,994)
Changes in ownership interests								
Issues of ordinary shares (Note 34)	-	-	-	-	-	-	207,957	207,957
Application of the anticipated acquisition method to the put option (Note 32(e))	-	-	-	-	-	-	(56,508)	(56,508)
Acquisition of non-controlling interests in Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited (Note 32(b))	-	-	(6,936)	-	-	(6,936)	(42,545)	(49,481)
Acquisition of non-controlling interests in Digitec Communications Limited (Note 32(f))	-	-	-	(17,449)	-	(17,449)	12,312	(5,137)
Acquisition of non-controlling interests in Bluesky SamoaTel Investments Limited (Note 31(d))	-	-	-	(436)	-	(436)	-	(436)
Changes in the carrying amount of the put liability (Note 32(e))	-	-	-	(8,555)	-	(8,555)	-	(8,555)
Total changes in ownership interests	-	-	(6,936)	(26,440)	-	(33,376)	121,216	87,840
Total contributions and distributions to owners	-	-	(6,936)	(26,440)	(21,537)	(54,913)	95,759	40,846
Balance as at 30 June 2023	**220,570**	**6,512**	**(2,417)**	**(32,767)**	**254,328**	**446,226**	**232,164**	**678,390**

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

AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to equity holders of the Holding Company							
	Share capital $'000	**Foreign currency translation reserve $'000**	**Merger reserve $'000**	**Other equity reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance as at 1 July 2023	220,570	6,512	(2,417)	(32,767)	254,328	446,226	232,164	678,390
Total comprehensive income								
Profit for the year	-	-	-	-	17,097	17,097	(7,895)	9,202
Other comprehensive expense	-	(8,454)	-	-	-	(8,454)	630	(7,824)
Total comprehensive income / (expense)	-	(8,454)	-	-	17,097	8,643	(7,265)	1,378
Contributions and distributions to owners								
Dividends (Note 27)	-	-	-	-	(14,358)	(14,358)	(28,407)	(42,765)
Investment transfers (Note 32(g))	-	-	27	-	-	27	25	52
Total contributions and distributions to owners	-	-	27	-	(14,358)	(14,331)	(28,382)	(42,713)
Balance as at 30 June 2024	**220,570**	**(1,942)**	**(2,390)**	**(32,767)**	**257,067**	**440,538**	**196,517**	**637,055**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 $'000	30 June 2023 $'000
Assets			
Non-current assets			
Deferred tax assets	12(b)	111,648	68,490
Property, plant and equipment	14	1,060,265	974,563
Intangible assets	15	180,165	183,535
Right of use assets and lease receivables	16(a)	160,441	134,717
Trade and other receivables and contract assets	20	3,651	3,025
Equity investment securities		2,715	2,835
Total non-current assets		1,518,885	1,367,165
Current assets			
Inventories	18	88,058	68,204
Debt investment securities	19	11,831	7,783
Trade and other receivables and contract assets	20	223,939	174,836
M-PAiSA trust account - restricted cash	21	89,571	74,960
Cash and cash equivalents	21	99,433	201,300
Total current assets		512,832	527,083
Total assets		**2,031,717**	**1,894,248**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	22	220,570	220,570
Foreign currency translation reserve	23	(1,942)	6,512
Merger reserve	32(b)	(2,390)	(2,417)
Other equity reserve	32(c)(d)(e)	(32,767)	(32,767)
Retained earnings		257,067	254,328
Equity attributable to the owners of the Holding Company		440,538	446,226
Equity attributable to non-controlling interests	17	196,517	232,164
Total shareholders' equity		637,055	678,390
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12(b)	21,963	12,861
Lease liabilities	16(b)	96,931	68,163
Borrowings	24	587,322	580,106
Provisions	25	725	466
Deferred income – Federal grant	28	42,364	978
Trade and other payables	26	6,770	5,133
Total non - current liabilities		756,075	667,707

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Note	30 June 2024 $'000	30 June 2023 $'000
Current liabilities			
E-value in circulation	3.24	89,571	74,960
Current tax liability	12(c)	20,712	21,343
Lease liabilities	16(b)	12,772	15,849
Borrowings	24	104,883	70,139
Provisions	25	7,466	7,283
Trade and other payables	26	332,611	290,754
Deferred income - Federal grant	28	6,435	2,758
Put liability	32(e)	64,137	65,065
Total current liabilities		638,587	548,151
Total liabilities		1,394,662	1,215,858
Total shareholders' equity and liabilities		**2,031,717**	**1,894,248**

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

Director

Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Cash flows from operating activities		
Receipts from customers and others	983,011	947,736
Payments to suppliers and employees	(744,131)	(746,644)
Cash generated from operating activities	238,880	201,092
Interest received	779	3,820
Interest paid	(54,330)	(41,808)
Income taxes paid	(35,727)	(29,942)
Net cash from operating activities	149,602	133,162
Cash flows from investing activities		
Acquisition of property, plant and equipment	(245,551)	(375,564)
Acquisition of intangible assets	(1,144)	(13,877)
Dividends received	156	395
Proceeds from sale of property, plant and equipment	2,383	4,332
Acquisition of non-controlling interest	-	(1,592)
Redemption of/(payment for) debt investment securities	(5,254)	13,764
Net cash used in investing activities	(249,410)	(372,542)
Cash flows from financing activities		
Dividends paid to equity holders of the Holding Company	(24,766)	(36,460)
Dividends paid to non-controlling interests	(8,324)	(16,611)
Repayment of borrowings	(77,848)	(47,071)
Proceeds from borrowings	92,588	334,708
Proceeds from share issue	-	110,646
Payment of lease liabilities	(14,130)	(12,915)
Net cash from/(used in) financing activities	(32,480)	332,297
Net change in cash and cash equivalents	(132,288)	92,917
Cash and cash equivalents at the beginning of the financial period	200,651	112,080
Effect of movements in exchange rates on cash held	(2,233)	(4,346)
Cash and cash equivalents at the end of the financial period (Note 21)	66,130	200,651

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. GENERAL INFORMATION

a) Reporting entity

Amalgamated Telecom Holdings Limited (the Holding Company) is a limited liability company incorporated and domiciled in Fiji. The Holding Company is listed on the South Pacific Stock Exchange. The Holding Company's registered office and principal place of business is at Harbour Front Building, Rodwell Road, Suva.

b) Consolidated financial statements

The consolidated financial statements for the year ended 30 June 2024 comprise the Holding Company and its subsidiaries (together referred to as "the Group", individually referred to as "group entities").

c) Parent company

The Holding Company's parent company is Fiji National Provident Fund (FNPF), a defined contribution superannuation fund domiciled in Fiji.

d) Principal activities

The principal activity of the Group during the year were the provision of telecommunications services. The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte Limited	Telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services and selling of prepaid transactions cards.
Vodafone Fiji Pte Limited including its subsidiaries, Datec (Fiji) Pte Limited and its subsidiary, Datec Australia Pty Limited, Datec New Zealand Limited, Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia).	Cellular mobile telecommunication services, cloud services, e-transport, other ancillary services on mobile platform and sale of computer hardware and software, ICT services, equipment rental, provision of technical support and other related services provided within the technology industry.
Fiji International Telecommunications Pte Limited (FINTEL)	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services. In March 2024, the operations of this entity has been transferred to Datec (Fiji) Pte Limited.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited	Telecommunication services in the Republic of Vanuatu.
Amalgamated Bluesky Telecom Holdings LLC and its subsidiary companies including AST Telecom LLC, American Samoa Entertainment Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary company including Digitec Communications Limited (PNG)	Equity investments and telecommunication services.

There were no significant changes in the nature of principal activities of the Group during the financial year.

NOTE 2. BASIS OF PREPARATION

a) Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for equity investment securities, which are measured on a fair value basis.

b) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act, 2015.

c) Standards issued but not yet effective

New standards, interpretations and amendments effective during the year

The following amendments are effective for the period beginning 1 January 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8); and*
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).*

(i) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Group but affect the disclosure of accounting policies of the Group.

(ii) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Group.

(iii) Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the annual consolidated financial statements of the Group.

NOTE 2. BASIS OF PREPARATION

c) Standards issued but not yet effective (Cont'd)

New standards, interpretations and amendments not yet effective

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 following amendments are effective for the period beginning 1 January 2024:
- Liability in a Sale and Leaseback *(Amendment* to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements*)*; and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The following amendments are effective for the period beginning 1 January 2025:
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The following new standards are effective for the period beginning 1 January 2026 for Fiji:
- IFRS S1 - General requirements for disclosure of sustainability-related financial information. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across a Group's value chain.
- IFRS S2 - Climate-related disclosures. This standard sets out requirements for entities to disclose information about climate-related risks and opportunities.

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.

d) Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 2(d) (ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3.8). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (3.12)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Basis of consolidation (Cont'd)

iii. Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

e) Functional and presentation currency

The consolidated financial statements are presented in Fiji dollars, which is the Holding Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. The following is a description of principal activities from which the Group generates its revenue.

The Group principally generates revenue from providing mobile telecommunication services, such as access to the network, airtime usage, messaging and internet services, sale of mobile devices, retailing of computer hardware and software, technical support services, equipment rental and other related services provided within the technology industry. Products and services may be sold separately or in bundled packages. The typical length of a contract for bundled packages is 24 months.

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Revenue recognition (Cont'd)

Revenue recognition with respect to the Group's specific business activities are as follows:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed line and mobile telecommunication services	Revenue for voice and video calls, messaging and mobile data provided to customers is recognised as services are performed, with unearned revenue from services to be provided in future periods deferred. Revenue from prepaid products and fixed monthly charges billed in advance is deferred and recognised as revenue once the related service has been provided. Revenue from interconnect fees is recognised at the time the services are performed. This is included within call revenue, data network and internet revenue in note 6(B).
M-PAiSA	M-PAiSA is a service allowing customers to transfer money using a mobile phone. This service is provided by the subsidiary company, Vodafone Fiji Pte Limited. A similar service is provided by the subsidiary company, Bluesky Samoa Limited, that enables customers to send and receive money anywhere in Samoa. E-value in circulation represents the outstanding value of money in the customers M-PAiSA account as at period end. M-PAiSA trust account is the equivalent value of cash held by the subsidiary companies, Vodafone Fiji Pte Limited and Bluesky Samoa Limited. Revenue from this service is earned from transfers and withdrawal transactions performed by customers. A tariff that is generated depending on the funds being transacted is applied on all transactions which cumulatively are reported as M-PAiSA transaction commission revenue. Commission revenue is recognised at the time the transfer or withdrawal transactions are performed by the customers. This is included within other sales and services in note 6(B).
Sale of computer hardware, software, mobile devices and terminals	Sales of computer hardware and software which are not part of any bundled package are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Sales of devices and terminals which are not part of any bundled package are recognised when a group entity sells them to the customer. Revenue is recognised at the point the devices and terminals are dispatched from the warehouse to the customer or sold at a Group's retail outlet. For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on relative their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the mobile devices, and telecommunication services separately. This is included within 'computer hardware, software and technical support services revenue' and 'equipment and ancillaries revenue' in Note 6(B).

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

3.1 Revenue recognition (cont'd)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of technical support services	Revenue from technical support and software development services is generally recognised based on the performance obligations completed to date. The Group measures progress towards complete satisfaction of the performance obligation based on surveys of performance completed to date.
Published and on-line directories	**Published directories** Revenue is recognised upon dispatch of the directories for distribution. Monies collected in advance are deferred. **Online directories** Revenue from contracts in relation to online directory is recognised over the term of the contract. This is included within directory revenue in Note 6(B).
Sale of broadband capacity	Revenue from sale of broadband capacity is recognised over time by measuring the progress toward complete satisfaction of performance obligation to deliver the services. The Group measures progress towards complete satisfaction of the performance obligation based on time elapsed. This is included within data network and internet revenue in note 6(B).
Subscription revenue	Revenue from subscription television services is initially deferred and is recognised over time as revenue in the period(s) that the related services is provided to subscribers. The Group measures progress towards complete satisfaction of the performance obligation based on time elapsed. This is included within data network and internet revenue in note 6(B).

