FIJIAN
HOLDINGS
LIMITED

ANNUAL REPORT 2018

FHL GROUP CORE VALUES

- Integrity in our dealings
- Innovative in our solutions
- Progressive in our culture
- Play together to win
- Grow our people

FHL GROUP CORE PURPOSE

"To accelerate the participation of iTaukei in the commercial sector and in doing so, enhance their socio-economic standing"

FHL GROUP VISION

"To be the most innovative investment Group in the South Pacific"

MISSION STATEMENT

The FHL Group is committed to the achievements of its mission statement as set out below:

- We will create sustainable and consistent value for our shareholders & stakeholders.
- We will strive to lead in all our chosen areas of business through creativity, innovation, passion and by putting our customers first at all times.
- We will maintain the highest standards of professional integrity, diligence, responsibility and care in carrying out all aspects of our business.
- We will actively promote the growth & development of our people to excel in business and fulfil their purpose in life.

NA UTO NI VAKABAUTA NI KABANI

- Dina ena neitou veiqaravi
- Wali ni leqa ena vakasama ni veisau vou
- Me toso tiko ga na itovo ni neitou veiqaravi
- Cakacaka vata me da qaqa
- Me tarai cake nai vakatagedegede ni rawa ka ni neitou tamata cakacaka

NA YAVUTU NI KABANI

Me vakusakusataka na nodra vakaitavitaki na i iTaukei ena cicivaki bisinisi, vakadeitaka kina nodra bula vakavanua kei na bula vakabisinisi

NA RAI KI LIU NI FHL

"Me dau vakatubu i lavo levu taudua ena Pasifika"

YALAYALA ME VAKAVATUKANATAKI

Sa tu vakarau na Kabani Cokovata me tutaka na kena laurai na vatukana ni nona yalayala e koto oqo e ra:

- Keitou bulia ka cakacakataka na veika keitou vakavulica ena kabani me baleti ira na i taukei ni sea kei ira era vakaitavi kina.
- Keitou na sasaga me tadolavi yani na vanua ni vakatubu bisinisi ena neitou vakaliuci ira keitou qaravi ira, ni tu vei keitou na kila ni veiqaravi, na vakasama titobu, na Loloma kei na gadrevi ni veisau.
- Keitou na maroroya ka bulataka na i tovo cecere ni veiqaravi ka kena yavu na dina, cakacaka vakadodonu kei na tuvaki, qaravi vinaka ni tavi ni veiqaravi.
- Keitou na tutaka vakaukauwa na nodra tuberi cake kei na nodra vakavulici na i Taukei me ra daunibisinisi vinaka ka tamusuki na vua ni nodra bula.

AWESOME ADVENTURES FIJI

CONTENTS
ULUTAGA

HISTORY OF FIJIAN HOLDINGS LIMITED
TAUYAVUTAKI NI KABANI

Fijian Holdings Limited (FHL) was incorporated in 1984 to fulfil the objectives of the leaders of the iTaukei people of Fiji, creating an entity that meaningfully represented itaukei in the business sector and ensured their meaningful participation in the Fijian economy.

FHL shareholders include provincial councils, the iTaukei Land Trust Board, the iTaukei Affairs Board, tikina and village groups, iTaukei co-operatives, individual iTaukei and family companies.

Its investments give the iTaukei significant shareholding in major companies thus helping to achieve the objective of bringing the iTaukei fully into the mainstream of Fiji's economy.

FHL has also broadened the scope of its training programme wherein young Fijians are prepared and groomed for business utilising the resources of its subsidiary companies.

E a tauyavu ena yabaki 1984 na kabani na Fijian Holdings Limited (FHL) ena vuku ni nodra gagadre na Turaga Bale kei Viti kei ira na lewenivanua iTaukei me vakatotolotaki na nodra vakaitavi ena bula raraba vakailavo ni vanua ko Viti.

Era taukei ni sea ena FHL na Matabose ni qele maroroi, na vei yasana, na Matabose ni veika Vakaitaukei, na i Soqosoqo ni vei tikina kei na koro, na soqosoqo cokovata ni veivoli ka nodra na iTaukei, o ira na iTaukei yadua kei ira na kabani taukeni vakavuvale.

Na nona vacurumi lavo ena voli sea na FHL ena veikabani lelevu eso, e mai rawa kina nai naki raraba ni kena vakayarayarataki na nodra vakaitavi na iTaukei ena bula vakabisinisi kei na bula vakailavo i viti.

E sa vakarabailevutaka tale ga na nona yavu ni veiqaravi me baleta na nodra vakavulici ka vakarautaki na gone iTaukei ena cicivaki ni bisinisi ka sa vakayagataki kina na i yau ni kabani e taukena ka cicivaka tiko na FHL.

FHL GROUP LEADERS

Group Chief Executive Officer/ Head of the Group	
1987 – 2008	Sitiveni Weileilakeba
2008 – 2011	Sereana Qoro
2011 – to date	Nouzab Fareed

Group Chairman	
1984 – 2006	Lyle Cupit
2006 - 2008	Josaia Mar
2008 – 2008	Robin Storck
2008 – 2011	Isoa Kaloumaira
2011 – 2011	Carl Cameron
2011 – 2016	Iowane Naiveli
2017 – to date	Adrian Sofield

THE YEAR IN REVIEW

NA RAICI LESU NI YABAKI VAKAILAVO

The report provided our shareholders with highlights of the 2018 financial year. The year in review not only highlights our financial performance but also the market announcement made regarding significant activities that contributed to our positive results.

July 2017

- Fiji TV announced the appointment of Ms. Sereana Matakibau as Independent Director.
- Fiji TV announced that it has secured two great events live and exclusive: The British Open Championship & Fiji vs Samoa PNC match.
- FHL invested $63 million for the last three years to new properties, plants and equipment.
- RBG released its audited accounts for FY2017.
- RBG declared Final Interim Dividend of 11 cents per share, bringing a total dividend of 16 cents per share. An increase of 6.7% over last year.

August 2017

- Fiji TV announced the formal signing agreement with Liga Nacional de Fútbol Professional to be Fiji's Official Television Broadcaster of 2017-2018 La- Liga Santander season.
- Fiji TV announced the formal signing agreement with Hibiscus Event Group (Inc), to be the Official Television Broadcaster of the 2017 Vodafone Hibiscus Festival.
- Fiji TV released its audited accounts for FY17 with a profit of $575k compared to a net loss of $668k recorded for the previous year.
- Fiji TV announced the Live & Exclusive Rights to televise the "Money Fight" between Floyd Mayweather vs Conor Mcgregor on Fiji One.
- FHL announced 33% growth for the 12 months ended 30th June 2017. The holding company reported a profit of 22.98 million, while the group recorded $31.07 million profit after tax.

September 2017

- Fiji TV declared its first interim dividend of $0.04 per share resulting in total outlay of $412k to the shareholders.
- RBG launched its Annual Report 2017.
- Fiji TV announced the live and exclusive coverage of Rugby League World Cup 2017 on the Fiji TV's free to air channel: Fiji One.
- Fiji TV launched its Annual Report 2017.
- Fiji TV announced that it has signed an exclusive agreement with Kinton International Group Limited to air the Raka 7's on Fiji One.
- Fiji TV announced the signing of exclusive agreement with PREMIER FUTSAL MANAGEMENT PRIVATE LIMITED to air the Premier Futsal live on its free to air channels: Fiji One & Channel 2.
- Fiji TV announced that it has signed an exclusive agreement with the Fiji Police Force to be the official Television Broadcaster of the 2017 Ratu Sukuna Bowl Tournament.
- FHL declared $3.717 million final dividend to its shareholders. An increase from 23.0 cents per share in FY16 to 24.1 cents for FY17.
- FHL launched its Annual Report 2017.
- Fiji TV announced that it has signed a live and exclusive agreement with University of the South Pacific to be the official television broadcaster of the September 2017 USP Graduation.
- FHL confirmed news article in buying Government Printer and Stationery Department.
- Fiji TV secured the LIVE coverage rights to broadcast 2017/2018 HSBC Sevens World Series on its Free – to air channel: Fiji One.
- Fiji TV announced that it has secured Live & Exclusive rights to broadcast the DHL Octoberfest 7s on Fiji One.
- Fiji TV announced that it has secured the LIVE broadcast rights for the 2017 Melbourne Cup.

October 2017

- FHL resolved outstanding issues ratifying that Yogesh Karan was no longer a Director representing A Class Shareholders.
- Fiji TV informed the general public that the company has neither received any formal notice of acquisition with any other media company, with the objective of selling the company. It is business as usual at Fiji TV.
- FHL announced that it recorded a growth in profit of over $6.4 million in the First Quarter ending 30th September, 2017.

November 2017

- FHL announced the appointment of Isikeli Tikoduadua as a Director representing A Class Shareholders.

December 2017

- Fiji TV announced that it has signed an exclusive agreement with Fédération Internationale de Football Association (FIF) to be the media rights licensee of the 2018 FIFA WORLD CUP RUSSIA TM.

January 2018

- RBG declared an interim dividend of 5 cents per share to its shareholders. RBG also released its 6 months unaudited accounts ending 31 December 2017 with post tax profit of $3.49 million compared to last year's result of $3.83 million.
- Fiji TV announced that it has signed an exclusive agreement with Nawaka Rugby Club to air the Nawaka Sevens tournament Live & Exclusive on Fiji One.

February 2018

- FHL recorded an 8% growth for 6 months ending 31 December 2017. The Group recorded a pre-tax profit of $20.91 million compared to $19.35 million in the same period last year.
- Fiji TV announced financial results for the 6 months ending 31 December 2017, with a net profit after tax of $756k compared to a net loss of $469k recorded for the same period last year.
- Fiji TV declared second interim dividend of $0.03 per share resulting in total outlay of $309k paid to its shareholders.

March 2018

- Fiji TV announced that it has signed an exclusive agreement with Duco Events to air the fight between Anthony Joshua Vs Joseph Parker Live and Exclusive on Fiji One.
- FHL declared to pay $3.717 million as an interim dividend based on group performance for six months ending 31 December 2017. A total of more than 1,200 FHL shareholders received their dividend.

May 2018

- Fiji TV proudly announced the Exclusive Television Broadcasting Rights to broadcast LIVE the 2018 Fiji National Schools Swimming Competition.
- FHL recorded a 6.8% growth in profit after tax for the nine months ended 31 March 2018, which stood at $19.9m compared to $18.7m achieved in the same period last year.
- FHL announced the appointment of Sitiveni Koya as FHL's new company secretary.
- Fiji TV proudly announced that it has launched Fiji's first ever Television App and a brand new website, that allows viewers to access Fiji Television's services in the palm of their hands, that is, from the latest news, local programs, sports, TV program schedules, LIVESTREAM and many more.
- Fiji TV announced that it has successfully acquired rights to broadcast the 3 State of Origin Matches and 2 Pacific Rugby League Test matches this June and July.

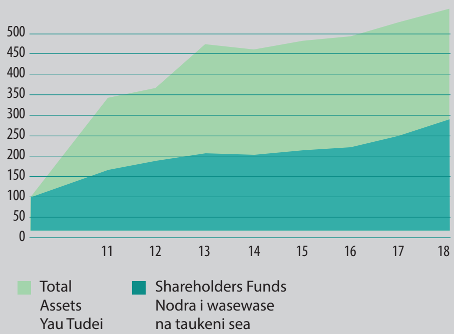
June 2018

- Fiji TV announced that it has signed an exclusive agreement with World Rugby to be Fiji's Official Television Broadcaster of Rugby World Cup Sevens 2018.
- FHL announced the redesigning of its Graduate Trainee Program for young people with very high performance capabilities and leadership potential, earmarked to be trained at FHL and its Subsidiaries Companies.

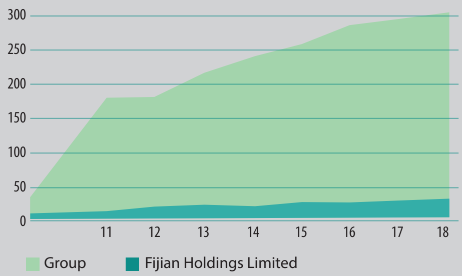
FINANCIAL HIGHLIGHTS
USUTU NI RAWA KA

Tourism	55,500,000	18.0%
Finance	56,529,000	18.4%
Retailing	72,709,000	23.6%
Media	32,647,000	10.6%
Building & Construction	40,100,000	13.0%
Manufacturing	20,664,000	6.7%
Properties	29,527,000	9.6%
	307,676,000	**100.0%**

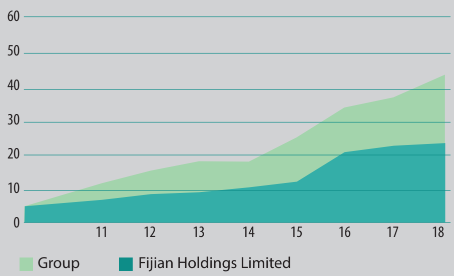
Total Group Assets and Shareholders Funds ($M)
Yau Tudei kei na Nodra i Wasewase na Taukeni Sea ($Milioni)



Operating Revenue ($M)
Lavo e rawa ena volivolitaki ($Milioni)



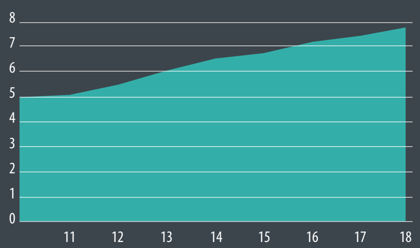
Profit Before Tax ($M)
Tubu ni kabani ni se bera ni musuki nai vakacavacava kei na veika sega ni namaki ($Milioni)