3.2 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be made ready for their intended use or sale, are added to the cost of those assets, until such time as those assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.3 Dividend distribution

Dividend distribution to the Holding Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividend is declared by the Holding Company's directors.

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

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

3.4 Property, plant and equipment (Cont'd)

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Freehold land is not depreciated.

The annual depreciation rates are as follows:

- Leasehold land	Lease term
- Leasehold buildings and improvements	3% - 20%
- Telecommunications equipment and plant	
o Exchange plant and telecommunications infrastructure	5% - 33%
o Subscriber equipment	5% - 33%
o Trunk network plant	5% - 10%
o Plant and machinery	10% - 25%
o Equipment rental	10% - 25%
- Motor vehicles	20% - 25%
- Furniture, fittings and office equipment	10% - 25%
- Computer equipment	10% - 33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 Leases

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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 end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is 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.

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

3.5 Leases (Cont'd)

As a lessee (cont'd)

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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured 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 or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured 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 leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

IRU network capacity

The subsidiary company, Telecom Fiji Limited, acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Optus Networks Pty Limited to lease IRU network capacity for IP Transit and STM-1 and STM-4 via Australia and USA links. The subsidiary company has also been entering into an agreement with Optus Network Pty Limited annually for IP Transit.

The subsidiary company, Fiji International Telecommunications Limited, also acquired IRU network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Southern Cross Cables Limited to lease IRU network capacity via Australia, USA and New Zealand links until 2050.

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

3.5 Leases (Cont'd)

The amount recorded under right of use assets represents consideration prepaid to acquire IRU network capacities. The IRU network capacities are amortised over their estimated economic useful lives, as follows:

- IP Transit 33% -100%
- STM-1 6% - 7%
- STM-4 6% - 10%
- SX NXT 5%

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

As a lessor

At inception or on modification 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 standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.6 Intangible assets and goodwill

i. Recognition and measurement

a) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

b) Other intangible assets

Other intangible assets, including customer relationships and contracts, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

3.6 Intangible assets and goodwill (Cont'd)

i. Recognition and measurement (cont'd)

b) Other intangible assets (cont'd)

Brands that are acquired in a business combination and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Brands that are acquired in a business combination and have indefinite useful lives are measured at cost less accumulated impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Spectrum licences are capitalised on the basis of the costs incurred to acquire the licences. The licences are capable of being used as at the date of purchase, but cannot be used until the associated network assets necessary are available for use.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- computer software: 2–5 years
- spectrum licences: shorter of remaining licence rights and estimated economic useful lives
- customer relationships and contracts: 5 years
- brand: 15 months

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7 Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

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

3.7 Foreign currency (Cont'd)

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Fiji dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Fiji dollar at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Government grants

Government grants are initially recognised in the statement of financial position as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions attached with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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

3.10 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

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

3.11 Value Added Tax (VAT) / Goods Service Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT) / Goods Service Tax (GST), except:

(a) where the amount of VAT / GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of VAT / GST.

The amount of VAT / GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The VAT / GST component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as part of operating cash flows.

3.12 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 (see Note 3.10).

3.13 Inventories

Inventories comprise of merchandise, computer hardware, spares, accessories and other consumables, and are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of selling.

The cost incurred in acquiring the inventories and bringing them to their existing location and condition are accounted using the following formulae:

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

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

Inventory obsolescence is considered as part of determining the net realisable value, based on reviews of inventories.

3.14 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 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.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The Group measures term deposits at amortised cost.

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

3.14 Financial instruments (Cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets (cont'd)

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 as 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. The Group has not elected to present subsequent changes in the investment's fair value in OCI.

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: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

3.14 Financial instruments (Cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment (cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and losses

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.

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.

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.

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

3.14 Financial instruments (Cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets: Subsequent measurement and gains and losses (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.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPTL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in 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 and a new financial asset is recognised at fair value.

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

3.14 Financial instruments (Cont'd)

iv) Modifications of financial assets (cont'd)

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, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (refer note 3.16).

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.

3.15 Impairment of non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets.

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, bank balances, receivable from related parties and other receivables 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 (including lease 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, 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 debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

3.15 Impairment of non-derivative financial assets (Cont'd)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standards and Poor's.

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 Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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 Group expects to receive).

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 debtor;
- 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 Group on terms that the Group 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.

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

3.16 Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense
- the foreign currency gain or loss on financial assets and financial liabilities
- impairment losses (and reversals) on investments in debt securities carried at amortised cost

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.

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.

3.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

3.18 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents include cash on hand, cash at banks; short term deposits with banks and bank overdrafts. M-PAiSA trust account is not part of the cash management and therefore it is excluded. Bank overdrafts are included within borrowings and disclosed as current liabilities in the statements of financial position.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

3.20 Employee entitlements

Wages and salaries

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

Annual leave and sick leave

Liability for annual leave is recognized in the provision for employee entitlements. Liabilities for annual leave are expected to be settled within 12 months of the balance date and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Long service leave and retirement benefits

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

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

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

3.20 Employee entitlements (cont'd)

Bonus plans

The Group pays bonuses to employees based on the achievement of individual objectives by the employees and performance of the respective subsidiary companies. The Group recognises a provision where contractually obliged or where there is a past practice, subject to performance evaluation.

Termination benefits

The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a formal plan without the possibility of withdrawal or providing termination benefits as a result for an offer made for redundancy. Benefits falling due more than 12 months after the balance date are disclosed at present value.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

3.21 Segment reporting

Operating Segments

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

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

The Group has disclosed three reportable segments as follows:

- Fixed line telecommunications ("Fixed Line Telecom") segment includes all fixed line telecommunication services including the sale or lease of telecommunications related office equipment, accessories and services including prepaid telephony and card services;

- Mobile telecommunications ("Mobile Telecom") segment includes all mobile telecommunication services including the sale of associated equipment, accessories and services;

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

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

Geographical segment

A geographical segment constitutes the provision of products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Holding Company and four subsidiary companies operate in Fiji while its other subsidiary companies operate in Kiribati, Vanuatu, American Samoa, Samoa, Cook Islands, New Zealand, United States of America (non–operating), Papua New Guinea, Singapore and Australia.

The segment reporting has been disclosed under note 33.

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

3.22 Expenditure recognition

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

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

3.23 Contract Assets / Liabilities

The contract assets primarily relate to the Group's rights to consideration for goods supplied / services rendered but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relates to unfulfilled performance obligations under a contract for services with customers.

Revenue under mobile contracts is recognised when customers source the hardware from the Group.

3.24 M-Paisa Trust Account and Evalue in circulation

The M-Paisa Trust Account is established to hold funds deposited by M-Paisa users, ensuring that user funds are segregated from the operational funds of the Group.

E-value represents the electronic money held by users, agents, and merchants within the M-Paisa system. It is the digital equivalent of cash, used for mobile money transactions.

3.25 Comparative figures

Current period financial statements are prepared for the twelve-month period from 1July 2023 to 30 June 2024.

Prior period results were for fifteen-month period ended 30 June 2023. Accordingly, comparative figures represent results for fifteen months and therefore, may not be directly comparable.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year to facilitate comparison and achieve consistency in disclosures.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rate, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the Group to a decline in revenue. The Group operates in a number of countries and changes to respective government's policies therefore affect the economic situation and ultimately the revenue of the Group. To address this, the Group reviews its pricing and product range regularly and responds appropriately to these changes.

i) Foreign exchange risk

The Group largely procures most of its telecommunication equipment and supplies from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy that requires the Group companies to manage its foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency other than the functional currency of the respective Group companies. For significant settlements, the Group companies seek quotations from recognised banks and use the most favourable exchange rate for settlement purposes.

As at period end, financial liabilities (trade and other payables) denominated in foreign currencies are significant and hence changes in the US dollar by 10% (increase or decrease) are expected to have a significant impact on the net profit currently reflected in the Group's financial statements. The carrying amount of the Group's significant foreign currency denominated monetary liabilities at the end of the reporting period are as follows:

	30 June 2024 F$'000	30 June 2023 F$'000
USD	277,203	149,787

As at period end, there were no material financial assets denominated in foreign currencies.

The following significant exchange rate against FJD was applied during the period:

	Reporting date spot rate	
	30 June 2024	**30 June 2023**
USD	0.448	0.442

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

a) Market risk (cont'd)

i) Foreign exchange risk (cont'd)

A reasonably possible strengthening (weakening) of the US dollar against the Fiji dollar at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A sensitivity rate of 10% is used when reporting foreign currency risk internally to key management personnel which also represents management's assessment of the reasonably possible change in foreign exchange rates.

	Profit or (loss)	
	Strengthen F$'000	**Weaken F$'000**
30 June 2023		
USD	(14,979)	14,979
30 June 2024		
USD	(27,720)	27,720

ii) Interest rate risk

Interest rate risks are managed closely by the directors and management within the approved policy parameters. For re-investment and additional borrowings, the Group negotiates an appropriate interest rate with banks and other lenders and invests with or borrows from banks or other financial institutions which offers the best overall commercial terms, including the interest rate.

The Group has interest-bearing assets in the form of debt investment securities and advances to related entities. Generally, these are at fixed interest rates, hence, there are no uncertainties related to interest rate cash flows during the period of investment.

Furthermore, the subsidiary companies, Vodafone Fiji Pte Limited and Digitec Communication Limited have significant interest-bearing borrowings from Fiji National Provident Fund. Vodafone Fiji Pte Limited's borrowings are at fixed interest rate over the remaining 2 - 15 years' term of the loan. Digitec Communication Limited's loan is at a fixed interest rate too and the term of the loan is 6 years. Given the fixed nature of interest rates, the Group has a high level of certainty over the impact on cash flows arising from interest income and expense.

The Holding Company has significant borrowings from Australia and New Zealand Banking Group Limited in respect to acquisition of subsidiary companies, Telecom Vanuatu Limited and the Bluesky Group for which repayments are based on notional term of 13-15 years and are at variable interest rate.

Also, the subsidiary company, Telecom Vanuatu Limited, has significant interest-bearing borrowings from ANZ Bank (Vanuatu) Limited and Vanuatu National Provident Fund at variable interest rates.

The subsidiary companies, Bluesky SamoaTel Investments Limited and Bluesky Samoa Limited, have significant interest-bearing borrowings from ANZ Bank (Samoa) Limited at variable interest rates.

Furthermore, in the prior financial year, the subsidiary company, Digitec Communications Limited consolidated its borrowings and entered into a syndicated loan facility with BSP and Kina Securities Limited. These facilities are at variable interest rates.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

a) Market risk (cont'd)

ii) Interest rate risk (cont'd)

At the reporting date the profile of the Group's variable interest bearing financial instruments was as follows:

	30 June 2024 $'000	30 June 2023 $'000
Bank overdraft	33,303	649
Borrowings	451,466	497,175
	484,769	497,824

Sensitivity analysis
A 100 basis points (bp) increase in interest rates at the reporting date would have decreased the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit or loss before tax $'000
30 June 2024	
Variable rate instruments	4,847
30 June 2023	
Variable rate instruments	4,978

b) 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, where available, are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a regular basis.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluations are performed on the financial condition of trade receivables.

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 and contract assets represent the maximum credit exposure.

Refer note 20(c) for details of impairment losses on financial assets and contract assets recognised in profit or loss.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the country in which customers operate.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

b) Credit risk (cont'd)

Trade receivables and contract assets

At 30 June, the exposure to credit risk for gross trade receivables and contract assets by geographic region was as follows:

	30 June 2024 $'000	30 June 2023 $'000
Fiji	85,223	67,420
Samoa	13,076	17,479
Papua New Guinea	22,427	16,935
Vanuatu	6,499	6,478
American Samoa	6,307	6,218
Singapore	615	5,000
Cook Islands	3,239	3,222
Kiribati	2,110	1,514
Australia	12	107
	139,508	124,373

Expected credit loss assessment
The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets 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. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 30 June 2024 and 30 June 2023.

	Weighted average loss rate	Gross Carrying amount $'000	Loss allowance $'000	Net carrying amount $'000	Credit Impaired
30 June 2024					
Current (not past due)	1.3%	60,355	784	59,571	No
1- 30 days past due	4.8%	19,337	928	18,409	No
31 - 60 days past due	11.5%	10,442	1,201	9,241	No
61 - 90 days past due	40.4%	15,241	6,157	9,084	No
More than 90 days past due	43.2%	20,616	8,906	11,710	Yes
		125,991	17,976	108,015	
Debtors specifically assessed		13,517	8,852	4,665	Yes
		139,508	26,828	112,680	
30 June 2023					
Current (not past due)	1.86%	53,160	987	52,173	No
1- 30 days past due	5.84%	17,035	995	16,040	No
31 - 60 days past due	11.64%	7,294	849	6,445	No
61 - 90 days past due	17.48%	3,765	658	3,107	No
More than 90 days past due	69.32%	24,445	16,946	7,499	Yes
		105,699	20,435	85,264	
Debtors specifically assessed		18,674	9,291	9,383	Yes
		124,373	29,726	94,647	

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

b) Credit risk (cont'd)

Loss rates are based on actual credit loss experience over the past two years.

The Group performs a qualitative assessment to measure the ECLs for other receivables, advances and related party receivables. The factors considered by the Group includes whether there are evidence to support that there has been a significant increase in credit risk, whether there any impact on time value of money, how and when the Group will require repayment from the counter party and whether any indicators of default exist.

Cash and cash equivalents

The Group held cash and cash equivalents of $99,433,000 at 30 June 2024 (30 June 2023: $201,300,000). The cash and cash equivalents are primarily held with banks, which are rated B to AA-, based on Standards and Poor's (S&P) ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. The Group did not recognise an impairment allowance against cash and cash equivalents as at 30 June 2024 (30 June 2023: $nil).

Debt investment securities

The Group held debt investment securities of $11,831,000 at 30 June 2024(30 June 2023: $7,783,000). The debt investment securities are held with banks and credit institutions. Debt investment securities held with banks are primarily rated B to AA-, based on S&P ratings. In relation to debt investment securities held with credit institutions the Group monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks and credit institutions has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group did not recognise an impairment allowance against debt investment securities as at 30 June 2024 (30 June 2023: $nil).

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations for its liabilities. Prudent liquidity risk management requires maintaining sufficient cash and marketable securities to ensure availability of funding. Proper management of the Group's liquidity position is essential in order to ensure that adequate funds are available to meet the Group's ongoing financial obligations.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors liquidity through rolling forecasts of the Group's cash flow position and maintaining adequate funding arrangements. Also, a reasonable portion of revenue is billed and collected in advance or generally within 30 days of invoice. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

c) Liquidity risk (cont'd)

	Contractual Undiscounted Cashflows					
	On demand	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities						
30 June 2024						
Trade and other payables	-	332,611	5,870	-	900	339,381
Put liability (see note 32(e))	-	64,137	-	-	-	64,137
Lease liabilities	-	20,782	20,782	42,380	82,937	166,881
Borrowings	33,303	102,010	68,970	143,381	524,595	872,259
	33,303	519,540	95,622	185,761	608,432	1,442,658
30 June 2023						
Trade and other payables	-	290,754	5,133	-	-	295,887
Put liability (see note 32(e))	-	65,065	-	-	-	65,065
Lease liabilities	-	16,884	18,863	23,526	74,376	133,649
Borrowings	649	70,573	83,507	162,047	406,575	723,351
	649	443,276	107,503	185,573	480,951	1,217,952
Financial assets						
30 June 2024						
Debt investment securities	-	11,831	-	-	-	11,831
Trade and other receivables	-	223,939	3,651	-	-	227,590
Cash and cash equivalents	99,433	-	-	-	-	99,433
	99,433	235,770	3,651	-	-	338,854
30 June 2023						
Debt investment securities	-	7,783	-	-	-	7,783
Trade and other receivables	-	174,836	3,025	-	-	177,861
Cash and cash equivalents	201,300	-	-	-	-	201,300
	201,300	182,619	3,025	-	-	386,944

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

Other risks

a) Operational risk

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

b) Regulatory risk

The Group's profitability can be significantly impacted by regulatory agencies which govern the telecommunication sector. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission and the Group's operating environment is regulated by Telecommunications Authority of Fiji, Communications Commission of Kiribati, Telecommunications and Radio Communications Regulator of Vanuatu, National Information and Communications Technology Authority of Papua New Guinea, Office of the Regulator of Samoa, Government of the Cook Islands, Federal Communication Commission (FCC) of USA, the Governor of American Samoa, Infocomm Media Development Authority of Singapore and Australian Communications and Media Authority of Australia.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2024 and 30 June 2023 were as follows:

	30 June 2024 $'000	30 June 2023 $'000
Total borrowings	692,205	650,245
Less: Cash and cash equivalents	(99,433)	(201,300)
Net debt	592,772	448,945
Total equity	637,055	678,390
Total capital (Total equity plus Net debt)	1,229,827	1,127,335
Gearing ratio (Net debt / Total capital x 100)	48%	40%
Debt to equity ratio % (Net debt / Total equity)	93%	66%

NOTE 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 15(a) – Impairment test of goodwill: key assumptions underlying recoverable amounts.
- Notes 3.15 and 4.1(b) – Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the roll rate.
- Note 12 – Recognition of deferred tax assets on carry forward tax losses.
- Note 3.8 – Impairment of non-financial assets.
- Note 3.13 – Impairment of inventories.
- Note 3.4 and 3.5 – Depreciation / amortization of property, plant and equipment and leases.

i. Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
NOTE 6. REVENUE		
A. Revenue streams		
Revenue from ordinary activities are as follows:		
Revenue from contracts with customers	931,635	954,256
Other revenue		
- Equipment and lease circuit rental	4,319	6,136
Total revenue	935,954	960,392

NOTE 6. REVENUE (CONT'D)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines.

	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Major products/service lines		
Call revenue	190,218	128,662
Computer hardware, software and technical support services revenue	70,007	78,728
Data network and internet revenue	472,546	575,353
Directory revenue	506	1,566
Equipment and ancillaries revenue	130,832	131,323
Other sales and services	67,526	38,624
Total revenue	931,635	954,256

C. Contract balances

The following table provides information about gross receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2024 $'000	30 June 2023 $'000
Receivables, included in 'trade and other receivables and contract assets'	135,295	121,726
Contract assets, included in 'trade and other receivables and contract assets'	7,445	5,464
Contract liabilities, included in 'trade and other payables'	30,612	38,748

The contract assets primarily relate to the Group's rights to consideration for mobile handsets provided to customers but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to advance consideration received from customers under the mobile contracts and from prepaid products and fixed monthly charges billed in advance. Revenue under mobile contracts are recognised when customers source the hardware from the Group. Revenue from prepaid products and fixed monthly charges billed in advance is recognised as revenue either once the related service has been provided or when the product date has expired, whichever occurs earlier.

The amount of $38,748,000 included in contract liabilities at 30 June 2023 has been recognised as revenue for the year ended 30 June 2024 (30 June 2023: $27,111,000).

No information is provided about remaining performance obligations at 30 June 2024 that have an original expected duration of one year or less or where the Group recognises revenue based on the amount it has a right to invoice, as allowed by IFRS 15.

The Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less, as allowed by IFRS 15.

	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
NOTE 7. DIRECT COSTS		
Airtime and PSTN charges	103,275	79,421
Computer hardware, software and technical support services	63,064	89,711
Directory production costs	40	198
Equipment and ancillary costs	108,426	101,513
Satellite/Bandwidth charges	85,759	115,150
Stock obsolescence	478	4,855
Total direct costs	361,042	390,848

Direct costs represent the specific costs that the Group considers in pricing its products and services disclosed under note 6(B).

NOTE 8. OTHER INCOME

Amortisation of deferred grant	2,761	-
Gain on sale of property, plant and equipment	1,199	-
Insurance proceeds	-	820
Universal service fund	2,189	2,639
Other miscellaneous income	9,406	9,367
Total other income	15,555	12,826

NOTE 9. PERSONNEL COSTS

Wages and salaries, including leave pay and other benefits	89,554	95,544
Superannuation contributions	6,092	5,709
Other personnel costs	14,897	16,183
Total personnel costs	110,543	117,436

NOTE 10. NET FINANCE COSTS

Interest income under the effective interest method on:		
- Debt investment securities	1,044	494
Total interest income arising from financial assets measured at amortised cost	1,044	494
Net realised foreign exchange gain	2,161	1,797
Net unrealised foreign exchange gain	8,471	16,966
Finance income – other	10,632	18,763
Total finance income	11,676	19,257
Financial liabilities measured at amortised cost – interest expense on:		
- Lease liabilities	(7,776)	(4,753)
- Borrowings, including bank overdraft	(34,905)	(26,445)
- Advance from related parties	(11,751)	(10,610)
Net unrealised foreign exchange loss	(12,376)	(11,270)
Total finance costs	(66,808)	(53,078)
Net finance costs recognised in profit or loss	(55,132)	(33,821)

NOTE 11. OTHER EXPENSES	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Auditor's remuneration:		
• Audit fees – group auditor	887	964
- other auditors	196	118
• Other services – group auditor / other auditors	144	266
Consultancy and contractors fees	1,376	2,138
Directors' remuneration – fees and allowances	1,245	1,264
Electricity	36,380	28,486
Insurance	14,872	14,449
Legal and professional fees	1,862	3,511
Licence and support service fees	27,404	33,010
Computer software support charges	24,178	19,505
Rent and rates	52,134	57,799
Repairs and maintenance	15,566	10,758
Travelling and transportation	8,339	10,952
Loss on sale of property, plant and equipment	-	598
Personnel costs (note 9)	110,543	117,436
Depreciation of property, plant and equipment (note 14)	145,753	141,967
Depreciation of right of use assets (note 16)	18,267	15,484
Amortisation of intangible assets (note 15)	10,983	12,491
Other miscellaneous expenses	38,880	47,676
Total other expenses	509,009	518,872

NOTE 12. INCOME TAX

a) Income tax benefit

Profit / (loss) before income tax	3,160	(2,949)
Prima facie income tax on profit / (loss)	(5,136)	(11,823)
Impact of change in tax rates	956	1,930
Tax effect of:		
• Non-deductible expenses	3,949	843
• Tax concessions and incentives	(5,427)	(587)
Deferred tax benefit on tax losses derecognised	367	1,455
Under / (over) provision in prior year	(751)	396
Income tax benefit	(6,042)	(7,786)
Income tax benefit comprises of:		
Current tax expense	37,467	42,526
Deferred tax benefit	(42,758)	(52,638)
Impact of change in tax rates	-	1,930
(Over) / under provision in prior year	(751)	396
Income tax benefit	(6,042)	(7,786)

NOTE 12. INCOME TAX (CONT'D)	30 June 2024 $'000	30 June 2023 $'000
b) Deferred tax assets / deferred tax liabilities		
Allowance for expected credit loss	8,389	7,553
Employee entitlements	1,593	1,457
Allowance for stock obsolescence	1,527	1,357
Difference in carrying value of right of use assets and lease liabilities for accounting and income tax purpose	3,208	2,553
Carried forward tax losses	93,077	66,176
Others	1,189	2,224
Unrealised foreign exchange loss	2,688	(10)
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity, customer relationship and contracts, brand and spectrum licences for accounting and income tax purpose	(21,986)	(24,505)
Unrealised foreign exchange gain	-	(1,176)
	89,685	55,629
This is represented by:		
Deferred tax asset	111,648	68,490
Deferred tax liability	(21,963)	(12,861)
	89,685	55,629

c) Current tax liability

	30 June 2024 $'000	30 June 2023 $'000
Balance at beginning of period	21,343	9,672
Current tax liability	37,467	42,526
Income tax paid	(35,715)	(30,289)
Tax deducted at source – Resident Interest Withholding Tax	(12)	(258)
Effect of movements in exchange rates	(896)	468
Others	462	-
Under provision in prior year	(1,937)	(776)
Balance at end of period	20,712	21,343

d) Unrecognised deferred tax assets by Holding Company

Deferred tax assets have not been recognised in respect of the following items as it is not probable that future taxable income will be available against which the Holding Company can utilise the tax benefits. The benefit will only be obtained if:

i. the Holding Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

ii. the Holding Company continue to comply with the conditions for deductibility imposed by the law; and

iii. no change in tax legislation adversely affect the Holding Company in realising the benefit from the deductions for the losses.