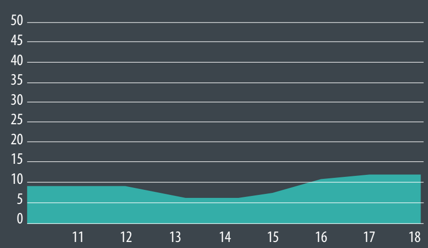
FINANCIAL HIGHLIGHTS
USUTU NI RAWA KA

YEAR END 30 JUNE	HOLDING COMPANY			GROUP		
	2018	2017	Change %	2018	2017	Change %
Operating Results						
Operating Revenue ($, '000)	28,142	27,073	4%	311,486	304,227	2%
EBITDA ($, '000)	25,515	24,619	4%	62,924	51,819	21%
EBIT ($, '000)	25,318	24,499	3%	48,184	41,318	17%
NPBT ($, '000)	23,385	22,375	5%	42,994	37,223	16%
NPAT ($, '000)	23,298	22,986	1%	35,709	31,071	15%
Operating Ratios						
EBIT / Total Revenue [%]	90%	90%	-1%	15%	14%	1.9%
EBITDA / Total Revenue [%]	91%	91%	-0%	20%	17%	3.2%
NPAT / Total Revenue [%]	83%	85%	-2%	11%	10%	1.3%
Financial Position						
Total Assets ($, '000)	340,001	313,239	9%	572,245	525,064	9%
Total Liabilities ($, '000)	44,502	52,129	-15%	294,269	274,691	7%
Financial Position Ratios						
Gearing [%]	13%	17%	-4%	51%	52%	-1%
Net Debt to Equity [%]	15%	20%	-5%	106%	110%	-4%
EBIT Interest Cover [times]	12.5	11.5%	-23%	3.9	10.1%	-4%
Cash Flows						
Net Cash from Operating ($, '000)	10,059	12,514	-20%	40,322	38,117	6%
Purchases of Investments ($, '000)	-	-	-	-	77	-100%
Shares						
Earnings per share (EPS) [CENTS]	76	75	1%	117	102	15%
Dividends per share [CENTS]	24.4	24	1%	24.4	24	1%
Net Tangible Asset per share ($)	9.70	8.57	13%	7.09	6.17	15%
Key Measures						
Return on Net Assets [%]	7.9%	8.8%	-0.9%	12.8%	12.4%	0.4%

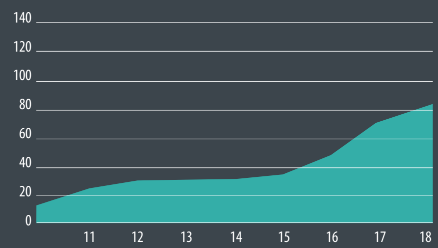
Dividend Payments ($M)
Tubu ni lavo e wasei ($Milioni)



FHL Return on Investment (% - at cost)
Tubu ni lavo e rawa



FHL Earnings per Share (cents)



FIJIAN HOLDINGS LIMITED TOP 30 SHAREHOLDERS
NAI MATAI NI 30 NI TAUKEI NI SEA LEVU TAUDUA

Shareholder Name	No. Of Shares	% Holdings
Itaukei Land Trust Board	859,666	8.21
I Taukei Affairs Board	760,977	7.27
Cicia Plantation Co-Operative Society Ltd	400,000	3.82
Cakaudrove Provincial Holdings Company Limited	400,000	3.82
Ratu Sir K Mara Education Trust Fund	300,000	2.87
Tailevu Dairy Farmers Co-Operative Association Ltd	220,000	2.10
Macuata Provincial Council	203,614	1.95
Vanua Ko Lovoni Investment Ltd	179,805	1.72
Bua Provincial Council	156,348	1.49
Duavata Holdings Ltd	141,000	1.35
Itaukei Land Trust Board Atf Mataqali Serau, Nabiti, Dreketi, Macuata	111,992	1.07
Mualevu Koro Investment Ltd	108,754	1.04
Serua Provincial Council	107,911	1.03
Moala Tikina Council	101,005	0.97
Sakiusa & Anaseini Raivoce	101,000	0.97
Dogotuki Tikina Council	100,000	0.96
Lomati Village Investment Ltd	100,000	0.96
Mavana Investment Ltd	100,000	0.96
Munia Holdings Ltd	100,000	0.96
Nabukebuke Holdings Ltd	100,000	0.96
Naqarani Holdings Ltd	100,000	0.96
Nasoqo Farming Enterprises Ltd	100,000	0.96
Kiri Verewale Richmond	100,000	0.96
Kadavu Provincial Council	99,283	0.95
Vatulele Island Holdings Ltd	97,990	0.94
Rewa Provincial Council	93,601	0.89
Vukicea Investments Ltd	90,000	0.86
Mataqali Natabutale	84,743	0.81
Tukula Holdings Ltd	80,000	0.76
Naitasiri Provincial Investments	73,244	0.70
Isireli & Salote Dugu	70,004	0.67
Lau Provincial Council	67,501	0.65
Nadroga/Navosa Provincial Council	67,500	0.65
Inoke & Tiko Fatafehi Luveni	67,263	0.64
Mataqali Nacokocokobalavu	66,943	0.64
Baravi & Associates Ltd	66,767	0.64
Marica Koroitanoa	63,927	0.61
Mualevu Tikina Holdings Ltd	62,865	0.60
TOTAL	**6,103,703**	**58.37**

CORPORATE GOVERNANCE STATEMENT
TUKUTUKU NI KENA CICIVAKI NA KABANI

FIJIAN HOLDINGS LIMITED SUPPORTS THE RESERVE BANK OF FIJI'S CORPORATE GOVERNANCE CODE FOR CAPITAL MARKETS. WE ARE COMMITTED TO DELIVERING BEST PRACTICE IN CORPORATE GOVERNANCE AND TRANSPARENCY IN REPORTING. DURING THE REPORTING PERIOD, FIJIAN HOLDINGS LIMITED HAS BEEN COMPLIANT WITH ALL RBF GUIDELINES.

Principle 1
Establish clear Responsibilities for Board Oversight

Board of Directors

The FHL Board is responsible for the overall corporate governance of the Company. The Board Charter sets out the following objectives of the Board:

- To provide strategic guidance for the Company and effective oversight of management.
- To optimise Company performance and shareholder value within a framework of appropriate risk assessment and management.
- To recognise the Company's legal and other obligations to all legitimate stakeholders.

The Board Charter specifies the Board's responsibilities towards the achievement of these objectives as being:

- Oversight of the Company, including its control and accountability systems.
- Appointment and removal of the Group Chief Executive Officer in line with Company Articles and Memorandum of Association and approving his/her terms of engagement.
- Ratifying the appointment of members of FHL's Senior Management Team, approving of their terms of engagement.
- Providing input into the final approval of the corporate strategy and performance objectives, and monitoring performance against those plans.
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliances.
- Protecting the Company's financial position and its ability to meet debts and other obligations as they fall due.
- Ensuring that the Company's accounts comply with the relevant accounting standards and present a true and fair view.

The Board has delegated the responsibility of operating and administering to the Group Chief Executive Officer, who is accountable to the Board for the performance of these duties.

Principle 2

Constitute an Effective Board

FHL's Memorandum and Articles specifies the number of Directors may be not less than the number required by the Companies Act (currently three), nor more than nine (or such number within the range as the Board may determine from time to time).

The Board currently comprises of nine Directors.

Adrian Sofield	Appointed Chairman 2017
Iowane Naiveli	Appointed 2011
Sakiusa Raivoce	Appointed 2013
Ratu Aisea Waka Vosailagi	Appointed 2015
Robert Lyon	Appointed 2016
Sanjit Patel	Appointed 2016
Anthony Whitton	Appointed 2016
Isikeli Tikoduadua	Appointed 2016
Yogesh Karan	Appointed 2017

Director's Independence

As required under the Board Charter, the Board comprises of a majority of independent non-executive Directors. As per the Company's Article 78, six of the nine board directors are appointed by the Minister of Indigenous Affairs in consultation with the Prime Minister.
According to the Charter, a non-executive Director is independent as he or she is not a member of management and is free of any business or other relationship that could materially interfere with the independent exercise of their judgment. All Directors are independent Directors with no substantial interest in the shares or Group business.

Board Sub-Committees

The Board carries out a number of its duties and responsibilities through specific Board Sub-Committees:

- Audit and Risk Committee inclusive of Compliance
- People and Leadership Committee
- Investment and Strategy Committee
- Board Nomination and Remuneration Committee.

The Charter of each Board Committee sets out the respective duties and responsibilities of that particular Committee. Each Committee is entitled to the resources and information it requires, including direct access to employees and advisers. All FHL Directors are informed of the Board Sub- Committee meetings and deliberation through the Committee reports at FHL board meetings.

Independent Advice

The Board, an individual Director or a Committee, may engage an independent external adviser in relation to any Board matter, at the expense of the Company. Before the external advice is sought, consent needs to be obtained from the Chairperson of the Board.

Directors' Training

Director Induction is a formal process whereby the Group CEO and the management team present a comprehensive corporate profile of the organization. It is necessary for all incoming directors to attend the induction programme. In addition, as and when required, workshops are organized with external consultants.

Principle 3

Appointment of a Group Chief Executive Officer

Directors are expected to exercise due diligence in appointing the Group Chief Executive Officer or the officer-in-charge. This role is vested in the office of the Board of Fijian Holdings Ltd. The qualification and criteria of the Group CEO shall be at the discretion of the People and Leadership Sub Committee in consultation with the Board. Total remuneration package for the Group CEO should be the final decision of the Board. The remuneration has been structured to reward corporate and individual performances.

Principle 4

Board and Company Secretary

FHL, as a public listed company, has appointed a suitably qualified and competent board secretary. The Company Secretary is the administrative link between the Board and the Management and is responsible for ensuring compliance to Company activities. In this capacity, he/she ensures that the statutory requirements, board policy and procedures are followed and co-ordinates the timely completion and dispatch of board agenda and briefing material. The secretary is responsible for ensuring the board has proper and detailed minutes where records on major decisions of the Board are made. All directors have direct access to the company secretary. The company secretary is accountable to the board, through the chair, on all governance issues. The appointment and removal of the company secretary should be a matter for decision by the Board as a whole. At present, the Company Secretary for FHL is Mr Sitiveni Koya.

Principle 5

Timely and Balanced Disclosure

Fijian Holdings complies with its disclosure obligations under the SPSE Listing Rules and the Companies Act, and has in place well-developed procedures for dealing with compliance. Fijian Holdings has a Disclosure Policy that sets out the procedures and requirements expected of all employees of the Company, including Directors, Executive Officers and Senior Executives.

Principle 6

Promote Ethical and Responsible Decision Making

Fijian Holdings Ltd recognises that its reputation is one of its valuable assets, and is founded largely on the ethical behaviour of the people who represent the Group. The Board has approved a Code of Conduct that sets out the principles for ethical behaviour by all Group personnel. This ethical framework provides the foundation for maintaining and enhancing FHL's reputation. FHL's Code of Conduct therefore commits its Directors, employees, contractors and consultants to not only comply with the law, but to conduct business in accordance with the highest ethical conduct, so we:

- Conduct business with integrity, honesty, and fairness;
- Value and respect diversity in a workplace in which no one is discriminated against on the basis of gender, age, race, religion, sexual orientation or marital status; and
- Exercise high ethical conduct in observing the spirit and letter of our legal obligations.

Any breach of the Code of Conduct is a serious matter that may give rise to disciplinary action, including dismissal and legal action.

In accordance with FHL's Whistle-blower Policy, employees who are aware of any matter or behaviour that may contravene the Code of conduct, FHL's policies or the law are encouraged to:

- Take the matter up with their immediate supervisor or manager;
- Report the matter to their Human Resources Manager, a more senior manager or the Company Secretary

The Whistle-blower Policy provides that all reports will be thoroughly investigated, and that, where applicable, feedback on the outcome of the investigation will be provided to the person making the report. Any person making the report will not be discriminated against or disadvantaged in their employment with the Group simply for making the report.

Business Dealings with the Company and Conflicts of Interest

The Company has procedures in place for the reporting of any matter which may give rise to a conflict between the interest of a Director and those of the Company. Employees are required annually to disclose arrangements where a potential conflict may arise. A register of interest so declared is maintained by the Company Secretary. When a potential conflict of interest arises, employees must advise the Company Secretary and their immediate supervisor. A decision is then made as to whether the reported activities may continue. When the Board is considering a matter in which a Director has a material personal interest – the said Director may not be present during the Board or Board Committee discussions nor vote on the matter unless permitted under specific circumstances in accordance with the Companies Act.

Political Donations

Fijian Holdings also has in place a policy prohibiting donations, whether in cash or kind, to any political party or organization, politician or candidate for public office in any country in which it operates.

External Directorships

Key executives are permitted to hold limited non-executive directorship of an external public company, depending on the particular circumstances, but only on the recommendation of the Group Chief Executive Officer, for approval by the Board. The Group CEO is permitted to hold a limited non-executive directorship of an external public Company with the approval of the Board. Such a public Company must not be a competitor, supplier or customer of the Group, nor can the directorship create an actual or potential conflict of interest with the Group's business activities.

Corporate Sustainability

Fijian Holdings adopts an integrated approach to corporate sustainability. The Group is committed to continuously improving its business practices to maximise positive and minimise negative social, environmental and economic impacts. This enhances employee engagement and retention, supports corporate reputation, manages risk and protects the social license to operate.

Principle 7

Register of Interest

The Board has ensured that all conflicts of interest are disclosed and formally recorded. Conflicts of interest arise in a related party transaction, which is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to exercise significant influence over the other party in making financial or operating decisions.

In declaring a conflict of interest, the Director should abstain from voting or participating in the decision-making on that matter. In addition to Directors, members of the senior management team are required to declare all conflicts of interest.