	30 June 2024 $'000	30 June 2023 $'000
Employee entitlements	20	51
Unrealised exchange loss	738	2,687
Property, plant and equipment	1	5
	759	2,743

NOTE 13. EARNINGS PER SHARE

	30 June 2024 $'000	30 June 2023 $'000
Basic and diluted earnings per share		

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	30 June 2024 $'000	30 June 2023 $'000
Profit attributable to equity holders of the Holding Company	17,097	11,681
Weighted average number of ordinary shares	478,590	478,590
Basic and diluted earnings per share (cents per share)	3.57	2.44

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Telecommunications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 30 June 2024								
Opening net book amount	40,694	627,277	18,692	9,939	10,839	11,156	255,966	974,563
Additions	1,288	1,337	483	915	1,672	(470)	279,174	284,399
Effect of movements in exchange rates	2,798	(23,161)	8	2,169	(1,181)	(2,207)	(22,606)	(44,180)
Disposals	(28)	(305)	(25)	(233)	(11)	-	(2,024)	(2,626)
Transfers	258	353,970	3,017	5,554	4,687	2,208	(375,832)	(6,138)
Depreciation	(4,017)	(126,641)	(7,560)	(2,967)	(4,568)	-	-	(145,753)
Closing net book amount	40,993	832,477	14,615	15,377	11,438	10,687	134,678	1,060,265
At 30 June 2024								
Cost	102,300	2,122,036	101,652	96,113	35,442	10,776	134,678	2,602,997
Accumulated depreciation and impairment allowance	(61,307)	(1,289,559)	(87,037)	(80,736)	(24,004)	(89)	-	(1,542,732)
Net book amount	40,993	832,477	14,615	15,377	11,438	10,687	134,678	1,060,265

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $'000	Telecommun -ications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 30 June 2023								
Opening net book amount	40,196	357,360	17,835	11,132	7,911	2,631	322,232	759,297
Additions	2,711	422	374	1,472	1,680	8,525	340,509	355,693
Effect of movements in exchange rates	(2,050)	(1,318)	33	(2,083)	(52)	-	27,818	22,348
Disposals	-	(4,578)	(112)	(62)	(301)	-	(3,517)	(8,570)
Transfers	2,043	398,003	10,509	2,501	5,782	-	(431,076)	(12,238)
Depreciation	(2,206)	(122,612)	(9,947)	(3,021)	(4,181)	-	-	(141,967)
Closing net book amount	40,694	627,277	18,692	9,939	10,839	11,156	255,966	974,563
At 30 June 2023								
Cost	90,747	1,686,001	98,273	90,585	28,380	11,247	255,966	2,261,199
Accumulated depreciation and impairment allowance	(50,053)	(1,058,724)	(79,581)	(80,646)	(17,541)	(91)	-	(1,286,636)
Net book amount	40,694	627,277	18,692	9,939	10,839	11,156	255,966	974,563

a) Borrowing costs directly attributable to the acquisition and construction of qualifying assets amounting to $4.11m (PGK 7.1m) (2023: $1.2m (PGK1.9m)) has been capitalized during the period.

b) All properties, plant and equipment of the Holding Company and subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited, Telecom Vanuatu Limited and Digitec Communications Limited have been pledged to ANZ Banking Group Limited (Fiji), ANZ Bank (Kiribati) Limited, ANZ Bank (Vanuatu) Limited, BSP Financial Group Limited and Kina Securities Limited, respectively as security in accordance with the security arrangements for term loan facilities. Furthermore, land and buildings located at Bluesky Headquarters at Maluafou, Samoa are subject to a first charge against Bluesky Samoa Limited's bank loans with ANZ Bank (Samoa) Limited.

NOTE 15. INTANGIBLE ASSETS

	30 June 2024 $'000	30 June 2023 $'000
Goodwill (a)	135,698	134,064
Computer software (b)	18,974	15,765
Spectrum licences (c)	14,315	17,017
Brand (d)	7,827	7,827
Customer relationship and contracts (e)	3,351	8,862
Total intangible assets, net	180,165	183,535

a) Goodwill

	30 June 2024 $'000	30 June 2023 $'000
Gross carrying amounts:		
Goodwill on acquisition of :		
Datec (Fiji) Pte Limited and Subsidiary Company (i)	3,401	3,401
Telecom Vanuatu Limited (ii)	5,711	5,711
Bluesky Group (iii)	114,055	114,055
Digitec Group (iv)	23,531	21,897
	146,698	145,064
Accumulated impairment:		
Opening balance	11,000	11,000
Impairment loss	-	-
Closing balance	11,000	11,000
Net book amount	135,698	134,064

i) On 29 May 2015, subsidiary company, Vodafone Fiji Pte Limited acquired 100% shareholding in Datec (Fiji) Pte Limited and its Subsidiary Company. Goodwill of $3,401,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $45,561,000 (2023: $27,890,000). The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	30 June 2023
Discount rate	10.8%	11.1%
Terminal value growth rate	2.0%	2.0%
Budgeted EBITDA growth rate (average of next five years)	9.0%	7.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

NOTE 15. INTANGIBLE ASSETS (CONT'D)

a) Goodwill (cont'd)

ii) On 27 March 2017, the Holding Company acquired 100% shareholding in Telecom Vanuatu Limited. Goodwill of $5,711,000 (accumulated impairment losses of $2,500,000) was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $121,574,000 (2023: $77,436,000). The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	30 June 2023
Discount rate	11.5%	16.7%
Terminal value growth rate	2%	2.0%
Budgeted EBITDA growth rate (average of next five years)	8%	10.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated subscriber base for the next five years.

Management has identified that a reasonably possible change in the key assumptions could cause the carrying amount to exceed the recoverable amount.

iii) On 1 January 2019, the Holding Company acquired 100% membership in AST Telecom LLC and 100% shareholding in eLandia Technologies Inc. Goodwill of $114,055,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date. The goodwill was allocated to the operating companies within the Group as follows:

a. American Samoa Telecom LLC - $31,279,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $122,055,000 (2023: $67,520,000).

The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	30 June 2023
Discount rate	11.4 %	8.6%
Terminal value growth rate	2.0%	2.0%
Budgeted EBITDA growth rate (average of next five years)	6.0%	4.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated subscriber base for the next five years.

Management has identified that a reasonably possible change in the key assumptions could cause the carrying amount to exceed the recoverable amount.

NOTE 15. INTANGIBLE ASSETS (CONT'D)

a) Goodwill (Cont'd)

b. Bluesky Samoa Limited - $18,886,000 (accumulated impairment losses of $8,500,000)

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $107,219,000 (2023: $57,343,000).

The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	**30 June 2023**
Discount rate	11.1%	15.3%
Terminal value growth rate	2.0%	2.0%
Budgeted EBITDA growth rate (average of next five years)	10.0%	10.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated subscriber base for the next five years.

Management has identified that a reasonably possible change in the key assumptions would cause the carrying amount to exceed the recoverable amount.

c. Telecom Cook Islands Limited - $23,970,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $116,882,000 (2023: $89,621,000). The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	**30 June 2023**
Discount rate	11.2%	11.6%
Terminal value growth rate	2.0%	2.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated subscriber base for the next five years.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

NOTE 15. INTANGIBLE ASSETS (CONT'D)

a) Goodwill (Cont'd)

d. Vodafone Fiji Pte Limited - $39,920,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $1,151,292,000 (2023: $671,009,000). The key assumptions used in the estimation of value in use were as follows:

	30 June 2024	30 June 2023
Discount rate	10.8%	11.1%
Terminal value growth rate	2.0%	2.0%
Budgeted EBITDA growth rate (average of next five years)	3.0%	3.0%

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated subscriber base for the next five years.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount

iv) On 1 January 2019, ATH International Venture Pte Limited acquired 70% shareholding in Etech ICT Pty Limited of Australia, Etech ICT Pte Limited of Singapore and Digitec Communication Limited (collectively Digitec group) of Papua New Guinea. Goodwill of $23,531,000 (2023: $21,897,000) was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date. The entire goodwill was allocated to Digitec Communications Limited.

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see Note 5(i)). The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

	30 June 2024	30 June 2023
Discount rate	15.4%	15.2%
Terminal value growth rate	2.0%	2.0%

NOTE 15. INTANGIBLE ASSETS (CONT'D)

a) Goodwill (Cont'd)

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience and different market analysis, adjusted for the anticipated revenue growth. Revenue growth was projected talking into account the past experience of the Group, the business plan of Digitec Communications Limited, and the estimated subscriber base for the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $492,485,000 (2023: $290,643,000).

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

	30 June 2024 $'000	30 June 2023 $'000
b) Computer software		
Gross carrying amount:		
Balance at beginning of period	57,931	46,093
Additions	1,144	-
Transfer from PPE	16,068	-
Transfer from work in progress	1,050	12,238
Disposal	(540)	-
Effect of movement in exchange rates	(829)	(400)
Balance at end of period	74,824	57,931
Accumulated amortisation:		
Balance at beginning of period	42,166	40,128
Amortisation	2,984	2,254
Transfer from PPE	10,980	-
Effect of movement in exchange rates	(280)	(216)
Balance at end of period	55,850	42,166
Net book amount	18,974	15,765
c) Spectrum licences		
Gross carrying amount:		
Balance at beginning of period	29,110	27,423
Additions	-	1,844
Effect of movements in exchange rates	157	(157)
Balance at end of period	29,267	29,110
Accumulated amortisation:		
Balance at beginning of period	12,093	8,808
Effect of movements in exchange rates	342	(404)
Amortisation	2,517	3,689
Balance at end of period	14,952	12,093
Net book amount	14,315	17,017

NOTE 15. INTANGIBLE ASSETS (CONT'D)

Spectrum licences include licenses acquired by the subsidiary companies, Telecom Fiji Pte Limited and Vodafone Fiji Pte Limited on 2 September 2013 from Department of Communications. Spectrum licences also include licence acquired by the subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited on 27 May 2016 from Communications Commission of Kiribati and Digitec Communications Limited on 19 December 2018 from National Information and Communications Technology Authority.

The licences of Telecom Fiji Pte Limited and Vodafone Fiji Pte Limited had an initial 5-year term starting from 2 September 2013, then extending to further 10 years' conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

The licence of Amalgamated Telecom Holdings (Kiribati) Limited had an initial 15-year term starting from 27 May 2016, then extending to further 5 years' conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

The licence of Digitec Communications Limited is for a 10-year term starting from 18 December 2018.

	30 June 2024 $'000	30 June 2023 $'000
d) Brand		
Gross carrying amount:		
Balance at beginning of period	15,407	15,407
Balance at end of period	15,407	15,407
Accumulated amortisation:		
Balance at beginning of period	7,580	7,580
Balance at end of period	7,580	7,580
Net book amount	7,827	7,827

The carrying amount as at period end relates to the value of the Digitec brand attributable to Digitec ICT Limited of $1,400,000 and the value of the Bluesky brand attributable to American Samoa Telecom LLC of $6,427,000. The Group has assessed that these brand values have an indefinite useful life as the brands are mature and contribute significant value to the businesses and its abandonment would represent an unrealistic decision given the market in which the businesses operate, the industry in which the brands are being used and the nature of services that the entities provide. Impairment of brand has been tested together with impairment of goodwill (see Note 15(a)).

e) Customer relationship and contracts

	30 June 2024 $'000	30 June 2023 $'000
Gross carrying amount:		
Balance at beginning of period	35,849	35,585
Effect of movements in exchange rates	1	264
Balance at end of period	35,850	35,849
Accumulated amortisation:		
Balance at beginning of period	26,987	19,320
Amortisation	5,482	6,548
Effect of movements in exchange rates	30	1,119
Balance at end of period	32,499	26,987
Net book amount	3,351	8,862

NOTE 16. LEASES	30 June 2024 $'000	30 June 2023 $'000

Information about leases for which the Group is a lessee is presented below.