Principle 8

Respect the Rights of the Shareholder

The Shareholder Communication Policy of the Company encourages and promotes effective communication with shareholders and effective participation at General Meetings. Fijian Holdings frequently examines how best to take advantage of technology to enhance shareholders communications and how to use General Meetings to enhance a two-way communication. Fijian Holdings maintains an up-to-date website to compliment the official release of information to the market.

The external auditor attends the Annual General Meeting and is available to answer shareholders questions about:

- The conduct of Audit;
- The preparation and content of the auditor's report;
- The accounting policies adopted by the Company in relation to the preparation of the financial statements and
- The independence of the auditor in relation to the conduct of the audit.

FHL also conducts a half-day training session for all shareholders on the day of the Annual General Meeting. This training programme is conducted by internal and external experts on various business topics; including the performance of all FHL subsidiaries and related investments.

Principle 9

Accountability and Audit

The Audit Committee consists entirely of independent non-executive Directors. The Committee meets as required, normally at least four times per year. The Chairman of FHL is not a member of the Audit Committee. The Committee's role is to assist the Board to independently verify and safeguard the integrity of the Company's financial reporting and internal control processes in the company. The Committee's primary responsibilities are to:

- Assess whether the Company's external reporting is legally compliant, consistent with Committee members information and knowledge, and suitable for shareholder needs;
- Assess the management processes and internal control systems supporting external reporting;
- Liaise with the external auditors and ensure the annual statutory audit and half year review are conducted in an effective manner;
- Make recommendations for the appointment or removal of the external and the internal auditors;
- On an annual basis, assess the performance and independence of the external and internal auditors; and
- Monitor the co-ordination of the internal and external audits.

The lead external audit partner is required to rotate off the audit after a maximum of five years. The internal audit function shall not be performed by the external auditors of the company. The Audit Committee has unlimited access to both internal and external auditors.

Internal audit monitors the internal control framework Group wide. The Audit Committee approves the annual internal audit plan with respect to operational aspects, reviews reports and agreed actions, and ensures planned audit activities are aligned to business risks.

Principle 10

Recognise and Manage Risk

The Board has approved a Risk and Assurance Framework and supporting processes to oversee and manage risk. Fijian Holdings Risk and Assurance Framework is founded on a clear risk management philosophy and accountabilities driven by governance and operation. The Framework describes FHL's risk and assurance systems and the supporting management disciplines in place to bring this system to life. It explains the philosophy and structure required to recognise business improvement opportunities through the management of risk. The Framework is action-oriented and requires people to focus on the right things, prepare active action plans and to be held accountable for their actions. The Framework acknowledges that all employees have a role in managing risk and in particular, they are encouraged to report incidents, hazards and risk without fear. At FHL, the management of risk is not treated as an integrated ingredient in the way employees work.

Principle 11

Evaluation of Board Performance

Evaluation on Board Performance ensures that individual directors and the Board as a whole work efficiently and effectively in achieving their functions. Each year, the Board undertakes the following reviews:

- The Chairperson meets non-executive directors separately to discuss individual performance and ideas for improvement.
- The performance of the Chairperson is reviewed and assessed each year by the other Directors.
- The Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement in achieving a better balance between monitoring past performance and debating the future directions of the business.

Principle 12

Securities Trading Policy

The Company has established a policy that imposes certain restrictions on directors, senior management and other employee trading in the Company's securities. The policy has been adopted to prevent trading in breach of the insider trading rules in particular, when Company personnel are in possession of price-sensitive information.

Directors and Senior Officers are not permitted to take advantage of any information that is not available to shareholders and the market. There is no constraining time limit for the purchase of shares. All share dealings by these officers are to be advised to the Company Secretary.

Principle 13

Insolvency- Directors Duties

Generally, Director's primary duty is to the shareholders. However, if the Company is insolvent, or there is a real risk of insolvency, Directors duties expand to include creditors (including employees with outstanding entitlements) such as:

- The duty to exercise powers and duties with the care and diligence that a reasonable person would have which includes taking steps to ensure the financial position of the Company is properly informed and ensuring the Company doesn't trade if it is insolvent;
- The duty to exercise powers and duties in good faith in the best interests of the Company and for a proper purpose;
- The duty not to improperly use position to gain a personal advantage, or to cause detriment to the Company.

CORPORATE SOCIAL RESPONSIBILITY
TUKUTUKU NI QARAVI NI BULA RARABA

As our Company and shareholders expectations evolve, we at Fijian Holdings Limited (FHL) continue to develop and refine our approaches to managing key environmental, social and governance issues.

We believe Corporate Social Responsibility (CSR) is essential to doing good business. The key principles of our approach to CSR include considering how our products and people can help build a more resilient society, advancing our understanding of and responses to climate change risks — including reducing our own environmental impact, and ensuring strong governance and compliance practices.

The FHL group of companies have recently embarked on an extensive capital injection project mainly targeted to more environment friendly Plant and Machinery. This exercise also enables us to support our Prime Minister in his mission at the COP 23 Presidency with the major focus on reducing carbon emission.

Throughout the financial year; FHL participated in a number of community events sharing with the Fijians its success and playing its role as a good corporate citizen.

Communication with Stakeholders

FHL and its subsidiary companies operate across the spectrum of the business environment and the wider Fijian population, being involved with the communities, providing employment and services to both our customers and suppliers.

FHL also values its relationship with the regulatory authorities and ensures full compliance with its regulators as such fully disclosing significant information to its shareholders and other interested stakeholders through the SPSE portal as well as regular updates on local media.

Community Involvement

FHL operates with focus on contributing to local communities in a positive way helping to spark growth, competitiveness and economic opportunity for all. The Group with the assistance from staff directly engage with the community providing assistance in whichever way possible.

Blood Drive

This year saw Fijian Holdings take part once again in the life saving initiative of donating blood. The event held in partnership with the National Blood Services, saw staff from the FHL Group and Directors donate for a good course.

Corporate Visits

FHL staff also visited the St. Giles hospital where they not only donated items but were also taken on a tour of the entire hospital and given a chance to interact with some of its patients.

FHL also had the privilege of donating boxes of baby items to the children's wing of the CWMH.

FHL Fund Management Limited also visited the Homes of Hope providing some supplies and most importantly spending some valuable time with the ageing patients in the organization.

Donations

FHL and its subsidiary companies continuously assist requests for donations from recognized organisations mainly focused in developing areas of need with people with disabilities.

Corporate Participation and Investment Awareness

FHL with the core business of investment sees the need to encourage savings and building investments plans at a very young age. Hence we engage with Primary schools from our cities right through to the interiors of Namosi and Ra providing money boxes for savings and encouraging and advising them on the benefits of savings and investment.

Being a large corporate entity; FHL and its subsidiary companies also assists in the form of Sponsorship to our major institutes for running workshops and conferences for greater business development and networking.

Vinaka Fiji and the Yasawa Trust Foundation

The Yasawa Trust Foundation was established in 2010 and created the 'Vinaka Fiji' Volunteer Programs in Fiji's remote Yasawa Islands. The aim of these programs is to improve the provision of basic needs and amenities missing from village life in the Yasawas. The programs supports villages in areas of fresh water, nutrition, education, power, marine and environment.

The women of Kese who plant vegetables for the Village Food Bank are now starting to reap the rewards of their efforts. Of note are the medium sized varieties of Rio and Roma which at their current rate of fruiting will exceed the forecast price of $5 per plant.

Also the majority of tomatoes are 'A' grade which will produced good returns.

The program is managed by South Sea Cruises Limited a 100% subsidiary company of FHL.

Employee Involvement

FHL and its Group Companies employ close to 3,000 staff. These staff are the wheels of the company living through the good and the bad times to deliver the quality of FHL products to the customers. Employees are the most critical factor in the equation of FHL's success. We continue to build on staff capacity and provide the best to ensure a happy working group.

Professional Training

FHL continues to push its employees to further their professional training in whatever field that they are in. Management staff members have this year attended the FIA, FHRI, AICD, CPA and TOPEX conferences to name a few with a number of our staff members completing the CPA and MBA certifications

Social Activities

Every year, the FHL Group hosts an annual sports day with the main objective of promoting team work and creating a jovial environment. This event sees staff from the West and even the North combine for a day of fun filled sports enjoyed by staff and family. The day also allows for staff networking amongst staff from different subsidiary companies. FHL Directors are also present on this day to meet with the employees and create a more comfortable working environment.

FHL theme for the current year "Profits with a Purpose" is a true reflection of our community engagement and sharing with those communities the success of FHL.

INVESTMENT AND STRATEGY SUB-COMMITTEE
TUKUTUKU NI KOMITI KA QARAVA NA VAKATUBUILAVO

The Investment and Strategy Sub-Committee is responsible for assisting the Board in fulfilling its oversight responsibility for the investment and strategic goals of the Company.

It is also responsible for formulating the overall investment policies, and establishing investment guidelines in furtherance of those policies. The Committee monitors the management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time.

The members of the Investment and Strategy Sub-Committee are appointed by the Board of Directors from amongst the Directors of the Company and consist of four board members of which all are existing committee members and are Directors. In addition to these members, Group CEO and members of Senior Management Team attends the committee meetings.

Meetings of the Investment and Strategy Sub-Committee are held at least once a year. In the year under review, the Sub-Committee met twice.

During the year, the Investment & Strategy Sub-Committee received reports and held discussions with Management on the proposed and current investments. The Committee has also reviewed proposals parallel to its investment policy guidelines and strategic framework. These included:

- Current investment projects
- Long term investment projects
- Declined projects
- Proposed acquisitions
- Discussion on the strategic way forward for the Group in terms of acquisitions, divestment and mergers.

COMMITTEE MEMBERS

Name	Capacity	Status	No of Meetings held	No of Meetings Attended
Mr. Robert Lyon	Chairman	Existing	2	1
Mr. Adrian Sofield	Member	Existing	2	2
Mr. Sanjit Patel	Member	Existing	2	2
Mr. Iowane Naiveli	Member	Existing	2	1

AUDIT & RISK SUB-COMMITTEE
KOMITI KA QARAVA NA RIRIKO

The Audit & Risk Sub-Committee is responsible for ensuring that the company's internal controls are properly functioning as well as managing the external audit process of the company. The Sub-Committee bases most of its work on the internal audit reports issued by the Internal Audit Department Team of FHL and management letters (client service report) issued by the External Auditors.

The members of the Audit & Risk Sub-Committee are appointed by the FHL Board of Directors from amongst the Directors of the Company and consist of two board members of which all are existing committee members and are directors. The Group CEO and members of the Senior Management Team also attend the committee meetings to ensure that proper control and appropriate risk management are maintained by the Group subsidiaries.

Meeting of the Audit & Risk Sub-Committee are held once every quarter, however, frequent meetings may be called if necessary. In the year under review the committee met four times.

During the year, the Audit Sub-Committee received reports from Internal and External Auditors and held discussions with management and the Auditors involved. The Sub-Committee has also reviewed:

- The reliability and integrity of financial and operating information
- The system established to ensure compliance with those policies, plans, procedure, laws and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance
- The means of safeguarding assets and as appropriate, verifying the existence of such assets
- Reviewing projects or programs to ascertain whether results are consistent with established objective and goals, and whether the projects or programs are being carried out as planned
- Reporting of any materials misuse of funds, misappropriation or acts of fraud.

COMMITTEE MEMBERS

Name	Capacity	Status	No of Meetings Entitled to Attend	No. of Meetings Attended
Ratu Aisea Waka Vosailagi	Chairman	Existing	4	2
Mr. Isikeli Tikoduadua	Member	Existing	4	4
Mr. Sunil Sharma	Member	Existing	4	4
Mr. Gyaneshwar Prasad	Member	Existing	4	2

BOARD NOMINATION & REMUNERATION SUB-COMMITTEE
KOMITI KA QARAVA NA VEIDIGITAKI KEI NAI SAU NI DAIREKITA

The Board Nomination & Remuneration Sub-Committee is a committee of the Fijian Holdings Ltd Board ('FHL Board'). The role of the committee is to assist the board in fulfilling its duties by providing independent and objective review, advice and assistance to the Board and the CEO (as appropriate), on matters concerning Board Nomination and Remuneration related issues within the FHL Group.

The primary function of the Nomination and Remuneration Sub-Committee is to advise the Board on matters regarding:

- The composition and nomination of the FHL Board and FHL Group Subsidiary Board;
- The remuneration of the FHL Board and FHL Group Subsidiary Board;
- Assessment of the necessary and desirable competency of Board members;
- Recommendations for the appointment and evaluation of Directors.

Board Nomination & Remuneration Sub-Committee meets at least twice a year and more frequently as required. In the year under review the committee met twice.

During the year, the committee is delegated to review all nomination matters of the FHL Board and Board appointments within the FHL Group including:

a) Process for the nomination and selection of non-executive directors to the FHL Subsidiary Board;
b) Succession plans for FHL Group non-executive and independent directors;
c) Induction programs for FHL Group non-executive and independent directors;
d) Assess the requirement for non-executive and independent directors and set a transparent process to review whether they are meeting those requirements;
e) Establish and monitor strategies on gender diversity for the FHL Board;
f) Achievement against gender diversity objectives including representation of women at the FHL Board and Group subsidiary companies;
g) Assess and approve the Directors Remuneration including directors fee, sitting allowance and other related benefits/allowance to the FHL Group non-executive and independent directors;
h) Other relevant matters identified from time to time, or requested by the FHL Board

COMMITTEE MEMBERS

Name	Capacity	Status	No of Meetings Entitled to Attend	No of Meetings Attended
Mr. Naipote Katonitabua	Chairman	Existing	2	1
Mr. Adrian Sofield	Member	Existing	2	2
Mr. Yogesh Karan	Member	Existing	2	1
Mr. Nesbitt Hazelman	Member	Resign 11/4/18	2	-

PEOPLE & LEADERSHIP SUB-COMMITTEE
KOMITI KA QARAVA NA TAMATA CAKACAKA

The role of the Sub-Committee is to advise remuneration and issues relevant to remuneration policies and practices so as to assist the Board to independently ensure that the Company/Group establishes appropriate Human Resources strategies and policies consistence with best practices and business requirements and adopts and complies with remuneration policies that:

- Establishes and implements a human resources strategy to ensure appropriately talented and trained people are available to achieve our business strategies;
- Ensures that proper policies are in place to protect the health and safety of the employees;
- Attract, retain and motive high caliber Executives, Management and staff, so as to encourage enhanced performance of the Company;
- Are consistent with the Company's Human Resources needs;
- Motivate management to pursue a long term growth and success of the Company within an appropriate control framework;
- Demonstrate a clear relationship between executive performance and remuneration; and
- Ensure that the Company undertake the appropriate performance of the management, succession planning and development activities and program.