A. Right of use assets

i) Property leases

The Group leases land and building. Information about leases for which the Group is a lessee is presented below:

Balance at beginning of period	70,017	67,268
Additions	29,300	12,206
Effect of movement in exchange rates	(2,257)	1,703
Remeasurement	4,133	569
Disposals	(276)	-
Depreciation charge for the period`	(11,235)	(11,729)
Balance at end of period	89,682	70,017

ii) IRU Network Capacity

Balance at beginning of period	64,700	27,601
Additions	-	39,518
Effect of movements in exchange rates	(262)	1,336
Depreciation charge for the period	(7,032)	(3,755)
Balance at end of period (a)	57,406	64,700
iii) Finance lease receivable (b)	13,353	-
Total right of use assets	160,441	134,717

(a) Indefeasible Right of Use ("IRU") capacity relates to the lease of IRU network capacities by subsidiary companies, Telecom Fiji Pte Limited, Fiji International Telecommunications Pte Limited and American Samoa Holdings Limited. The IRU network capacity purchase consideration or lease consideration has been capitalised and is amortised over its estimated economic useful life.

(b) Finance lease receivable is in respect to sub lease of FNPF land to Oneweb Network Access Holdings Limited.

B. Lease liabilities

Lease liabilities included in the statement of financial position

Current		
IRU network capacity	197	5,158
Property leases	12,575	10,691
Total current lease liabilities	12,772	15,849
Non-current		
IRU network capacity	6,388	4,190
Property leases	90,543	63,973
Total non-current lease liabilities	96,931	68,163
Total lease liabilities	109,703	84,012

NOTE 16. LEASES (CONT'D)	30 June 2024 $'000	30 June 2023 $'000
Amounts recognised in profit or loss		
Interest on lease liabilities	7,776	4,753
Expenses relating to short-term leases and variable lease payments	38,219	41,579
	45,995	46,332
Amounts recognised in the statement of cash flows		
Cash outflow for leases, net	14,130	12,915
Maturity analysis – contractual undiscounted cash flows		
Less than one year	20,782	16,884
One to five years	63,162	42,389
More than five years	82,937	74,376
Total undiscounted lease liabilities	166,881	133,649

Real estate leases

The Group leases various premises, base stations, land and buildings for its office premises, tower sites and access roads. These range over periods from one to ninety-nine years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rental payments that are based on changes in local price indices.

Extension options

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

NOTE 17. NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

30 June 2024	Vodafone Group $'000	Bluesky Group $'000	ATH Global Group $'000	Intra-group eliminations $'000	Total $'000
NCI Percentage*	49.0%	*	54.1%		
Non-current assets	340,067	221,760	666,659		
Current assets	263,607	81,264	98,459		
Non- current liabilities	(110,741)	(97,386)	(382,513)		
Current liabilities	(326,834)	(48,932)	(334,118)		
Net assets	166,099	156,706	48,487		
Net assets attributable to NCI	81,389	62,364	26,256	26,508	196,517
Revenue	480,385	123,396	171,799		
Profit / (loss)	50,574	9,695	(92,228)		
OCI	880	6,792	(14,204)		
Total comprehensive income	51,454	16,487	(106,432)		
Profit / (loss) allocated to NCI	24,781	5,862	(38,538)		(7,895)
OCI allocated to NCI	431	6,363	(6,164)		630
Cash flows from operating activities	119,221	57,610	(93,163)		
Cash flows from investment activities	(64,599)	(34,414)	(102,379)		
Cash flows from financing activities (dividends to NCI: $8,324,000)	(68,161)	(23,370)	93,490		
Net increase in cash and cash equivalents	(13,539)	(174)	(102,052)		

NOTE 17. NON-CONTROLLING INTEREST (CONT'D)

30 June 2023	Vodafone Fiji Pte Limited $'000	Bluesky Group $'000	ATHIV Group $'000	Intra-group eliminations $'000	Total $'000
NCI Percentage*	49.0%	*	53.1%		
Non-current assets	338,922	195,937	586,584		
Current assets	230,175	54,325	159,003		
Non- current liabilities	(143,077)	(58,059)	(296,526)		
Current liabilities	(262,410)	(48,444)	(122,783)		
Net assets	163,610	143,759	326,278		
Net assets attributable to NCI	80,169	48,738	173,066	(69,809)	232,164
Revenue	547,279	161,188	60,689		
Profit / (loss)	61,061	11,965	(111,144)		
OCI	2,355	(14,222)	2,769		
Total comprehensive income	63,416	(2,257)	(108,375)		
Profit / (loss) allocated to NCI	32,490	2,632	(41,629)	(337)	(6,844)
OCI allocated to NCI	2,075	(4,346)	1,624		(647)
Cash flows from operating activities	102,517	30,144	(76,176)		
Cash flows from investment activities	(40,666)	(47,194)	(81,910)		
Cash flows from financing activities (dividends to NCI: $16,611,000)	(42,645)	6,912	224,718		
Net increase in cash and cash equivalents	19,206	(10,138)	66,632		

* Refer note 32 for percentage ownership in the Bluesky Group.

NOTE 18. INVENTORIES

	30 June 2024 $'000	30 June 2023 $'000
Merchandise and consumables	93,555	73,652
Less: allowance for stock obsolescence	(9,613)	(9,135)
	83,942	64,517
Goods in transit	4,116	3,687
Total inventories, net	88,058	68,204

In 2024, inventories of $108,427,000 (for the period 1 April 2022 to 30 June 2023: $101,513,000) were recognised as an expense during the period and included in "direct costs".

NOTE 19. DEBT INVESTMENT SECURITIES

Current		
Term deposits	11,831	7,783
Total debt investment securities	11,831	7,783

(a) The carrying amount of debt investment securities are considered to be a reasonable approximation of fair value.

(b) Term deposits held with financial institutions attract interest rates in the range of 0.10% to 4.95% per annum (2023: 0.05% to 2.25% per annum) and will mature within 12 months from balance date.

NOTE 20. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	**30 June 2024 $'000**	**30 June 2023 $'000**
Non-current		
Advance to Amalgamated Telecom Nominees Limited (Note 31(h))	2,482	2,482
Refundable deposits and others	1,169	543
Total non-current trade and other receivables and contract assets	3,651	3,025
Current		
Trade receivables	132,063	118,909
Contract assets	7,445	5,464
Less: allowance for expected credit losses	(26,828)	(29,726)
Trade receivables and contract assets, net	112,680	94,647
Receivable from related parties (Note 31(g))	732	472
Federal grant (b)	17,988	-
GST / VAT receivable	50,168	42,631
Other receivables and advances	18,291	10,124
Prepayments	24,080	26,962
Total current trade and other receivables and contract assets	223,939	174,836

(a) The carrying amount of trade and other receivables and contract assets are considered to be a reasonable approximation of fair value.

Trade receivables principally comprise amounts outstanding for sale of telephones, office equipment and computer equipment and rendering of telecommunication, data and internet related services. Trade receivables are non-interest bearing and are generally settled on 15 - 60 day terms. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

(b) Over the course of the year, the subsidiary company, AST Telecom LLC has incurred costs for 2 projects, the RIP & Replacement Project (RIP) and the upgrade to a 5G network (5G), both of which are financed by the US Federal Government. The sanctioned funding for the RIP project stands at US$19.75 million, with US$12.35 million already received as at 30 June 2024, and for the 5G project, the allocation is US$3.35 million as of June 30, 2024, with US$2.68 million received. The figures disclosed above represent the outstanding balance to be received from the US Federal Government.

(c) Movements in the allowance for expected credit loss of trade and other receivables and contract assets, including contract assets, are as follows:

Balance at beginning of period	29,726	25,472
Net re-measurement of loss allowance	2,732	2,848
Effect of movement in exchange rates	(1,809)	1,406
Bad debts written off against provision	(3,821)	-
Balance at end of period	26,828	29,726

The Group generally obtains security deposits for all new land line and internet connections. Apart from these, it does not hold any collateral as security. The lifetime expected loss provision for trade receivables and contract assets, include the provision matrix.

NOTE 21. NOTES TO THE STATEMENT OF CASH FLOWS

Cash and cash equivalents as shown in the consolidated statement of cash flows is reconciled to the related items on the consolidated statement of financial position as follows:

	30 June 2024 $'000	30 June 2023 $'000
M-PAiSA trust account – restricted cash (see note 4.1(c))	89,571	74,960
Cash on hand and at bank	99,433	201,300
Bank overdraft	(33,303)	(649)
Cash and cash equivalents in the consolidated statement of financial position	155,701	275,611
Less: Restricted cash	(89,571)	(74,960)
Cash and cash equivalents in the consolidated statement of cash flows	66,130	200,651

Cash and cash equivalents in the consolidated statement of financial position included restricted cash relating to the provision of M-PAiSA services in Fiji and Samoa.

Refer note 32 for details of non-cash investing and financing transactions.

Financing facilities

Financing facilities available to the Group includes bank overdrafts. Financing facilities in the form of bank overdrafts of $151,525,000 were available to the Group as at 30 June 2024 (30 June: $45,439,000) of which $33,303,000 (30 June 2023: $649,000) was utilised. See also note 24.

NOTE 22. SHARE CAPITAL

Issued and Paid Up Capital

Balance as at 30 June 2024: 478,590,099 (30 June 2023: 478,590,099) ordinary shares	220,570	220,570

All issued shares are fully paid. Shares have no par value.

NOTE 23. Foreign currency translation reserve

The foreign currency translation reserve relates to foreign currency translation as at period end on consolidation of subsidiary companies operating in foreign jurisdictions whose financial statements and transactions are denominated in a currency other than the presentation currency of the Group.

NOTE 24. BORROWINGS

Non-current		
Term loan - Fiji National Provident Fund (a)(i)	20,343	34,031
Term loan - Fiji National Provident Fund (a)(ii)	39,471	51,251
Term loan – Fiji National Provident Fund (a)(iii)	122,549	45,249
Term loan – ANZ Bank (Vanuatu) Limited (b)	-	1,913
Term loan – ANZ Banking Group Limited – Fiji (c)	108,311	113,478
Term loan – ANZ Bank (Samoa) Limited (f)	9,510	19,244
Term loan – Westpac Banking Corporation (h)	157	55
Term loan – Bank of South Pacific (h)(a)	21,459	30,523
Term loan - Bank of South Pacific - Samoa (h)(b)	13,035	10,610
Term loan - Bank of South Pacific (c)	4,499	-
Term loan – Bank of South Pacific and Kina bank (i)	215,192	231,298
Term loan – Home Finance Company Limited (j)	32,796	42,454
Total non-current borrowings	587,322	580,106

NOTE 24. BORROWINGS (CONT'D)	30 June 2024 $'000	30 June 2023 $'000
Current		
Term loan – Fiji National Provident Fund (a)(i)	13,681	13,141
Term loan – Fiji National Provident Fund (a)(ii)	11,392	8,749
Term loan – ANZ Bank (Vanuatu) Limited (b)	1,349	2,697
Term loan – ANZ Banking Group Limited - Fiji (c)	10,390	10,723
Term loan - ANZ Bank (Samoa) Limited (f)	651	5,937
Term loan - Vanuatu National Provident Fund (f)	15,898	15,851
Lease facility – Westpac Banking Corporation (g)	76	40
Term loan – Bank of South Pacific (c)	1,744	-
Term loan – Bank of South Pacific (h)(a)	6,830	6,391
Term loan – Bank of South Pacific - Samoa (h)(b)	3,311	1,338
Term loan – Bank of South Pacific – Cook Island (h)(c)	-	1,078
Term loan – Home Finance Company Limited (j)	3,306	3,545
Term loan – Bank of South Pacific and Kina bank (i)	2,952	-
Bank overdraft - ANZ Banking Group Limited – Fiji	7,026	-
Bank overdraft - Bank of South Pacific - PNG (i)	17,710	-
Bank overdraft - Bank of South Pacific - Samoa (i)(d)	285	649
Bank overdraft - Westpac Banking Corporation (g)	8,282	-
Total current borrowings	104,883	70,139
Total borrowings	692,205	650,245

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the periods ended 30 June 2024 and 30 June 2023. Other than the bank overdraft facility, the other facility available to the Group is term loans and lease facilities, which have been fully drawn down.