The committee consists of a minimum of two Directors and The Group CEO with the Chairman of the Committee selected by the FHL Sub-Committee for Board Nomination & Remuneration. Representative of management and other employed personnel may be invited to attend meetings, or specific parts of meetings, at the discretion of the Committee.

Meeting of the People & Leadership Sub-Committee are held at least twice per annum, however, frequent meetings may be called if necessary. In the year under review the committee met twice.

During the year, the Committee deliberated on the following issues which were further recommended to the main Board for approval:

- Performance Assessment Framework
- Review of FHL Human Resources Charter
- GCEO Contract and
- Other related Human Resources issues;

COMMITTEE MEMBERS

Name	Capacity	Status	No of Meetings Entitled to Attend	No of Meetings Attended
Mr. Sakiusa Raivoce	Chairman	Existing	2	2
Mr. Adrian Sofield	Director	Appointed 11/4/18	2	1
Ms. Kalpana Lal	Director	Appointed 11/4/18	2	1
Mr. Iowane Naiveli	Director	Resigned 11/4/18	2	-
Mr. Kameli Batiweti	Director	Resigned 11/4/18	2	1
Mr. Naveen Lakshmaiya	Director	Resigned 11/4/18	2	-

BOARD OF DIRECTORS
LEWE NI MATABOSE

1

COLONEL SAKIUSA RAIVOCE MSD (RETD)
Director

Is a Security Consultant and a former Senior Military Officer having served at the Republic of Fiji Military Force Headquarters as a Staff Officer and Government House as Military Assistance/ ADC to the President of the Republic of Fiji. Colonel Raivoce served on UN Peace Keeping Duties in the Middle East, (Lebanon, Sinai Desert, Syria, Kuwait and Iraq). He also served as Field Security Adviser in East Timor from September 1999 to Dec 2000. He served as Director for the British Security Firm Global Risks International as its Representative in Fiji from 2003 to 2012. Col. Raivoce was Chairman of Pacific Cement Limited and Fijian Holdings Property Limited from 2014 to 2016. He is currently the Chairman of Basic Industries Limited (BIL) and People and Leadership Sub-Committee.

2

ROBERT LYON
Director

Is one of the most experienced and respected business leaders in the South Pacific. He holds a Graduate Diploma in Organisation Development from RMIT University and is a Fellow of the Australian Human Resources Institute, Member of the Australian Institute of Company Directors, and a Senior Fellow of the Financial Services Institute of Australasia. Mr. Lyon spent over 43 years with the Australia and New Zealand Banking Group. He worked extensively in the Asia Pacific region including 12 years as Managing Director Pacific, during which time he also looked after ANZ's retail operations in Asia. He has held numerous board positions including Chairman of FINTEL/ Kidanet, Chairman of Melbourne City Marketing, board member of Melbourne Chamber of Commerce, Pacific Economic Bulletin, APNGBC and APIBC. Bob spent 14 years with the Australia Fiji Business Council (AFBC) and was President for 5 years. He currently Chairs the Fiji Development Bank, Foundation for Development Cooperation (Pacific), Sunergise Group, Kula Fund Investment Board and FHL Investment & Strategy Committee. He sits on the board of Fijian Holdings Limited, Fiji Television Limited, and is Patron of the Australia Fiji Business Council (AFBC).

3

IOWANE NAIVELI
Director

Is a Chartered Accountant and a business consultant by profession. He is the sole partner of I.Naiveli & Company. He was previously the president of Fiji Institute of Accountants and former Director of Reserve Bank of Fiji and Fiji Rugby Union. Mr. Naiveli is also the Chairman of RB Patel Group Ltd. He is a member of the Australian Institute of Company Directors. He is a Trustee for Unit Trust of Fiji and also a member of the USP Council and Chairman of its Audit & Risk Committee. He is a former Chairman and member of the External Audit Committee of the International Monetary Fund (IMF), Washington DC. In June 2017 Mr. Naiveli became a Fellow Member of the Association of International Accountants based in the United Kingdom (FAIA) and a member of the Australian Certified Practicing Accountants - CPA (Australia). Mr. Naiveli was the Chairman of Fijian Holdings Group from 2011, to March 2017.

4

ANTHONY WHITTON
Director

Is a Corporate Executive by profession. He holds a Bachelor Degree from the University of New South Wales, Sydney, Australia. He is the Managing Director of the family-owned Rosie Group of companies: Rosie Holidays and Ahura Resorts (Likuliku Lagoon and Malolo Island Resort). Mr. Whitton has worked in the Tourism industry for over 25 years, developing expertise from his experience working in Australia and the Pacific. He is a member of the Australia Institute of Company Directors (AICD). Mr. Whitton has served on many corporate boards, including Tourism Fiji, and is currently on the board of The Reserve Bank of Fiji, Chairman and Trustee of the International School Nadi and Cure Kids Fiji, and Trustee of the Koroipita Model Towns Charitable Trust. He was appointed to the Fijian Holdings Limited Board in October, 2016.

5

YOGESH KARAN
Director

Is currently the Permanent Secretary to the Office of Prime Minister, Sugar Industry, Ministry for Waterway and Immigration. He holds a Masters Degree in Management, Graduate Certificate in HRM, Advanced Diploma in Quality Management, Diploma in Civil Engineering, Cert IV in Business Excellence Evaluation from respective Universities in Australia and other professional qualifications from International Institutions. Mr Karan was the former High Commissioner to India, Non-Accredited Ambassador to SAARC Countries and Fiji's Rep. on Colombo Plan Secretariat. He has also served as Fiji's Alternate Dir. with the Asian Productivity Organisation-Japan. A Fellow at the Aust. Institute of Management, Snr. Mem. of the American Society for Quality, Mem – Aust. Institute of Company Directors, Mem - American Society for Public Administration and Former Mem. of Aust. Inst. of Training Development. He is also Member of the Employment Relations Advisory Board (ERAB), Member of the Financial Literacy Committee of RBF, was the former Vice President of the Fiji Human Resources Institute, Member-Panel of Review of the Fiji Business Excellence Award and Member of Judges on the Panel for Investment Fiji's Prime Ministers Award. He is currently Chairman of FHL Stockbrokers Limited and sits as a committee member of FHL Board Nomination & Remuneration Sub-Committee.

6

SANJIT PATEL
Director

Is a businessman and a former member of parliament from Nadi. He holds a Bachelor of Commerce Degree from University of Canberra and a member of Australian Institute of Companies Directors (AICD). During his term is parliament Mr. Patel served as the head of Fiji delegation to ACP – EU, Chairman of Emolument Committee, and Government Deputy Whip, member of Public Accounts committee and also member of Economics Affairs Committee. Mr. Patel has also served as the Mayor of Nadi. He is currently the chairman of Merchant Finance and member of FHL Investment & Strategy committee and director of Fiji Hardwood Corporation. He is the Chairman for Fiji Education Society and Soham Investment Pte. Ltd.

ISIKELI TIKODUADUA 9
Director

Is a banker by profession and holds a Post Graduate Diploma in Business Administration and Masters in Business Administration. He has more than 30 years' experience in executive management at Home Finance Company (HFC Bank), Australia & New Zealand Banking Corporation (ANZ) and Bank of New Zealand (BNZ). Mr. Tikoduadua is a Fellow of the Fiji Institute of Bankers, Fellow of the Financial Services Institute of Australasia and Associate Fellow of the Australia Institute of Management. He is also a Member of the Australia Institute of Company Directors (AICD). He is currently the Chairman for the USP MBA Advisory Committee, FHL Properties Limited and FHL Audit & Risk Sub-Committee. Mr.Tikoduadua is the Deputy Chair of the Fiji Consumer and Competition Commission and sits as a Board Director for Vodafone Fiji Limited, Tower Insurance, iTaukei Land Trust Board and Fijian Holdings Limited.

7

RATU AISEA WAKA VOSAILAGI
Director

Is a former Naval Officer and holds a Bachelor of Engineering (Maritime & Naval Architecture). He is the Company Secretary and Chief Executive Officer of Na Hina Limited. He holds directorship positions for Fiji Resorts Limited (owners of Yanuca Island Limited, T/A Shangri-La's Fijian Resort & Spa), National Fire Authority, Fiji Rugby Union and Vision Investments Limited. He is the current Chairman of the Nadroga/Navosa Provincial Council, South Seas Cruises Limited and FHL Audit & Risk Sub-Committee.

8

ADRIAN SOFIELD
Chairman

Is an Architect by profession. He holds an Associateship in Architecture from the Curtin University of Technology, Western Australia. Mr. Sofield is a retired Fellow of the Australian Institute of Architects, a Registered Architect in Fiji and a current member of the Australian Institute of Company Directors (AICD). He sits as Chairman on numerous Corporate Boards including Fijian Holdings Limited, Fijian Holdings Fund Management Limited, Fiji Hardwood Corporation Limited, Project Bula Mai - a registered charity trust based in Nadi - is a board member of the Nadi Rural Local Authority and Basic Industries Limited and a Trustee of the Anglican Diocese of Polynesia. Mr. Sofield was the former Chairman of Airports Fiji Limited, Executive Chairman of Investment Fiji Limited and Executive Chairman of Rewa Dairy Limited. He was also a Board member of the Housing Authority and Public Rental Board. He is currently the Managing Director of three family owned companies - Adrian Sofield & Associates Limited (Architects), Mangrove Jacks Limited, (Property Development) and For Earth (South Pacific) Limited (Waste Water Treatment).

FHL GROUP CHIEF EXECUTIVE OFFICER
LIULIU NI KABANI COKOVATA E FHL

Nouzab Fareed is the Group Chief Executive Officer for Fijian Holdings Group and he also serves as the Chairman of Life Cinema Ltd, FHL Media Ltd and FHL Retailing Ltd. He is the Deputy Chairman of Merchant Finance Ltd and Fiji Television Ltd. Fareed sits as a director on the board of all FHL Group of companies in addition to being a non-executive director on the Board of Marsh Fiji Ltd, Goodman Fielder Ltd and Pernix Fiji Ltd.

Fareed is the President of the newly established Pacific Corporate Governance Institute as well as the Acting President of Fiji Chess Federation. He is the Vice President for Fiji Chamber of Commerce & Industry as well as for CPA Fiji Branch. He is a Past - President of Fiji Institute of Accountants as well as Fiji – PNG Business Council and Australian Institute of Company Directors – Fiji Branch.

Fareed possess more than 27 years of Executive management experience covering diverse sectors from Education, IT, Travel & Tourism, Media, Insurance, Commodity Broking, Corporate Finance, Mergers & Acquisitions, Investment Research, Management Services, Fund Management, Stock Broking, Leasing, Courier & Manufacturing. In the past, he also held the position of the Director Business Development for FedEx and Western Union in Sri Lanka.

Fareed is a Chartered Accountant (Fiji), Chartered Management Accountant (UK), Chartered Certificate Accountant (UK), a Graduate of Australian Institute of Company Directors and a Fellow of CPA (Australia). He is a Fellow of British Computer Society as well as a Fellow of Financial Services Institute of Australasia. He is also Chartered Marketer (UK), a Licensed Investment Advisor (Fiji), a Certified Fraud Examiner (CFE) of USA.

Fareed holds a MBA in Banking & Marketing and a Master of Arts in International Economics. He has received Executive Training from Harvard Business School, University of Oxford, Australian Graduate School of Management (AGSM), and AOTS (Japan).

Nouzab Fareed is the only Distinguished Toastmaster (DTM) in South Pacific as well as the only Travel Centurion. He is also the Secretary for Rotary Club of Suva.

Fareed is an accomplished facilitator and a presenter at various forums at national and international level. He is also a mentor for aspiring directors and business professionals.

NOUZAB FAREED
GROUP CHIEF EXECUTIVE OFFICER

FHL GROUP MANAGEMENT TEAM
MANIDIA LIU NI KABANI COKOVATA E FHL


MOSESE VOLAVOLA
Basic Industries Limited


KAREN LOBENDAHN
Fiji Television Limited


DEEPAK RATHOD
RB Patel Group Limited


BRAD RUTHERFORD
South Sea Cruises Limited


ROWENA FONG
Merchant Finance Limited


SOWANI TUIDROLA
Pacific Cement Limited


CATHERINE GRAY
FHL Properties Limited


DANIEL VIKASH
Life Cinema Limited


MEREONI MATAVOU
FHL Fund Management Limited


ABILASH RAM
Finance & Investment


SALESHNI WARRAN
Audit Risk & Compliance

FHL MANAGEMENT TEAM
MANIDIA VEILIUTAKI LIU E FHL

NOUZAB FAREED
Group Chief Executive Officer

ABILASH RAM
Finance & Investment

SALESHNI WARRAN
Audit Risk & Compliance

SITIVENI KOYA
Company Secretary

MERETI COKANASIGA
Human Resources

IFEREIMI LALAKOLABASA
CEOs Office

LUI LANYON
Accountant

AVISH BAHADUR
Finance & Investments

ESTHER RAIKOTI
Accountant

CHAIRMAN'S REPORT
TUKUTUKU NI LIULIU NI MATABOSE

REVIEW AND REFINEMENT ARE KEY ELEMENTS OF GROWTH, AND DURING THE PAST YEAR, OUR COMPANY HAS DONE BOTH, REVIEWED THE AREAS IN WHICH WE OPERATE AND REFINED OUR FOCUS TO THOSE IN WHICH WE CAN BE THE MOST EFFECTIVE, AND DO THE BEST.

DEAR SHAREHOLDERS,

On behalf of the FHL Board of Directors, I present to you the 2018 Annual report.

It was a year of progressive growth for the group, building on its achievements of 2017 and capitalising in areas of business opportunities.

I'm proud to be part of a company that is so acutely attuned not only to its opportunities but also to its responsibilities towards shareholders, employees and society. An important aspect of how we respond to these responsibilities, to creation of broader social as well as financial values, relates to the very considerable resources we invest analysing our business sectors and their social impact.

FHL mainly focussed on internal expansion during the financial year with emphasis on major capital works including structural improvements, fleet expansion and IT Upgrade. The Board and Management believe in providing quality service to our customers,

KIVEI IRA NA ITAUKEI NI SEA,

Ena vukudra na lewe ni matabose e cake ni Fijian Holdings Limited (FHL) e ka dokai vei au meu vakasavuya na itukutuku vakayabaki ni 2018.

Qo e dua na yabaki e via gugumatua kina na tubu ni kabani cokovata, ni yavutaki mai na veika e rawati ena 2017 salavata na golevi ni veivurevure ni bisinisi eso.

Au doka niu tiki ni dua na kabani e tu vakarau me goleva na veisasaga kecega ka vakauasivi nona veiqaravi vei ira na iTaukei ni Sea, nona tamata cakacaka kei na veiqaravi raraba. E dua na tiki bibi ni veiqaravi sa i koya me vakarabailevutaki na veiqaravi raraba kei na tubu ni bula vakailavo ka tu vakavinaka kina na cakacakalevu, ena dikevi ni duivanua ni bisinisi kei na kena revurevu kina veiqaravi raraba.

E vakanamata na FHL ena vakarabailevutaki ni veiqaravi ena lomani kabani cokovata ena itekivu ni yabaki vakailavo, ena cakacakalevu (capital works) me vaka na kena vakavinakataki na ituvaki ni veivale hence the necessary upgrades to maintain the quality standards in the premium market FHL and its group companies operate in.

My statement in this report will provide you, the shareholders, some insight into the operational information and achievements of FHL and its subsidiary companies. Both the Board and Management have worked tirelessly to ensure the shareholders returns are maintained and that FHL remains a premium stock in the Stock Exchange market.

Having a diversified portfolio of investments has delivered its positive effects to the group, cushioning the slightly lower performance of Pacific Cement Limited - mainly caused by unfortunate plant breakdowns and an increasing price of raw materials in the international market. Our other subsidiary companies took advantage of the growing economy and the overall growth resulting from Government's fiscal policies to create new business opportunities and expand our business operations.

The major highlight for the group was the successful operation of the Malamala Beach Club after its opening on 14th August 2017. Life Cinema was also in the expansion mode with the third cinema opening in Nakasi in May 2017 principally targeted to build on capacity. Basic Industries also added several new products to its existing catalogue, venturing into the Basic Home's Division and introducing the Tile Glue Factory.

FINANCIAL REVIEW

The FHL Group has been resilient to the changing business environment over the years, delivering quality products and service to its customers and maximising returns to its shareholders. The Group believes in profit with a purpose, engaging all of our stakeholders in ensuring we work as a family to achieve the required returns.

Total revenue for the Group was up by 2.3% compared with last year, finishing at $311m. Net Profit after Tax also increased as a result of increased sales, finishing the year at $35m compared to $31m in 2017.

There was 2% growth in profit after tax for the holding company while the Group profits grew by 15%.

FHL Group and the Holding Company embraces a very strong financial position, recording total assets of $340m for the holding company while the Group recorded total assets of $572m compared to $525m in 2017.

DIVIDEND

The Board, in recognition of the shareholders who are the ultimate owners of the company, continues to increase the dividend as the overall performance of the group continues to grow.

FHL has much pleasure in announcing that the dividend has been increased from 24.1 cents in FY17 to 24.4 cents in FY18.

FHL Group has paid approximately $27 million to the Government in taxes during the financial year.

The share price of FHL continues to rise giving a larger capital appreciation to the shareholders. At the time of this report it was recorded at $6.00.

CORPORATE GOVERNANCE

We believe satisfied customers, more resilient communities, and the passion of our people and partners are at the heart of superior performance and integral in delivering strong returns for our shareholders.

ka da taukena tiko, na kena voli tale na vei tolili me ra vakayagataka na dauveiqaravi kei na vakatoroicaketaki ni veiqaravi ena mona livaliva (IT) . Na matabose e cake kei ira na veiliutaki era tokona na nodra qaravi vakavinaka na lewenivanua, e vuna levu na veivakatoroicaketaki qori me vakadinadinataki kina na veiqaravi uasivi ena FHL kei ira na kena veikabani.

Na noqu itavi ena vola tukutuku oqo meu vakatakila vei kemuni, na itaukei ni sea na itukutuku ni vakacici bisinisi kei na nona rawaka na FHL kei ira nona kabani. Erau sa cakacaka vagumatua sara na matabose e cake kei na veiliutaki ena wasei ni tubu uasivi taudua vei kemuni na itaukei ni sea kei na nona vakadeitaki koya na sea ni FHL ena kena makete.

Na vakarabailevutaki ni vanua ni vakatubuiyau e sa vakilai tiko na kena vinaka ki na kabani cokovata, me sega kina ni tara bi, na luluqa ni rawaka ena Pacific Cement Limited ni vakavu vakalevu ena kena leqa na gacagaca ni misini kei na tubu ni sau ni uma ena kena makete levu. Na vo ni veikabani era vakayagataka vakavinaka sara na ituvaki ni bula vakailavo kei na tubu raraba e vakilai ena so na yavu ni matanitu ena noda bula vakailavo me vakatara na vakavure bisinisi vovou kei na vakarabailevutaki ni veivanua ni bisinisi.

Na veika uasivi e basika ena kabani cokovata oya na kena mai toso vakavinaka na dolavi ni Malamala Beach Club ena I ka 14 ni Okosita, 2017. E vaka kina na Life Cinema ena kena mai dola na ikatolu ni vale ni yaloyalo e Nakasi ena Me, 2017 e vakatabakidua ena levu ni wiliwili e rawa mera sarasara. Na Basic Industries e vakuria tale eso na nodratou ivoli vovou me ikuri ni kena era sa tiko rawa, okati kina na tabana ni Basic Homes kei na tabana ni Tile Glue Factory.

VEIKA VAKAILAVO

Na kabani cokovata na FHL e gumatua sara ena veiveisau e tara na vuravura ni bisinisi ena veiyabaki sa oti yani me rawa kina ni vakarautaki na ivoli ena kedra ivakatagedege uasivi sara kei na veiqaravi totoka vei ira na lewenivanua salavata na wasei ni tubu vivinaka vei ira na itaukei ni Sea. Na kabani cokovata e vakabauta na tubu vaka i naki, e gagadre voli kina me cakacaka vata me vaka edua na vuvale kei na veitabana veimanati ena kena vakalesui na ivakayaga e namaki.

Na rawaka ni kabani cokovata e tubu ena 2.3% ni vakatauvatani ena yabaki sa oti, ka mai cava toka na yabaki qo e cava ena $311m. Tubu dina e daumaka sara ka vakavu mai na tubu ena veika e volitaki ka koto ena $35m ni vakatauvatani kei na $31m ena 2017.

E 2% na tubu ni lavaki oti na ivakacavacava kina tina ni kabani (FHL) ia na tubu ni kabani cokovata e tubu ena 15%.

Na kabani cokovata na FHL Group kei na tinani kabani (FHL) e vakadeitaki rau ena dua na itutu vakailavo vinaka sara ni cavu isausau ena veika kece e rau taukena, ka toka e na $340m na nona iyau tudei na tina ni kabani kei na kabani cokovata e cavu isausau ki na $572m ni vakatauvatani $525m ena 2017.

WASETUBU

E sa matata deivaki tu kina matabose e cake nio ira na itaukei ni sea era itaukei ni kabani, koya gona e vakuri tiko kina na kena toso i cake na tubu e wasei ena gauna e toso vinaka tiko kina na veiqaravi ni kabani cokovata.

E ka dokai kina FHL me vakasavuiya na tosoicake ni wasetubu mai na 24.1 sede ena YV17 kina 24.4 sede YV18.

Na kabani cokovata ena FHL e sa sauma oti e rauta ni $27 milioni kina Matanitu me ivakacavacava ena yabaki vakailavo oqo.

E tubu tikoga na sau ni sea ni FHL ka vakuri tiko kina na matua ni nodra iyau na itaukei ni sea. Ena gauna e tabaki kina na ivola qo e sa tiko na isau ni dua na sea ena kena makete ena $6.00.

Our corporate governance practices are also influenced by the legislative and regulatory environments in which we operate. Sound regulatory regimes are required to assist with the stability and sustainability of general business operations.

The Board ensures the corporate governance structure is well placed to drive the transparency and accountability of the Management staff and employees, as well as the Board of Directors of the parent and subsidiary companies.

The Board, whilst laying out solid foundations for Management and with oversight, has put in place various committees with the relevant skill-sets to scrutinise Management's recommendations before Board decisions are made. The Board promotes ethical and responsible decision making with the active participation of such committees when considering their recommendations.

Directors of FHL and subsidiary companies are encouraged to be professional members of the Australian Institute of Company Directors which provides the necessary training to upgrade Directors in their roles and participation at Board meetings.

The company has obtained formal clearance and confirmation from the SPSE that FHL as a listed company has fully complied with the listing rules of the institution.

MOVING FORWARD

The focus on internal expansion and capacity building in the current year sets the bench mark for improved performance over the coming years. The market generally anticipates a more stable investment environment following the 2018 General Elections which is much needed fuel to continue with the current trend of growth.

The Board and Management have been working on a number of business proposals some of which will eventuate in the coming financial year. FHL is anticipating to close the acquisition of the Government Printer and Stationery Department in the next few months, adding a new business sector to the current portfolio.

Working closely with all our stakeholders, we anticipate to give another year of growth in 2019. The Board and the Management are well equipped to increase shareholder values and to give back to them well-deserved returns on their investments with FHL.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank the Directors, Management and all employees of the Group for their commitment and contribution during the financial year.

I also take the opportunity to thank all shareholders, associates, clients, bankers, sub-contractors and suppliers for your continuing understanding and support to the Group.

We look forward to working with our employees and customers in the months and years ahead, as we continue on this journey together.

Adrian Sofield
Chairman

VAKARAU VAKACAKACAKA

Keimami vakabauta ni usutu ni rawaka vinaka sa i koya na sotavi ni nodra gagadre na dauvolivoli, na lewenivanua qaqa kei na nodra yalodina na neimami vakailesilesi kei ira na dauniveitokoni ka qai basika kina na ivakayaga vinaka sara vei ira na itaukei ni sea.

Na neimani vakarau vakacakacaka ena dau matanataki tale ena veika vakalawa se ivakarau e vauca tu na dui bisinisi. Ni matau na veika vakalawa ena veivuke vakalevu ena kena vakadeitaki ka lewai vakamatau na cicivaki bisinisi raraba.

E vakadeitaka tiko na matabose e cake ni sa davo vakavinaka tu na ivakarau vakacakacaka me vukea na veiqaravi vakasavasava, ka vauca na lewa matau ni veiliutaki kei ira na ivakalesilesi ena veikabani, ka vaka kina na matabose e cake ni tinani kabani kei na veikabani talega.

Na matabose e cake sa vakadavora oti tu edua na yavu vinaka sara vei ira na veiliutaki, ka wanonova matua na kena tauyavu na komiti lalai era kena dau ena veitikina duidui mera vakadiuca na vakatutu mai vei ira na veiliutaki ena kabani, ni bera ni vakatauci na lewa ni matabose e cake. Na matabose e cake e tutaka na vakatulewa matau ka rakorako ka rogoci kina na vakatutu mai na komiti lalai oqo.

O ira kece na Daireketa ni FHL kei na kena veikabani era dau vakauqeti mera lewena na isoqosoqo cecere ni Australian Institute of Company Directors ka vakarautaka na vuli me vakatoroicaketaki kina na nodra itutu vakadaireketa kei na nodra vakaitavi ena bose ni kabani.

Esa taura talega na kabani na ivola ni veivakadeitaki mai na SPSE ena kena okati na FHL na kabani e volitaki na kena sea, ni dau muria vakavinaka na lawa e virikotori ena SPSE kei na lawa ni kabani.

NANAMAKI

Na kena vakanamata na kabani ena kena vakarabailevutaki na veiqaravi ena itekivu ni yabaki, sa via ivakaraitaki ni na vakadaumakataki na rawaka ena veiyabaki mai ki liu. Na makete ni bisinisi e sa nanamaki tu kina ituvaki vinaka ni vakatubuiyau ni cava na Veidigidigi Levu 2018, ka sa i koya na ka ena gadrevi me vakuri kina na tubu e vakilai tiko ena kabani.

Na matabose e cake kei ira na veiliutaki era cakacakataka tiko ena gauna qo eso na vakatutu vakabisinisi kana rawa me vakavotukanataki ena yabaki vakailavo mai oqo. Esa nanamaki tiko na FHL ena kena vakacavari na taukeni ni kabani ni tabaivola ni matanitu ena vica na vula mai oqo, me sa na baci kuria na duidui tabana era sa tiko oti oqo.