(a) Term loan – Fiji National Provident Fund

(i) During 2019 financial year, the subsidiary company, Vodafone Fiji Pte Limited entered into a loan agreement with FNPF for $80m. The loan is at a fixed interest rate of 4% (2023: 4%) per annum. Total term of the loan is 7 years.

(ii) During 2022 financial year, the subsidiary company, Vodafone Fiji Pte Limited entered into a loan agreement with FNPF for $60m. The loan is at a fixed interest rate of 4.30% (2023: 6.25%) per annum. Total term of the loan is 7 years.

A corporate guarantee has been provided by the subsidiary company for the loan.

(iii) During 2022 financial year, the subsidiary company, Digitec Communications Limited entered into a loan agreement with FNPF for USD 20m (FJD 44.64 million) and in the current year for an additional USD 35m (FJD 77.90 million). The loan is at a fixed interest rate of 7.25% (2023: 6%) per annum. Total term of the loan is 6 years.

(b) Term loan – ANZ Bank (Vanuatu) Limited

The term loan from ANZ Bank (Vanuatu) Limited is subject to a variable interest rate, which was 5.25% (2023:5.25%) per annum at balance date. Total term of the loan is 7 years.

The term loan is secured by registered equitable mortgage debenture over the assets of the subsidiary company, Telecom Vanuatu Limited.

NOTE 24. BORROWINGS (CONT'D)

(c) Term loan – ANZ Banking Group Limited – Fiji

In the prior years, the Holding Company obtained loans from ANZ Banking Group Limited (ANZ) to finance acquisition of Telecom Vanuatu Limited and Amper SA interest in certain subsidiaries of Bluesky Group. In addition, the Holding Company has a bank overdraft facility of $10 million.

The loan facilities from ANZ Banking Group Limited (ANZ) are secured and subject to variable interest rates. The term loans are secured by the following:

i) First registered mortgage debentures over all assets and undertakings including uncalled capital and unpaid premiums of the Holding Company.
ii) Authority to appropriate and set off term deposit held with ANZ.
iii) Deed of Assignment dated 23 November 2016 assigning the Holding Company second priority over the assets of AST Telecom LLC to ANZ.

Details of outstanding term loans are as follows:

Borrowing for acquisition of Telecom Vanuatu Limited

During the year, the term loan amounting to FJD 6m was refinanced from ANZ to Bank of the South Pacific.

The loan is payable at monthly repayments of FJD 161,279 based on notional term of 7 years and at variable interest rate of 3.50% per annum.

The term loans are secured by the Second Registered General Security Interest Agreement to be given by the company over all the rights, property and undertakings; of whatever kind and wherever situated. Whether present or after acquired. It includes the company's capital (called or uncalled and paid or unpaid).

Borrowing for acquisition of Amper SA interest in certain subsidiaries of Bluesky Group

The term loans amounting to USD 46 million (FJD 107 million) (2023: USD 49 million (FJD 113 million)) at period-end were obtained for the purpose of funding the transaction to acquire Amper SA's interest in certain subsidiaries of the Bluesky Group.

The loans are payable at yearly repayments of USD 7.29 million (2023: monthly repayments USD 621,682) based on notional terms of between 13 – 15 years and at variable interest rate, which was 8.51% (2023: 8.83%) per annum at balance date.

Borrowing for assisting the refinance of debt initially granted to AST LLC

The term loans amounting to USD 5 million (FJD 11 million) at period-end was obtained for the purpose of funding the refinancing of debt initially granted for AST LLC. The loans are payable at yearly repayments of USD 1,231,000 based on notional terms of 5 years.

(d) Bank overdraft – Bred Bank (Vanuatu) Limited

The subsidiary company, Telecom Vanuatu Limited, has a revolving bank overdraft facility of VUV 270 million (FJD 5.4 million) (2023: VUV 270 million (FJD 5.3 million)) at an interest rate of 6.75% (2023: 6.75%) per annum.

A corporate guarantee has been provided by the Holding Company for the bank overdraft.

(e) Term loan and Bank overdraft - ANZ Bank (Samoa) Limited

The subsidiary company, AST Telecom LLC, obtained a loan of USD 7 million in the prior financial period at an interest rate of 7%. The loan was fully paid off during the year.

NOTE 24. BORROWINGS (CONT'D)

(f) Term loan – Vanuatu National Provident Fund

The subsidiary company, Telecom Vanuatu Limited, has an equity convertible loan from Vanuatu National Provident Fund at a variable interest rate, which was 6% (2023: 6%) per annum at balance date. The conversion feature has expired as of 30 June 2024. A corporate guarantee has been provided by the Holding Company for the loan.

(g) Bank overdraft and Finance lease – Westpac Banking Corporation

The subsidiary company, Vodafone Fiji Pte Limited, has a bank overdraft facility of $20 million (2023: $20 million) at a variable interest rate, which was 4.35% (2023: 4.35%) per annum at balance date, with Westpac Banking Corporation which is unsecured and subject to maintaining certain financial covenants.

The subsidiary company, Datec (Fiji) Pte Limited, has a standard finance lease facility at an interest rate of 4.5% (2023: 4.5%) per annum which is secured by the following:

(a) Registered first fixed and floating charge over all the assets of the subsidiary company.
(b) Undertakings including uncalled and called but unpaid capital of the subsidiary company.
(c) Letter of support from the subsidiary company, Vodafone Fiji Pte Limited.
(d) Standard lease schedule over the subsidiary company's motor vehicles.

In addition, Datec (Fiji) Pte Limited has a bank overdraft facility of $1 million with Westpac Banking Corporation. Interest is payable at a rate of 4.35% (2023: 4.35%) per annum.

(h) Term loan – Bank of South Pacific

(a) In prior financial year, the subsidiary company, Digitec ICT Limited entered into a loan agreement with Bank of South Pacific for $37.4m. The loan is at an interest rate of 7% (2023: 7%) per annum. Total term of the loan is 5 years.

Unlimited corporate guarantee and indemnity has been provided by the subsidiary company for the loan.

Limited guarantee indemnity limited to PGK58,855,437 has also been given by its parent entity, Vodafone Fiji Pte Limited.

(b) The subsidiary company, Bluesky SamoaTel Investments Limited, has a term loan with BSP Bank (Samoa) Limited at a variable interest rate, which was 6% (2023: 6%) per annum at balance date. Total term of the loan is 7 years. The term loan is secured by the following:

(i) First registered mortgage debenture, being a fixed and floating charge, over all present and future assets, undertakings and unpaid or uncalled capital of Bluesky SamoaTel Investments Limited.

(c) The subsidiary company, Teleraro Limited, had a term loan with BSP Bank (Cook Island) at a variable interest rate, which was 6.80% (2023: 6.80%) per annum. The loan was fully paid off during the year. The term loan is secured by the following:

(i) First registered mortgage debenture, being a fixed and floating charge, over all assets and undertakings (including paid and unpaid capital) of Teleraro Limited.
(ii) First registered mortgage over 100% of the shares held in TCNZ Cook Islands Limited by Teleraro Limited.

(d) The subsidiary company, Bluesky Samoa Limited, has a bank overdraft facility of WST 1 million (FJD 831k) (2023: WST 1 million (FJD 831k)) at an interest rate of 7% (2023: 7%) per annum and term loan at a variable interest rate, which was 5.6% (2023: 7%) per annum at balance date. Total term of the loan is 7 years. The term loan and bank overdraft facility is secured by the following:

(i) First registered mortgage over leasehold Bluesky Headquarters at Maluafou.
(ii) First registered General Security Interest Agreement over all its current and future assets, including its undertakings and paid and unpaid capital.
(iii) Negative Pledge Between company and bank.

NOTE 24. BORROWINGS (CONT'D)

(i) Term loan – Bank of South Pacific and Kina Securities Limited and FNPF

In prior financial year, the subsidiary company, Digitec Communications Limited consolidated its borrowings and entered into a syndicated loan facility with BSP, Kina Securities Limited and Fiji National Provident Fund. The subsidiary company further consolidated its borrowings during the year with additional borrowings of USD 35m under this facility. The syndicate loan facility consists of term facility (PGK 223mm), USD term facility (USD 55m), working capital facility (PGK 137m) and overdraft facility (PGK 30m). The syndicate loan currently attracts interest of 7.25% with principal repayments to commence in November 2025 until maturity in August 2029.

The syndicate facility is secured by a floating charge over all revolving assets and fixed charge over all other secured properties of the subsidiary company.

(j) Term loan – Home Finance Company Limited (HFC)

During the prior financial year, the subsidiary company, FINTEL, obtained a loan for a term of 11 years at 3.25% (2023: 3.5%) interest per annum, for the acquisition of IRU on the new Southern Cross Next Cable. The loan is interest payment only for the first 12 months and principal and interest repayments of 389,067 commences thereafter.

On 3 July 2023, the Company made a lump sum payment of $10,000,000 in relation to borrowings with Home Finance company Limited.

The loan is secured by first registered general security agreement over all assets and undertakings (including uncalled and unpaid premiums) of the subsidiary company.

(k) Other Bank Facilities – ANZ Banking Group Limited – Fiji

The subsidiary company, Telecom Fiji Pte Limited, has an indemnity guarantee and visa business credit card facilities with ANZ Banking Group Limited - Fiji. These facilities are secured by letter of charge over term deposit funds.

(l) Reconciliation of movement of liabilities to cash flows from financing activities

	Other borrowings ($'000)	Lease liabilities ($'000)	Total ($'000)
Balance at 1 July 2023	649,595	84,012	733,607
Changes from financing cash flows			
Proceeds from borrowings	92,588	-	92,588
Repayment of borrowings	(72,848)	-	(72,848)
Payment of lease liabilities	-	(14,130)	(14,130)
Total changes from financing cash flows	**19,740**	**(14,130)**	**5,610**
The effect of changes in foreign exchange rates	**(10,462)**	**(2,864)**	**(13,326)**
Other changes – liability related			
New leases	-	44,474	44,474
Disposal	-	(5,899)	(5,899)
Re-measurement and modification	-	4,133	4,133
Interest expense	46,560	7,776	54,336
Interest paid	(46,531)	(7,799)	(54,330)
Total liability related other changes	**29**	**42,685**	**42,714**
Balance at 30 June 2024	**658,902**	**109,703**	**768,605**

NOTE 24. BORROWINGS (CONT'D)

(l) Reconciliation of movement of liabilities to cash flows from financing activities (Cont'd)

	Other borrowings ($'000)	Lease liabilities ($'000)	Total ($'000)
Balance at 1 April 2022	345,492	78,700	424,192
Changes from financing cash flows			
Proceeds from borrowings	334,708	-	334,708
Repayment of borrowings	(47,071)	-	(47,071)
Payment of lease liabilities	-	(12,915)	(12,915)
Total changes from financing cash flows	**287,637**	(12,915)	**274,722**
The effect of changes in foreign exchange rates	**16,466**	**5,348**	**21,814**
Other changes - liability related			
New leases	-	12,206	12,206
Re-measurement	-	673	673
Interest expense	37,055	4,753	41,808
Interest paid	(37,055)	(4,753)	(41,808)
Total liability related other changes	**-**	**12,879**	**12,879**
Balance at 30 June 2023	**649,595**	**84,012**	**733,607**

NOTE 25. PROVISIONS	30 June 2024 $'000	30 June 2023 $'000
Non-current		
Retirement benefits	725	466
Current		
Employee entitlements	7,466	7,256
Directory production costs	-	27
	7,466	7,283

NOTE 26. TRADE AND OTHER PAYABLES

	30 June 2024 $'000	30 June 2023 $'000
Non-current		
Subscriber deposits	5,870	5,133
Rent deposit	900	-
Total non-current trade and other payables	6,770	5,133
Current		
Trade payables and accruals (a)	256,010	213,269
Owing to related parties (Note 31(g))	60	-
Advance for relocation of telecommunication cables	982	1,153
Dividend payable	39,091	31,872
	296,143	246,294
Security deposits	5,856	5,712
Contract liabilities	30,612	38,748
Total current trade and other payables	332,611	290,754
Total trade and other payables	339,381	295,887

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

The carrying amount of trade and other payables are considered to be a reasonable approximation of fair value.