Na cakacaka veivolekati kei na veitabana duidui era okati, sa na namaki me dua tale na yabaki ni rawaka vinaka na 2019. Sa tu vakarau na matabose e cake kei ira na veiliutaki ena tosoicake na matua ni nodra iyau na itaukei ni sea ka wasea lesu na tubu uasivi taudua mei ivakayaga ni nodra vakatubuiyau kina FHL.

VAKAVINAVINAKA

Ena vukudra na Dairekita ena matabose e cake, au taura na gauna oqo meu vakavinavinataki ira na Daireketa, veiliutaki (manidia) kei ira kece na ivakalesilesi ena kabani cokovata ena nodra yalodina kei na nodra cau ena yabaki vakailavo oqo.

Au taura talega na gauna qo meu vakavinavinakataki kemuni na itaukei ni kabani, itokani, daunibisinisi, baqe, dau-konitaraki kei ira na dau veivoli ena kena tokoni ka ciqomi tiko na gagadre ni kabani cokovata.

Keimami sa vakanamata ena lako yani vou ni kabani ena neimani cakacakavata kei ira na ivakalesilesi, ira na lewenivanua ena veigauna sa tu mai ki liu.

GROUP CEO REPORT
TUKUTUKU NI LIU NI KABANI COKOVATA

DEAR SHAREHOLDERS

It is my privilege to present the Annual Report for Fijian Holdings Ltd for the financial year ending 30th June 2018 as we celebrate 44 years from our beginning as a passive investment company. Today FHL has grown from its humble beginnings to a conglomerate that spans across the nation with a team of more than 3,300 in the world of FHL. Although we have grown beyond our expectations, FHL remains an iconic Fijian brand with more than 80% of the income derived in Fiji Dollars.

Over the last 40 years, from a small company with no revenue, FHL has grown into a sprawling diversified conglomerate. We believe FHL has the great potential for not only continued corporate growth but also to contribute towards overall national growth.

I am honoured as I write my eighth report to you. We selected Profit with Purpose as our theme to reflect our maturity as an organization. Even though we are a forthright business group in this competitive world, we continue to seek excellence in whatever we do with a purpose. We adhere to our business ethics as well as rules of engagement.

KIVEI KEMUNI NA ITAUKEI NI SEA

E ka dokai vei au meu vakasavuya na itukutuku vakayabaki ni Fijian Holdings Ltd ena yabaki vakailavo ka mai cava ena I ka 30 ni Jiune 2018 donumaka na marautaki ni yabaki 44 mai na kena itekivu kilai me kabani ni vakatubuiyau. Ni kua na FHL sa tubu me dua sara na kabani levu ena noda vanua ka rauta na 3,300 na kena ivakalesilesi ka ra vakacakacakataki kina. E dina ga ni sega ni namaki na tubu ni kabani, e vakadeitaki koya tiko na FHL, me dua na kabani vakairogorogo ena noda vanua ka sivia ni 80% ni nona rawa ka e rawati ena ilavo ni Viti.

Ena loma ni 40 na yabaki, ea tauyavu ga na kabani ka sega sara nona rawa ka, na FHL esa dua na kabani rabailevu nikua ka keimami vakabauta ni sega walega ni na tubu e levu cake sara, ena rawa talega me cau ki na taraicake ni noda bula vakamatanitu.

E rui ka dokai vei au, meu vakarautaki yani na I ka walu ni noqu ivola tukutuku ni kabani. E digitaki na ibole na "tubu vakainaki" me dusia na matua ni bula vakabisinisi ni kabani. E dina ga ni sega ni kauwai na ivakarau ni neitou vakacici bisinisi ena vuravura ni veiqati vakabisinisi, keitou vakuria tikoga na veiqaravi uasivi ka vakainaki. Keitou dei ena neitou yavu vakabisinisi kei na itovo ni qaravi tavi. Keitou vakabauta ni bibi meda rawata vata ka sega ena nona vakawabokotaki edua tale na kabani. E usutu ni neitou veiqaravi me keitou cakacakavata kei ira ka

GROUP CEO'S REPORT
TUKUTUKU NI LIULIU NI MATABOSE

We do believe in win-win transaction rather than eliminating our competitors. Our focus is on collaboration rather than competition wherever we lead. While being conscious of the fact that profit is the reason for business, we are mindful that Profit with a Purpose does not happen in isolation from our people and our resources.

The group's success has been the persistent focus on customer proposition through relationships and innovation despite the challenges presented by the operating environment. Due to our emphasis on customer satisfaction and product/service guarantees. FHL products & services remain highly popular amongst local customers as well as regional countries. Bolstered by the strong loyalty of our customer base, the FHL Group has slowly but steadily grown into the corporate giant it is today. Possessing a vast network of more than 59 locations throughout the country, we provide customers products and services of unmatched international quality

During the financial year 2018, FHL became the first organization in Fiji to adopt three new International Financial Reporting Standards (IFRS) namely IFRS 9,15 and 16. The new IFRS 9 focuses on expected credit losses based on 3 stage impairment model. It was relevant to Merchant Finance Ltd. IFRS 15, which deals with revenue from contracts was relevant to South Sea Cruises Ltd whereas IFRS 16 was concerned with right-of-use assets and lease liabilities, which affected all the group companies.

GROUP PERFORMANCE

I am pleased to state that the FHL Group recorded a strong year of performance despite the challenging operating environment in the year under review. The group's consolidate post-tax profit amounted to FJD 35.70 million for the financial year ending 30th June 2018. This represents a growth of 15% from the previous year. This is significant noting that the consolidated group revenue has grown only by 2% to FJD 311 million. Overall group assets have reached FJD 572 million while net assets or shareholders' funds have grown by 11% to FJD 277 million. Group Liabilities have increased by 7% to FJD 294 million.

It is a full year of organic growth as the group did not make any acquisition during the period under review. We have conducted five due diligence on projects but did not venture to complete the transactions due to various factors. As such, it is a year of organic growth.

During the year, Intra-group sales or business within the group amounted to FJD 44 million, the same level as 2017. More than 36% of the Group unconsolidated revenue was derived from RB Patel Group (RBG) while Basic Industries Ltd (BIL) contributed over 21%. The four biggest subsidiaries in the group contributed more than 70% of Group revenue. Over 45% of the unconsolidated Group post-tax profits were contributed by RBG, BIL & Merchant Finance Ltd (MFL).

Group operating expenses marginally grew due to the arrival of new vessels at South Sea Cruises (SSC) as well as due to commencement of full operations at Malamala Beach Club. The reduction in impairment is mainly due to the turn-around at Merchant Finance Ltd(MFL). In the previous year, MFL experienced its worst ever impairment of FJD 3.5 million. While BIL experienced lower raw material usage, it made high margins that contributed to excess income during the year.

sega ni veiqati ena veivanua keitou kenadau kina. E dina, ni rawa tubu e vu ni toso vinaka ni bisinisi, ia keitou vakadinata ni rawati ni tubu vakainaki e sega ni keitou na rawata vakataki keitou ga.

E toso vakavinaka na kabani cokovata ni vakanamata deivaki na veiqaravi vei ira na lewenivanua ena veiwekani vinaka kei na segati ni veika vovou, dina mada ni vuqa na bolebole e tu ena veiqaravi ni veikabani. E vakavu kecega ena nodra vabibitaki na lewenivanua, na vakarautaki ni ivoli uasivi duadua kei na veiqaravi e daumaka. Na ivoli kei na veiqaravi ni FHL e kilai levu vei ira ena noda vanua kei Pasifika. E tekivu e kea na kena tubu cake na kabani, mai vei ira na lewenivanua yalodina kina kabani sa yaco na kabani cokovata me dua vei ira na tuwawa ena buturara vakabisinisi. E sivia ni 50 na duidui vanua keitou veiqaravi kina ka vakasakiti sara na veiqaravi oqo me sega edua tale keitou veiraurau kaya.

Ena loma ni yabaki vakailavo qo, na FHL e isevu ni kabani ena noda vanua e vakayagataka na ivakarau vakadaunifika na (IFRS) ka kilai me IFRS 9, 15 keina 16. Na IFRS 9 e vakatabakidua ena kena namaki na lusi ena basika mai na soli dinau, ena 3 na itagede. E veiganiti kina Merchant Finance Ltd. Na IFRS 15, ka qarava na rawa ka mai na soli ni konitaraki e veiganiti kina South Sea Cruises Ltd, ia na IFRS 16 e wanonova na vakayagataki ni iyau ni kabani kei na kena lisitaki ka veiganiti na kena qo ena veikabani kece ni FHL.

RAWA KA NI KABANI COKOVATA

E ka marautaki vei au meu vakaraitaka ni cavu isausau na kabani cokovata ena yabaki vakailavo oqo dina mada ni levu na bolebole ena vanua duidui ni veiqaravi. Na tubudina ni kabani cokovata ena koto ena $35.70milioni ena yabaki vakailavo ka mai cava ena 30 ni Jiune, 2018. Qo e matataka ena rauta ni 15% na tubu mai na kena ena yabaki sa oti. Qo sa vakasakiti sara baleta na rawa ka ni kabani cokovata e tubu ga ena 2% me $311m taucoko. Na isau ni iyau ni kabani cokovata e sa yacova na $572m ia, na nodra iyau na itaukei ni sea e tubu ena 11% kina $277m. Nona yalayala na kabani cokovata e tubu kina 7% me $294m taucoko.

Na yabaki taucoko qo e yabaki tiko ni sasaga, e sega ni vakayacora rawa kina edua na veivoli vakabisinisi na kabani. Era dikevi e rauta ni 6 kece na kabani, ia a mani sega ni vakacavari na veivoli baleta e vuqa na veika e volita e wili kina ni se qai sasaga se vayayamo tale tiko na kabani kina tubu vivinaka.

Na vakayaco bisinisi ena loma ni kabani cokovata e tiko sara ena FJD 44 milioni, tautauvata ga ena yabaki sa oti. E sivia ni 36% ena rawa ka ni kabani cokovata e rawati mai ena RB Patel Group (RBG) ia, na Basic Industries Ltd (BIL) e 21% na nona cau. E va na kabani lelevu e nodratou cau e 70% na rawa ka ni kabani cokovata. E sivia na 45% na tubudina ni kabani cokovata eratou cau kina na RBG, BIL & Merchant Finance Ltd (MFL).

E tubu vakalailai na vakayagataki lavo ni kabani cokovata baleta na waqa vovou ena South Sea Cruises (SSC) e vaka kina na veiqaravi ena Malamala Beach Club. Na vakalailaitaki ni lusi e basika ena soli dinau e vuna levu na veiveisau e yaco ena Merchant Finance Ltd (MFL). Ena yabaki sa oti e vakila kina na MFL na lusi levu duadua ena soli dinau e tiko ena $3.5m. Na BIL e vakalailaitaka nona vakayagataki uma ena yabaki qo, ka vakilai vakalevu ena rawa ka ni cava na yabaki.

Na katoniyau ni vakatubuilavo ni FHL e sa yacova sara na $307m ena 30 ni June, 2018 ni vakatauvatani na $281m, ena 12 na vula sa oti. Na vakarabailevutaki ni vakatubuiyau ni kabani esa lai 23% kina kabani ni volivolitaki, veika vakailavo kei na saravanua erau tai ena 18%. Qo e se qai sevu ni gauna me levu duadua na pasede ena tabana ni volivolitaki ka vuna levu na tubu ni sau ni sea ni RBG kei na 4% na sea ni New World Ltd.

FHL's investment portfolio reached FJD 307 million on 30th June 2018 compared to FJD 281 million, 12 months before. Within our well diversified portfolio, the Retail sector has gained the top position with a share of 23% of the total portfolio followed by the Finance & Tourism sectors with equal shares of 18%. This is the first time in our history, Retail has become the largest investment sector for the Group being mainly due to the growth in RBG share prices and the acquisition of further 4% of New World Ltd.

More than 9% of the group assets are intangible or rather goodwill within the investment portfolio. In compliance with IFRS goodwill will not be amortized but measured every year for its fair value. FHL has derived goodwill through the acquisitions of South Sea Cruises Ltd, Fiji Television Ltd and RB Patel Group Ltd.

Fijian Holdings Ltd, the holding company of the group having recorded a profit after tax of FJD 23.29 million based on a revenue of FJD 28.14 million for the period under review. For the period last year, the post-tax profit of the Holdings stood at FJD 22.98 million derived from a revenue of FJD 27.07 million. Total assets of the Holding Company stands at FJD 340 million.

We have contributed in excess of FJD 27 million to Fiji Revenue and Customs Services and more than FJD 27.9 million to the employees of the group as remunerations and benefits during the financial year. Lower share of associate company profits were due to the low performance by Golden Manufacturing Ltd and Pernix while the same has been partially offset by Marsh Insurance Ltd.

PERFORMANCE OF GROUP COMPANIES

Overall we are pleased with our results for the financial year as almost all group companies exceeded our expectations. In terms of revenue, our subsidiaries exceeded their previous year's income except for Pacific Cement Ltd, Merchant Finance Ltd & FHL Properties Ltd. However the latter two surpassed it above their current year financial forecasts. With regard to pre-tax profits all subsidiaries except Pacific Cement Ltd and FHL Properties Ltd, improved on their last year's performance.

We are pleased to share with our shareholders that one of the star performers in the group, Merchant Finance Ltd (MFL) has turned around during the financial year under the leadership of the first female CEO of the company. The operating profit for MFL has reached FJD 8.52 million for the financial year compared to FJD 4.90 million achieved in the previous year. The key ingredient for the current performance is lower loan impairment. During the year, MFL provided for a loan impairment of FJD 2.17 million compared to FJD 6.38 million recorded in the previous year. The previous year's poor performance also witnessed the total restructuring of the organization with new processes and a new management team. We are happy to report that our strategy has been executed with a maximum of care in the best interests of the company.

As at 30th June 2018, MFL's gross loan portfolio has reached FJD 174 million with a total deposit base of FJD 124 million and 820 depositors. We have approved total loans worth FJD 71 million from 1,803 applicants. With 9 branches island-wide, MFL, the licensed credit institution has been instrumental in funding more than 4,000 vehicles for the past two years. Frequent delay in paying their instalments and renewal of expired insurances for assets are key challenges to the industry. It is also important to note banking institutions are entering the space once fully occupied by licensed credit institutions such as MFL. As such, customers with average rating are shifting their attention to banks while we have to work with medium risk customers. Total assets of MFL have reached FJD 165 million, including FJD 133

E rauta ni 9% na iyau ni kabani cokovata e sega na votukana se soli vakaveikilai. Ena ivakarau vaka- IFRS na mataqali iyau va qo ena sega nina wasewasei na kena isau, ia ena vakarautaki ga ena kena isau dodonu ena veiyabaki. Na FHL e tiko nona iyau soli vakaveikilai ena kena voli na South Sea Cruises Ltd, Fiji Television Ltd kei na RB Patel Group Ltd.

Na Fijian Holdings Ltd, na tinani kabani cokovata e rawata na tubudina e $23.29m e vakavu mai na rawaka ka tiko ena $28.14m ena yabaki vakailavo oqo. Ena yabaki sa oti na tubudina ea $22.98m ena rawaka ni tinani kabani ka tiko ena FJD 27.07 milioni. Na isau vakailavo ni nona iyau kece na tinani kabani e tiko ena $340m.

Na noda cau kina to Fiji Revenue and Customs Services (FRCS) e tiko ena $27m ka sivia na $27.9m vei ira na ivakalesilesi ena kedra isau kei na ivakayaga. Ea sega soti ni levu na tubu mai na kabani veiwekani baleta ni sega soti ni daumaka na veika e rawati mai na Golden Manufacturing Ltd kei Pernix, ia na tubu mai Marsh Insurance Ltd sa rawa kina me vesuki.

RAWA KA NI VEIKABANI

Vakataucoko, e marautaki vakalevu na macala ni veika vakailavo ena yabaki oqo baleta ni vuqa sara na kabani e sivia na ka e namaki na veika era rawata. Ena rawaka, na veikabani kece e sivia na rawa ka mai na yabaki sa oti vakavo ga na Pacific Cement Ltd, Merchant Finance Ltd & FHL Properties Ltd. Vei rau na iotioti ni rua na kabani erau rawata vakalevu cake mai na nodrau takete ni yabaki oqo. Ia, ni vakatauvatani na tubu-umauma ni yabaki sa oti, na yabaki qo na kabani kece era daumaka kina. Vakavo ga vei rau Pacific Cement Ltd kei FHL Properties Ltd.

E marautaki vei au meu vakaraitaka vei kemuni na itaukei ni sea, ni dua na kabani vakairogorogo ena kabani cokovata, oya na, Merchant Finance Ltd (MFL) e mai saumaki na nona rawa ka me uasivi sara ena veiliutaki ni sevu ni marama ena itutu vaka CEO ena kabani. Na tubu ni vakacici bisinisi ni MFL e yacova sara na $8.52m ena yabaki vakailavo oqo ni vakatauvatani kei na $4.90m ea rawati ena yabaki sa oti. Na isaluwaki ni kena toso vinaka oya ni lailai na lusi ni soli dinau. A yabaki oqo, na MFL e vakarautaka e $2.17m ena lusi ni soli dinau ni vakatauvatani ena $6.38m ena yabaki sa oti. Na luluqa ni rawaka ena yabaki sa oti e vakayacori kina na veiveisau ni itutu, vakarau ni cakacaka kei na veiliutaki. E ka ni marau meu vakaraitaka ni vakatulewa qo ea vakayacori ena qaqarauni cecere duadua me rawa ga ni bula vinaka na kabani.

Ni yacovi na I ka 30 ni Jiune, 2018, na levu kece ni iyau nei MFL e lonitaki (se dinautaki) tu e tiko ena $174m, ia levu ni iyau ena katoniyau ni vakatubuilavo e tiko ena $124m me baleti ira na le 820 na dauvakatubuilavo. Keitou sa vakadonuya oti e $71m na loni mai na 1,803 na vola kerekere. Mai na 9 na tabana ena noda Viti, na MFL na kabani ni soli dinau e vakaitavi ena kena vakailavotaki e rauta ni 4,000 na motoka/lori ena yabaki rua sa oti. Na bera ni sausaumi kei na vakavoui ni nodra inisua e tiki ni bolebole ni kabani. E dodonu talega me vakaraitaki eke nira sa sudra na veibaqe eso ena vanua ni veiqaravi keitou dau vakaitavi voli ga kina e liu. Qo e sa vakavuna na nodra tabili kina baqe edua na iwase ni lewenivanua kara sa qai vo me keitou qaravi ira, era solegi ena so na ririko lalai. Na isau ni nona iyau kece na MFL e sa tiko ena $165m, okati kina na $133m na loni kei na ilavo-taumada vei ira na lewenivanua. Esa navunavuci tiko na MFL mena okati talega ena makete ni volitaki raraba na nona sea ena loma ni 12 – 24 vula mai qo.

Na RB Patel Group Ltd (RBG) e kabani levu duadua nona cau ni rawaka ena kabani cokovata ka tiko ena $121m ni vakatauvatani ena yabaki vakailavo ni 2017 ka tiko ena $119m. Na tubudina ni 2018 e yacova na $9.66m mai na $8.48m ka rawati ena yabaki sa oti, qo e tubu ena 13%. Na yabaki vakailavo qo e sotavi kina dua na gauna qiqo ni veisisivi sau ni iyaya e Viti ena tabana ni volivolitaki. Keitou doka vakalevu na neitou ivakalesilesi ni sega walega nira gumatua, era uabaleta talega na veiqati ni sau ni yaya kei na rawati sivia na takete. Na yabaki vou oqo ena yabaki dredre sara baleta nira na curucuru mai na veikabani duidui kina makete sa vutucoqa rawa tu.

million worth of loans and advances to customers. MFL is in the planning stage to be listed on the SPSE within next 12 – 24 months.

RB Patel Group Ltd (RBG) is the biggest revenue contributor to the Group with a total revenue of FJD 121 million for the financial year compared to FJD 119 million recorded in 2017. Post-tax profit for 2018 reached FJD 9.66 million from a FJD 8.48 million achieved in the previous year, representing a growth of 13%. The year under review experienced some of the worst retail price competition in Fiji. We are proud of our team which not only survived but beat the competition and exceeded our forecast. The year ahead will be much more difficult in the retail trade in Suva with new entrants entering the already crowded the market place.

With more than FJD 30 million worth of property at fair value, RBG has increased its rental income during the year. Stage 4 in Jet Point in Nadi comprising a large car park and a large shopping area coupled with a residential development in Suva will generate increased revenue in the coming financial year.

South Sea Cruises Ltd (SSC) includes South Sea Island, Malamala Beach Club, Awesome Adventure, Yasawa Island Holidays and Blue Lagoon Cruises. It provides direct connections between Port Deanaru and to at least 22 resorts. During the year under review, revenue reached FJD 47.24 million compared to FJD 42.89 million, a year before. A pre-tax profit of FJD 4.93 million was recorded for the year under review. The introduction of Malamala Beach Club has boosted the number of passengers moving on SSC. During the 12 month ending June 2018, SSC carried more than 256,000 passengers, including 27,000 passengers for Malamala.

With a total asset base of FJD 69 million, SSC operates 4 vessels on a daily basis. The 24-year old Mystique Princess has been on sale for the last 24 months. A buyer is yet to be found. Blue Lagoon Cruises which operate the 34-Cabin Fiji Princess provided a luxury boutique cruise experience to more than 8,000 passengers during the period.

Basic Industries Ltd, which comprises of Standard Concrete Industries, Hume Industries, Basic Homes, Basic Customs and Basic Construction, has become the star of the group for the last 2 years. With total assets of FJD 48 million, BIL generated a revenue of FJD 74 million for the financial year, a marginal increase from the previous year. Post-tax profits improved from FJD 7.02 million in 2017 to FJD 9.05 million in 2018.

During the financial year, BIL produced and sold 4.66 million blocks, 86,640 cubic meters of concrete, 72,654 tons of concrete products and 309,729 tons of aggregates. In addition, BIL also exported FJD 11 million worth of materials to the Pacific region, making it the biggest exporter from the group.

Fiji Television Ltd (FTV) has strengthened its core activity of providing free-to-air television in the country. Since acquisition by FHL, we have executed the right strategy of divesting non-profitable pay TV, Sky Pacific and Media Niugini Ltd in PNG at the right time. At present FTV provides two channels on analogue mode as well as on digital mode through state-owned Walesi Ltd, a broadcast infrastructure company. In addition, FTV also streams the same service online and sells the content to the regional countries.

During the financial year, FTV recorded a post-tax profit of FJD 0.81 million on a revenue of FJD 11.78 million compared to a profit of FJD 0.57 million derived from a revenue of FJD 10.33 million in the previous year. Staff numbers have reached 65 from a peak of 220 in 2013. Total assets at FTV stands at FJD 21 million.

E sa namaki tiko me na yabaki dredre na yabaki vou oqo e na vaqara vanua ni volivolitaki e Suva, kivei ira ka ra na qai curuma vou tiko yani na makete ni volivolitaki ka sa osooso rawa tu nikua.

E a mai tubu cake tale na nodratou rawaka e na rede na RBG e na loma ni yabaki, dina mada ga ni levu ni yau tudei e taukena e sa sivia na $30 na milioni na kena kaukauwa vakailavo. Na kena sa mai vakacavari na i ka va ni ituvatuva ni veivakatoroicaketaki (Stage 4) ni Jet Point mai Nadi ka okati kina e dua na I kelekele ni tolili levu kei na vanua ni volivoli, ka qai wili vata kina e dua na qele ni veivakavaletaki e Suva, e na vukea sara vakalevu na kena tosoi cake na rawaka e na loma ni yabaki vailavo ka tu mai.

Na South Sea Cruises Limited (SSC) e okati kina na South Sea Island, Malamala Beach Club, Awesome Adventure, Yasawa Island Holiday kei Blue Lagoon Cruises. E vakarautaka na SSC e dua na i sema ka semata kina na wavu e Denarau kei na 22 na vei otela duidui ni saravanua. E na loma ni yabaki oqo, e a lai yacova sara na $47.24 na milioni na levu ni rawaka ni kabani ka vakatauvatani kei na $42.89 na milioni na rawaka e na yakabi sa oti. Na tubu-umauma e $4.93 na milioni e na loma ni yabaki. Na kena tauyavu o Malamala e sa mai vakatubura sara vakalevu na pasidia e ra vakayagataka na veiqaravi ni SSC. E laurai ena loma ni 12 na vula ka mai vakacavari tiko e na vula ko Jiune ni 2018, na SSC e vakaleleca rawa e sivia na 256,000 na pasidia, era wili kina e le 27,000 na pasidia e Malamala.

Na levu ni iyau tudei ni SSC e toka ena $69 na milioni na kena kaukauwa vakailavo, ka ratou qarava e 4 na waqa e na veisiga. Na waqa ka sa yabaki 24 tiko nikua, na Mystique Princess, e sa sagai tiko me sa volitaki, ka sa oti tiko oqo e 24 na vula, ia e se waraki tikoga me qai volitaki kivua na tamata donu me na rawa talega ni na qai ceguva na kena isau lavaki. Na Blue Lagoon Cruises e qarava tiko na waqa na Fiji Princess, e 34 taucoko na i wiliwili ni kena rumu, ka ratou veiqaravi e na mataqali soko vakasakiti na kena i vakarau ka ra vakadinadinataka e na loma ni yabaki oqo e sivia na 8,000 na pasidia.

Na Basic Industries Limited, ka okati kina na Standard Concrete Industries, na Humes Industries, na Basic Homes, na Basic Customs kei na Basic Construction, e ratou sa liu taudua tiko na nodratou rawaka e na loma ni kabani cokovata ni raici lesu na 2 na yabaki veitaravi sa oti oqo. Na kaukauwa vakailavo ni kena iyau tudei e koto e na $48 na milioni, na BIL e rawata rawa tale e rauta ni $74 na milioni e na loma ni yabaki vakailavo oqo, e tubu vakalailai mai na kena ea rawa e na yabaki sa oti. Na tubudina e daumaka cake sara mai na $7.02 na milioni ena 2017 kina $9.05 na milioni e na 2018.

Ena loma ni yabaki, na BIL e vakarautaka ka volitaka rawa e rauta ni 4.66 na milioni na buloko simede, 86,640 e na kena ivakarau (cubic metres) na simede uli oti, 72,654 na tani na veimataqali iyaya ka buli mai e na simede kei na 309,729 na tani qereqere. Na BIL e mai volitaka rawa talega ena kena makete ena wasa Pasifika na nona ivoli e rauta ni $11 na milioni na veika e rawa mai kina, ka mai vakadeitaki koya kina me liu taudua mai na kabani cokovata e na vakau / volivolitaki iyaya ki vanuatani.

Na Fiji Television Ltd (FTV) e sa mai vakadeitaka tale na nodratou inaki tudei ka ratou a tauyavu kina, oya na sara TV sega ni saumi. Ena nona a rawata na kabani qoka na FHL, keitou vakabauta ni keitou sa muria na gaunisala dodonu ena kena a mai volitaki na kabani e rua; na Sky Pacific, dina mada ga ni vakarautaki kina na veiqaravi ni sarasara saumi, ea sega tiko ga ni rawa tubu vakavinaka kei na Media Niugini Ltd mai PNG. E na gauna oqo, e vakarautaka tiko na FTV e rua na sala ni kakaburaki e na kena mataqali na 'analogue' ka vaka talega kina e na kena mataqali na 'digital' e na veiqaravi ni Walesi Ltd, na kabani ka vakarautaka na Matanitu me baleta na kakaburaki. E qai kena ikuri ni FTV e sa vakarautaka talega na kena saravi na veiyaloyalo e na veilawa ka qai volitaka talega ki na veimatanitu e na Pasifika..