NOTE 27. DIVIDENDS	30 June 2024 $'000	30 June 2023 $'000
Ordinary shares		
Dividend ($0.03 per share (2023: $0.05))	14,538	21,537
Total dividends	14,538	21,537

During the period dividends declared by group entities and payable to non-controlling interests was $28,407,000 (2023: 25,457,000).

NOTE 28. DEFERRED INCOME

Federal Grant		
Opening balance	3,736	-
Grants received during the year	29,808	3,736
Other additions	17,988	-
Effect of exchange movements	28	-
Amortisation of deferred income for the year	(2,761)	-
At 30 June	48,799	3,736
Current	6,435	2,758
Non-Current	42,364	978
	48,799	3,736

NOTE 29. CONTINGENT LIABILITIES

Following is a summary of estimated contingent liabilities:

Bank and performance guarantees	6,175	4,508

a) Legal claims

Various claims have been brought against certain subsidiary companies. The directors have obtained legal advice on these claims and are confident that no significant liability other than those that have been brought to account or have been disclosed will eventuate.

The subsidiary company, Telecom Cook Islands Limited, has been advised of potential claims from some landowners for overdue rent reviews. The lease is held by the Cook Islands Government Property Corporation and the subsidiary company occupies the land under a joint venture agreement between the shareholders of the subsidiary company. A deed of variation of the lease dated 2 October 2007 was prepared by Cook Islands Investment Corporation which included the settlement for overdue rent reviews. However, the legal counsel for the landowners have claimed that the deed is unlawful. The legitimacy of this claim is still being determined, including if successful, whether the subsidiary company would be liable for any potential liability.

Another landowner is also pursuing compensation for occupation of land from the subsidiary company, Telecom Cook Islands Limited. The details of the claim are not clear. There is no formal lease agreement but rental has been paid in accordance with a written agreement with certain family members.

It is not clear if there will be a further liability resulting from these claims, nor any expected amounts beyond that already paid.

NOTE 29. CONTINGENT LIABILITIES (CONT'D)

b) Other contingent liabilities

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

ii) The Holding Company has given a limited guarantee to Bred Bank (Vanuatu) Limited for the bank overdraft facility obtained by the subsidiary company, Telecom Vanuatu Limited, to the amount of VUV 659,000,000.

iii) The Holding Company has given a guarantee to Vanuatu National Provident Fund for the term loan obtained by the subsidiary company, Telecom Vanuatu Limited, to the amount payable pursuant to the Deed of Loan between Vanuatu National Provident Fund and the subsidiary company.

iv) The Holding Company has given a financial guarantee to BSP Bank (PNG) for the term loan obtained by its subsidiary company, Digitec Communication Limited, to the amount payable pursuant to the Equity Commitment between BSP(PNG) and the subsidiary company.

v) The subsidiary company, Vodafone Fiji Pte Limited, has provided a limited guarantee and indemnity to its subsidiary company, Digitec ICT Limited, for a business loan facility with Bank of South Pacific Financial Group Limited in PNG.

vi) The Holding Company has given a guarantee to ZTE Corporation for the vendor finance obtained by its subsidiary company, Vodafone Papua New Guinea, to the amount of USD27,325,000 plus interest and other expenses relating to the facility.

	30 June 2024 $'000	30 June 2023 $'000
NOTE 30. COMMITMENTS		
a) Capital commitments		
Capital expenditure commitments as at balance date are as follows:		
Intangible assets	-	2,556
Property, plant and equipment	212,022	202,244

Capital expenditure commitments primarily relate to various capital investment projects, programs and initiatives approved by the board of directors of the Holding Company and the subsidiary companies.

b) Operating expense commitment

The Group has entered into line rental agreements with various line rental service providers. The arrangement includes variable lease payments based on an index or rate. The Group also has a number of short term leases, for which no right of use assets and liabilities have been recognised. Refer note 16 for rental payments for the year ended 30 June 2024 in respect to the above.

c) Sponsorship agreement with Fiji Rugby Union

In 2023 financial year, the subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji Rugby Union.

As per the terms of the agreement, Fiji Rugby Union has granted sponsorship rights in respect to certain properties under the control of FRU, including Kaji Rugby Competition, Vanua Championship, Deans Competition and Fijiana Fifteens Team on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company which include corporate entities for sponsorship in cash and sponsorship in kind for a period of 5 years.

NOTE 30. COMMITMENTS (CONT'D)

d) Sponsorship agreement with Fiji National Rugby League Limited

In 2023 financial year, the subsidiary company, Vodafone Fiji Pte Limited entered into a sponsorship agreement with Fiji National Rugby League Limited.

As per the terms of the agreement, Fiji National Rugby League (FNRL) has granted sponsorship rights in respect to its events, including the Fiji Bati team, Vodafone Cup Tournament, and Fiji Secondary Schools Rugby League Competition rugby events on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company for sponsorship in cash and sponsorship in kind for a period of 3 years.

e) Licence fees

Certain subsidiaries within the Group are committed to pay licence fees to the Government of Fiji, the Government of Kiribati (for Amalgamated Telecom Holdings (Kiribati) Limited), the Government of Vanuatu (for Telecom Vanuatu Limited) and Office of the Regulator (for Bluesky Samoa Limited) based on the audited annual gross revenue which arises directly from the provision of services under the respective licence.

Certain subsidiaries in Fiji are also required to pay Universal Service Levies to the Government of Fiji based on the audited annual gross revenue which arises directly from the provision of services under the respective licence in the current period and such annual gross revenue are calculated net of settlements charges to other licensees paying Universal Service levies in Fiji.

f) Operating lease income

The Group earns rental income from colocations and equipment and lease circuit rental. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during the financial year ended 30 June 2024 was $2,426,000 (for the period 1 April 2022 to 31 June 2023: $1,934,000). The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	30 June 2024 $'000	30 June 2023 $'000
Less than one year	1,573	2,217
Between one and five years	-	131
	1,573	2,348

NOTE 31. RELATED PARTIES

a) Parent entity

The ultimate parent company is Fiji National Provident Fund (FNPF), a defined contribution superannuation fund domiciled in Fiji.

b) Directors

The names of persons who were directors of the Holding Company at any time during the financial period are as follows:

Mr Attar Singh – Chairman
Mr Daksesh Patel
Mr Joweli Taoi
Mr Viliame Vodonaivalu
Mrs Tanya Waqanika
Mr Peter Chan
Mr Vilash Chand

Directors' remuneration is disclosed under Note 11.

NOTE 31. RELATED PARTIES

c) Government related entity

The Government of Fiji has significant influence over the Group through its shareholding of 15.25% in the Holding Company and also through its influence over the parent company, Fiji National Provident Fund, through the FNPF Act 2011 under which FNPF has been constituted. The Group has transactions with the Government, and other government-related entities, including but not limited to sales and purchases of goods and ancillary materials, rendering and receiving services, lease of assets, and use of public utilities.

d) Sale of goods and services

	For the period 1 July 2023 to 30 June 2024 $'000	For the period 1 April 2022 to 30 June 2023 $'000
Interest income (Amalgamated Telecom Nominees Limited)	29	37
Sale of hardware, software and services (FNPF)	1,270	1,235
Advertising income (FNPF)	-	19

e) Purchases of goods and services

Interest expenses and fees (FNPF)	11,751	9,636
Operating lease (FNPF)	2,159	2,120

f) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entities of the Group, directly or indirectly, including any director (whether executive or otherwise) of those entities. The aggregate compensation to key management personnel are as follows:

Salaries and other short-term employee benefits	21,532	19,436

g) Period-end balances arising from sales/purchases of goods and services

	30 June 2024 $'000	30 June 2023 $'000
Receivable from related parties (Note 20):		
- Ultimate parent entity	732	472
Payable to related parties (Note 26):		
- Ultimate parent entity	60	-

h) Loans and advances to related parties

Advances to other related entity - Amalgamated Telecom Nominees Limited (Note 20)	2,482	2,482

i) Borrowings from ultimate parent entity

Term loans (Note 24)	207,436	152,421

Refer Note 24 for terms underlying the borrowings from ultimate parent entity.

NOTE 31. RELATED PARTIES (CONT'D)

j) Guarantees

Refer Note 29(b) for provision of guarantees to related parties.

k) Commitments

Refer Note 29(b) for provision of letter of support to related parties.

NOTE 32. SUBSIDIARY COMPANIES

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

	Principal place of business	Equity holding	
		30 June 2024	30 June 2023
Telecom Fiji Pte Limited	Fiji	100%	100%
Fiji International Telecommunications Pte Limited	Fiji	100%	100%
Vodafone Fiji Pte Limited	Fiji	51%	51%
Datec (Fiji) Pte Limited	Fiji	51%	51%
Datec Australia Pty Limited	Australia	51%	51%
Datec New Zealand Limited	New Zealand	51%	-
Fiji Directories Pte Limited	Fiji	100%	100%
Amalgamated Telecom Holdings (Kiribati) Limited	Kiribati	100%	100%
Telecom Vanuatu Limited	Vanuatu	100%	100%
ATH Global Pte Limited	Singapore	100%	100%
ATH International Venture Pte Limited	Singapore	45.9%	46.9%
Digitec Communications Limited	PNG	45.9%	46.9%
Digitec ICT Limited	PNG	51%	51%
Etech ICT Pty Limited	Australia	51%	51%
Etech ICT Pte Limited	Singapore	51%	51%
eLandia Technologies, LLC	USA	100%	100%
American Samoa Hawaii Cable LLC	American Samoa	66.7%	66.7%
Samoa American Samoa Cable	American Samoa	66.7%	66.7%
Amalgamated Bluesky Telecom Holdings LLC	USA	100%	100%
AST Telecom LLC	American Samoa	100%	100%
American Samoa Entertainment	American Samoa	100%	100%
Bluesky SamoaTel Investments	Samoa	98.0%	98.0%
Bluesky Samoa Limited	Samoa	73.5%	73.5%
Bluesky Pacific Holdings Limited	Samoa	90.7%	90.7%
Bluesky Holding New Zealand Limited	New Zealand	90.7%	90.7%
Bluesky Cook Islands Investment Limited	Cook Islands	90.7%	90.7%
Teleraro Management Limited	Cook Islands	90.7%	90.7%
Teleraro Limited	Cook Islands	81.7%	81.7%
TCNZ Cook Islands Limited	Cook Islands	81.7%	81.7%
Telecom Cook Islands Limited	Cook Islands	49.0%	49.0%

All the subsidiaries have the same balance date as the parent entity.

Although the Holding Company has less than half of the shareholding in Telecom Cook Islands Limited, ATH International Venture Pte Limited, Digitec Communications Limited, management has determined that the Holding Company controls Telecom Cook Islands Limited, ATH International Venture Pte Limited, Digitec Communications Limited. This is on the basis that the Holding Company appoints the majority of the directors for Telecom Cook Islands Limited, ATH International Venture Pte Limited and Digitec Communications Limited and has the majority voting rights through these director appointments.

NOTE 32. SUBSIDIARY COMPANIES (CONT'D)

b) On 1 April 2020, Vodafone Fiji Pte Limited acquired 70% shareholding in Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited from Digitec Communication Limited and ATH International Venture Pte Limited. The transaction was accounted for as a common control transaction as at the time of this transaction Vodafone Fiji Pte Limited, Digitec Communication Limited and ATH International Venture Pte Limited were controlled by the same shareholder, the Holding Company. As the Holding Company was not a party to the common control transaction, these consolidated financial statements were not affected by the transaction. However, on the same day (i.e. 1 April 2020), following transfer of control, Vodafone Fiji Pte Limited disposed 19% interest in Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited decreasing the Groups ownership interest from 70% to 26%. This change in ownership interest has been accounted for as an equity transaction, the effects of which are presented in the merger reserve.

   During the prior financial period, the subsidiary company, Vodafone Fiji Pte Limited, acquired the remaining 49% shares in Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited, increasing the Groups ownership interest from 26% to 51%. This change in ownership interest has been accounted for as an equity transaction, the effects of which are presented in the merger reserve.

c) In May 2021 the Holding Company acquired 30.34% minority shareholding in Bluesky Pacific Holding Limited. This acquisition of non-controlling interest has been accounted for as an equity transaction, the effects of which are presented in the other equity reserve.

d) In prior financial period, the Holding Company acquired 92 shares (0.8% minority shareholding) in Bluesky SamoaTel Investments Limited, which increased Group ownership interest to 98%. This acquisition of non-controlling interest has been accounted for as an equity transaction, the effects of which are presented in the other equity reserve. In current year, the Holding Company acquired 7,228 shares in Bluesky SamoaTel Investments Limited (72.28% shareholding) from AST Telecom, LLC (subsidiary company). As a result of this, direct ownership interest of Holding Company in Bluesky SamoaTel Investments Limited has increased to 98%.

e) In August 2022, ATH International Venture Pte Limited issued 214,170,000 additional shares to ATH Global Pte Limited, Fiji National Provident Fund, Vodafone Fiji Pte Limited, Asian Development Bank, Austel, Samoa National Provident Fund and Unit Trust of Samoa for a consideration of USD 200,163,000 (of which USD 78,086,000 and USD 44,084,000 was received from ATH Global Pte Limited and Vodafone Fiji Pte Limited, respectively). In current year, further 5,000,000 additional shares were issued to Fijian Holding Investment Limited. This resulted in a decrease in the Groups ownership interest from 46.9% to 45.85%. This change in ownership interest has been accounted for as an equity transaction, the effects (difference between share of net assets and consideration paid) of which are presented in the other equity reserve.

   ATH International Venture Pte Limited issued a put option to Asian Development Bank which entitles Asian Development Bank to require Vodafone Fiji Pte Limited to purchase its shares in ATH International Venture Pte Ltd on the occurrence of certain events. Asian Development Bank may exercise the put option if a trigger event has occurred any time from the Subscription Completion Date (August 2022) up to and including the expiry of the Put Exercise period and/or in all other cases at any time during the Put Exercise Period. The Group has recognised a liability for the present value of the exercise price of the option as the Group has an obligation to deliver cash or another financial asset if Asian Development Bank exercise the option. To account for the debit side of this transaction, the contract has been accounted for as an anticipated acquisition of the underlying non-controlling interest, i.e., as if the put option has already been exercised by Asian Development Bank. Consequently, the underlying interest legally attributable to Asian Development Bank has been presented as already owned by the Group, both in the statement of financial position and in the statement of profit or loss and other comprehensive income. Subsequent to initial recognition the Group recognises changes in the carrying amount of the put liability within equity, specifically in the other equity reserve.

   During the current reporting period, there has not been a significant change in the carrying amount of the put liability (except for the effect of its translation as at year end). The underlying factors influencing the put liability has not significantly varied, hence the insignificant movement in the carrying amount has not been brought to account.

NOTE 32. SUBSIDIARY COMPANIES (CONT'D)

f) In August 2022, at the time of issue of additional shares in ATH International Venture Pte Limited (see note 32(e)), ATH International Venture Pte Limited acquired the remaining 30% interest in Digitec Communications Limited from Austel and in exchange offered Austel 10% shareholding in ATH International Venture Pte Limited. This change in ownership interest has been accounted for as an equity transaction, the effects (difference between share of net assets and consideration paid) of which are presented in the other equity reserve.

g) During the year, the assets, and operations of the Fiji Directories Pte Limited (FDL) were merged to Datec (Fiji) Pte Limited (subsidiary of Vodafone Pte Limited). The decision to merge the operation of FDL was made as part of the ATH's strategic review of its investment portfolio.

NOTE 33. SEGMENT REPORTING

A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Fixed Line Telecom	Provision of telecommunication services over fixed line telecommunications network and sale of telephone equipment
Mobile Telecom	Provision of telecommunication services over mobile telecommunications network and sale of telephone equipment
ICT	Provision of ICT services, cloud services, sale of computer hardware and software, and provision of technical support and other related services provided within the technology industry.

The Group's Chief Executive Officer reviews the internal management reports of each division at least monthly.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

a) Operating Segments

	Fixed Line Telecom $'000	**Mobile Telecom $'000**	**ICT $'000**	**Other $'000**	**Elimination $'000**	**Total $'000**
30 June 2024						
External revenues	99,363	695,031	102,707	38,853	-	935,954
Inter-segment revenue	25,701	36,788	8,611	55,279	(126,379)	-
Other income	3,389	4,936	1,528	5,702	-	15,555
Segment revenue & other income	128,453	736,755	112,846	99,834	(126,379)	951,509
Segment profit (loss) before tax	27,248	(38,038)	56,146	3,503	(45,699)	3,160
Interest income	1,045	1,890	504	2,149	6,088	11,676
Interest expense	1,232	50,256	2,430	15,492	(2,602)	66,808
Depreciation and amortisation	21,364	136,812	3,163	8,370	5,294	175,003
Other material non-cash items:						
Impairment losses on trade receivables and contract assets	242	1,933	132	425	-	2,732
Impairment losses on non-financial assets	-	-	-	2,531	(2,531)	-
Segment assets	248,924	1,526,485	84,291	917,827	(745,810)	2,031,717
Capital expenditure	18,896	254,027	2,255	9,221	-	284,399
Segment liabilities	82,468	1,077,236	42,705	454,228	(261,975)	1,394,662

NOTE 33. SEGMENT REPORTING (CONT'D)

B. Information about reportable segments (cont'd)

a) Operating Segments (cont'd)

	Fixed Line Telecom $'000	Mobile Telecom $'000	ICT $'000	Other $'000	Elimination $'000	Total $'000
30 June 2023						
External revenues	121,188	667,118	118,310	53,776	-	960,392
Inter-segment revenue	29,316	36,443	11,864	50,140	(127,763)	-
Other income	3,367	5,543	2,366	1,550	-	12,826
Segment revenue	153,871	709,104	132,540	105,466	(127,763)	973,218
Segment profit (loss) before tax	35,391	(7,201)	(22,508)	26,364	(34,995)	(2,949)
Interest income	-	5,505	-	-	(5,011)	494
Interest expense	1,493	29,332	-	27,679	(5,426)	53,078
Depreciation and amortisation	22,040	127,911	4,478	8,196	7,317	169,942
Other material non-cash items:						
Impairment losses on trade receivables and contract assets	505	1,918	34	391	-	2,848
Impairment losses on non-financial assets	-	-	-	-	-	-
Segment assets	235,672	1,473,118	82,214	805,585	(702,341)	1,894,248
Capital expenditure	39,938	302,625	3,664	9,466	-	355,693
Segment liabilities	76,686	1,081,099	20,826	243,025	(205,778)	1,215,858

b) Geographical segments

The geographic information analyses the Group's revenue and non-current assets by the Holding Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	Fiji $'000	Outside Fiji $'000	Elimination $'000	Total $'000
30 June 2024				
External revenues	485,573	450,381	-	935,954
Inter-segment revenue	106,572	19,807	(126,379)	-
Other income	4,024	11,531	-	15,555
Segment revenue & other income	596,169	481,719	(126,379)	951,509
Segment profit (loss) before tax	137,663	(88,804)	(45,699)	3,160
Interest income	3,447	2,141	6,088	11,676
Interest expense	23,136	46,274	(2,602)	66,808
Depreciation and amortisation	79,025	90,684	5,294	175,003
Other material non-cash items:				
Impairment losses on trade receivables and contract assets	2,457	275	-	2,732
Impairment losses on non-financial assets	2,531	-	(2,531)	-
Segment assets	1,523,643	1,253,884	(745,810)	2,031,717
Capital expenditure	84,854	199,545	-	284,399
Segment liabilities	697,373	959,264	(261,975)	1,394,662

NOTE 33. SEGMENT REPORTING (CONT'D)

B. Information about reportable segments (Cont'd)

b) Geographical segments (cont'd)

	Fiji $'000	Outside Fiji $'000	Elimination $'000	Total $'000
30 June 2023				
External revenues	544,727	415,665	-	960,392
Inter-segment revenue	105,317	22,446	(127,763)	-
Other income	6,747	6,079	-	12,826
Segment revenue	656,791	444,190	(127,763)	973,218
Segment profit (loss) before tax	155,372	(123,326)	(34,995)	(2,949)
Interest income	3,177	2,328	(5,011)	494
Interest expense	36,745	21,759	(5,426)	53,078
Depreciation and amortisation	85,134	77,491	7,317	169,942
Other material non-cash items:				
Impairment losses on trade receivables and contract assets	1,554	1,294	-	2,848
Impairment losses on non-financial assets	-	-	-	-
Segment assets	1,436,931	1,159,658	(702,341)	1,894,248
Capital expenditure	98,790	256,903	-	355,693
Segment liabilities	659,093	762,543	(205,778)	1,215,858

c) Geographic information

The geographic information analyses the Group's non-current assets by the Holdings Company's country of domicile and other countries. In presenting the geographic information, segment assets were based on the geographic location of the assets.

	30 June 2024 $'000	30 June 2023 $'000
Non-current assets		
Fiji	461,249	429,410
All foreign countries		
Papua New Guinea	598,658	511,345
American Samoa	70,406	69,717
Samoa	67,270	65,849
Vanuatu	56,375	52,060
Cook Islands	25,436	26,074
Kiribati	25,418	18,923
Others	1,561	148
Elimination	98,149	122,314
	1,404,522	1,295,840

Non-current assets exclude financial investments and deferred tax assets.

NOTE 34. CONTINGENT CONSIDERATION PAYABLE

In 2019, the Holding Company had completed the acquisition of the Digitec group, an ICT provider in PNG, Singapore and Australia. At the same time a Shareholders Deed was entered between the Holding Company, Austel Investment Pty Limited ('Austel') and Digitec Communications Limited.

NOTE 34. CONTINGENT CONSIDERATION PAYABLE (CONT'D)

At the commencement of the Shareholders Deed, the Holding Company was the majority shareholder and Austel was the minority shareholder in Digitec Communications Limited. The Shareholders Deed was intended to document the arrangements between the Holding Company and Austel during the initial network roll-out.

Based on the Shareholders Deed, the Holding Company and Austel's share of the equity contribution to the network cost was to be in proportion to its shareholding in Digitec Communications Limited and both parties had acknowledged and agreed that Austel's equity contribution was to be USD 18m consisting of:

- USD 8m being met by application of deferred payment from sale of Digitec Communications Limited by Austel to the Holding Company; and
- the notional value to be ascribed to the licences owned by Digitec Communications Limited and necessary to utilise for the telecommunications business. The licences were provisionally valued at USD 10m but were to be adjusted depending on the actual cost of the network roll out.

The Group determined that the fair value of this arrangement was $13,770,355 (i.e. USD 7m). The Group has determined that $13,770,355 represents contingent consideration under IFRS 3 *Business Combination*. Accordingly, an additional goodwill of $13,770,355 has been recognised and allocated to Digitec Communications Limited. The contra has been recognised as contingent consideration payable as the shareholding in Digitec Communications Limited is yet to be formalised.

In 2022, interest expense of USD220,000 was recognised as a result of unwinding of discount in relation to the contingent consideration payable.

The above transaction was formalised during the fifteen month period ended 30 June 2023 and the contingent payable was converted into equity.

In August 2022, at the time of issue of additional shares in ATH International Venture Pte Limited (see note 32(e)), additional funding was made by all shareholders but one shareholder, Austel, which maintains its proportion of interest.

This transaction between ATH International Venture Pte Limited and its shareholders has been accounted for as an equity transaction, the effects of which are presented in the other equity reserve.

NOTE 35. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 36. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorised for issue on 19 September 2024.