Na FTV ea mai rawata e $0.81 na milioni na tubu ni laurai vata kei na $11.78 na milioni na levu ni nona rawaka e na loma ni yabaki vakailavo oqo ka vakatauvatani kei na tubu e $0.57 na milioni ea rawati ena yabaki sa oti, mai na levu ni rawaka ea tiko ena $10.33 na milioni. E

Pacific Cement Ltd (PCL) experienced a difficult year due to several factors. Machine breakdowns due to their age, required fabrication of custom made parts overseas. This resulted in at least 39 no-work-days. As a result PCL imported 25,000 tons of cement from Vietnam which was sold at cost. In addition, PCL had to pay more than FJD 500,000 demurrage charges as a result of port congestion, weight restriction on the Tamavua –i-wai bridge and slow unloading. As An alternative option, barges were utilized to transport clinker from ship to shore. Unfortunately environmental concerns resulted in a legal case, which was solved amicably.

PCL achieved a marginally above the breakeven on a revenue of FJD 29 million for 2018 compared to a revenue of FJD 33 million in 2017. Even though factory & plant have been improved in 2018 with investment of FJD 5 million, the year ahead will become more challenging in terms of environmental and logistics issues. Total assets at PCL stands at FJD 22 million.

FHL Properties Ltd (FHLP), the property company of the Group owns Vanua House, Ratu Sukuna House, FHLP Building and Ra Marama building. In addition, the company also manages properties owned by the iTaukei Trust Fund (iTTF). Overall FHLP manages more than 15,000 sqm with total tenants of 44 and with a 98% occupancy. FHLP achieved an operational profit growth of 36% to FJD 2.01 million for the financial year. Due to the change in the fair value of investment properties being lower this year, pre-tax profit declined from FJD 3.49 million in 2017 to FJD 2.86 million.

At the end of the financial year, FHLP's total assets stood at FJD 42.37 million. With the proposed FHL Tower, the property portfolio will exceed FJD 100 million. A key challenge in the property sector is the fact that established long term tenants delay in renewing agreements. Even though we strive to achieve a strong balance between long term tenants together with medium term tenants

FHL Fund Management Ltd manages Fijian Holding Unit Trust, a FJD 105 million managed investment scheme. To date we have attracted more than 14,000 unit holders and have invested in bonds, listed stocks and private equities. During the financial year, FHUT has declared a total dividend of FJD 2 million to unit holders. One of the main challenge faced by the industry is the lack of opportunities and instruments in which to invest.

Life Cinemas Ltd, the baby of the group now in its second year of full operation with 10 screens and more than 1,600 seats provided an innovative cinematic experience to more than 440,000 patrons during the financial year. Revenue has grown by 76% to FJD 4.97 million for the period under review. Due to the excess taxes on the business and high operating expenditure, the venture suffered a loss of FJD 0.81 million for the year while we continue to strategize our way forward. This may involve building our own competitive advantage and differentiating our service from the rest of the market. Total assets of the company exceeds FJD 12 million.

FHL Stockbrokers Ltd, the smallest in terms of turnover continued its operation positively thanks to the hype of activities at the South Pacific Stock Exchange. With the expectation of achieving more than 100,000 investors on capital markets by 2020, the industry is marching forward with enthusiasm. If this is made possible, all capital market related businesses including Stockbroking would become a profitable.

CHALLENGES

The business environment will never be without challenges. Due to its complexity and diversity, FHL faces multi-faceted challenges. The weight limits imposed by Fiji Road Authority on road and bridges coupled with congestion in Suva port has created a major hurdle to

sa qai mai tu donu toka qo na iwiliwili ni tamata cakacaka ena 65, qo e lutu mai na 220, e dua na iwiliwili ni tamata levu duadua me se bau yacovi ena yabaki 2013. Na iyau tudei ka nona na FTV e toka e na $21 na milioni ni laurai na kedra isau vakailavo.

E a drakidrakita sara vakalevu na yabaki oqo ki na Pacific Cement Limited (PCL) ka vica sara toka na vuna. Na leqa vakamisini ka vu mai na so na veigacagaca ka sa ra vakayabaki tu na kedra vakayagataki tiko mai ka qai gadrevi na kedra isosomi me vakau mai vanuatani, e sa qai mai vakavuna na sogo ni iqaqi e na 39 na siga. Na sogosogo oqo e sa qai vakavuna me yavala kina na PCL me qai volia mai Vietnam e 25,000 na tani na simede ka mai sega ni rawa kina e dua na tubu me vaka ni a veibokoci ga na isau ea mai volitaki kina e Viti.. E qai kena ikuri ni a totogitaki na PCL me sauma e sivia na $700,000 e na vuku ni kena berabera na nona tala iyaya me vaka ni a osooso na dela ni wavu ka tiko talega na vakatatabu vakalawa ni vakarau bibi, ena levu ni kako e vakatarai me takosovi kina na ikawakawa mai Tamavua – I – Wai. A sa qai mani vakayagataki e dua na waqa ni usa iyaya (Barge) ka a mai veivuke toka kina vakalailai ni bera ni a qai kau tale vakaveilewai na kena vakayagataki tiko, ea qai wali vakavinakata tale e muri.

Na rawaka ni kabani na PCL ea mai toka ena $29 na milioni, ka voleka sara ni veibokoci ga kei na isau ni cakacaka ka vakatauvatani kei na $33 na milioni na veika e rawa e na yabaki sa oti. E dina mada ga ni sa mai vakavinakataki na veika vakamisini kei na vanua ni buli simede e na vuku ni cakacakalevu ka lai yacova na $5 na milioni kena isau vakailavo, na bolebole levu ni yabaki vou sa tu e matada, oya na veika e sa umani tu e na vanua ni veiqaravi kei na veitosoyaki. Na iyau tudei ka nona na PCL e dabe ena $22 na milioni na kena isau vakailavo.

Na FHL Properties Ltd, na kabani ka taukena na Vanua House, Ratu Sukuna House, na FHLP Building kei na Ra Marama. E qai kena kuri ni FHLP e qarava talega na veivale ka taukena tiko na iTaukei Trust Fund (ITTF). Na FHLP e qarava tiko e sivia na 15,000 sqm ni wili taucoko na levu ni simede kei na vuloa ni vale, 44 taucoko na veikabani se bisinisi duidui e ra saumi vale tiko e na nona veivale, e 98% na kena e tawani kevaka e vaka pasede taki. Ea mai tubu na 36 na pasede na tubu-umauma ena $2.01 na milioni ena yabaki vakailavo oqo. Me vaka ni a mai veisau na kedra isau dina na veivale ka taukena tiko na kabani, qo ni a mai lutu vakalailai, e mai lutu vaka kina na tubu-umauma kina $3.49 na milioni e na 2017 kina $2.86 na milioni ena yabaki oqo.

Na nona iyau tudei na FHLP e toka e na $42.37m e na gauna e mai cava kina na yabaki vakailavo. Me vaka na kena sa lalawataki tiko na tara ni FHL Tower, e sa na tosoya cake sara me la'ki sivia na $100m na isau vakailavo ni veivale e taukena na FHLP. Na bolebole levu duadua beka e na yasana ni veivakavaletaki sa i koya na nodra dau vakabera na kena mai vakavoui na nodra konitaraki ni lisi o ira era sa bau dau tawana toka mai vakabalavu na vica na nodratou veivale, dina mada ga ni dau tiko ga na neitou sasaga me tautauvata tiko ga na kena qacoi na wiliwili ni dau saumi vale makawa kei ira na dau saumi vale vovou.

Na FHL Fund Management e manidiataka tiko na Fijina Holdings Unit Trust, na katoniyau ka qarava tiko e rauta ni $105 na milioni na nodra iyau na dau vakatubuiyau. Me yacova tiko mai nikua, e sa ra malele mai e sivia na le 14,000 na dau vakatubuilavo era sa okati mera itaukei ni Uniti, era sa mai vakatubuiyau tu e na veimakete ni bond, na sea kei na veivanua ni vakatubuiyau ka ra sega ni volitaki raraba. Ea mai kacivaka ka wasea oti talega na FHUT e na loma ni yabaki oqo kivei ira na itaukei ni uniti e rauta ni $2m. Ia, na bolebole levu duadua ka sotavi tiko e na tabana ni vakatubuilavo, oya na lailai ni vanua me lai vakatubuiyau tale kina na kabani.

Na Life Cinema, e kabani gone duadua tiko e na loma ni kabani cokovata na FHL, e se qai 2 vinaka saraga na yabaki na nodratou veiqaravi, sa 10 taucoko na nodratou rumuniyaloyalo ka sivia e 1,600 na idabedabe e ratou vakarautaka me rawa ni taucoko ka vakasakiti na kena vakilai na draki ni sara yaloyalo e na kena ivakatagedegede taudua e cake kara vakadinadinataka e sivia ni 440,000 na dausara iyaloyalo e na loma ni yabaki vakailavo oqo. Tubu na rawaka e na 76 na pasede me la'ki yacova na $4.97m e na loma ni yabaki oqo. E ka ni rarawa ni mai vakilai na lusi ka toka e na $0.81 na milioni ka vu mai na levu ni ivakacavacava ka ra lavaki mai kei na isau levu ni veiqaravi kei operations of Pacific Cement Ltd as well as Basic Industries Ltd. We are in continuous discussions with relevant stakeholders to solve the issues through alternative means but have achieved limited success.

RB Patel Group faces severe price based competition whereas a different type of challenge exists in the Nadi Store with high concentration of night clubs. The current taxation system has an adverse impact on Life Cinema. Overall our regulated Group companies are faced with high cost of compliance. As an obedient law abiding corporate citizen, we follow the rules and live up to the expectations of our shareholders.

Our history of varied experience makes us not only bold but enables us to survive under extreme and relentless pressures. We continue to strategize and make alternative options to meet situations as they rise. We do not believe in resting on our laurels but focus on and make things happen under all circumstances. We are proud of our team for whom facing challenges is a way of life.

INVESTMENTS

During the financial year, FHL Group invested FJD 16.48 million on property, plant and equipment. SSC accounted for the biggest stake with investments on 4 new vessels out of which two are large catamaran. This was followed by BIL which invested on land equipment. In the coming months, BIL will grow its Basic Home business to cater to residential and commercial customers including the Government. In addition, BIL will be launching its new business arm, Basic Construction aiming to capture ever growing activities in the construction sector.

FHL was the successful bidder for the Government Printing & Stationery Dept. (GPSD) for which a deposit was paid during the year. The joint venture partner, Aitken Spence Group from Sri Lanka is a large listed conglomerate on the Colombo Stock Exchange with interest in Shipping, Leisure, Insurance, Property & Printing. We are planning to convert GPSD into a modern printing company with state-of-the art technology.

Project FHL Tower, a design & build project to construct a 17-floor 13,300 sqm of commercial space is about to begin at the time of writing this report. The iconic tower to be will cost the Group over FJD 65 million with a projected timeline of 30-months. The tenants will include diplomatic missions and international agencies.

Agriculture and Renewal Energy continue to be on our bucket list, of which we have explored many. To be successful, we need to be satisfied with the growth potential of the project as well as financial returns. This may include solar farms, commercial solar installation and mini-hydro projects.

PEOPLE CAPITAL

The enduring legacy of FHL's ingenuity, boldness and tenacity is now carried out by talented and proactive employees across the FHL Group of companies. With the recent acquisition of New World Ltd into our associate company portfolio, FHL group has become one of the largest employer in the country with over 3,300 employees.

While we are proud of our 70 plus employees with Masters' Degrees, 24 Chartered Accountants and more than 200 degree holders, we continue to train and develop our most important assets. Most of our employees are given on the job training while more than 1,000 attended short courses at Fiji National University as well as the University of South Pacific. At least 12 employees attended international courses including One senior employee attended a course on strategy making at University of Oxford.

na kena qaravi tiko na bisinisi, ia sana tomani tiko ga na kena tuvai tiko na ituvatuva ni kakavaki ki na veisiga ni mataka. Qo e na rawa ni wili kina na kena sagai e so na tarabu me rawa ni vakaduiduitaka tu kina na noda iwalewale ni qaravi ira na lewenivanua ni laurai vata kei ira na kena vo era veiqati tale tu ga ena makete qo. Na isau vakailavo ni yau tudei ni kabani e sa sivia toka na $12 na milioni.

E toso vinaka toka na FHL Stockbrokers Ltd, na kabani lailai taudua ni laurai na rawaka va kabani, ka da vakavinavinaka e toso vinaka nona veiqaravi ena levu ni veivoli e vakayacori ena South Pacific Stock Exchange. a tiko oti tiko na vakanuinui ni na voroki e dua na isausau vou e na yabaki 2020 ni sa na yacovi kina na 100,000 na iwiliwili ni tamata mera daunivakatubuiyau. Kevaka e sa na mani yaco dina na tatadra oqo, na veimataqali veiqaravi taucoko vakabisinisi era umani vata ena qaravi ni iyau ni vakatubuilavo okati kina na tabana ni volitaki sea, e sana yaco mera rawa tubu vinaka sara.

CHALLENGES (NA VEI BOLEBOLE)

Na veimataqali bisinisi duidui taucoko ena dau tu ga na kena bolebole. Me vaka ni rabailevu na vei mataqali bisinisi duidui e tiko e na loma ni kabani cokovata, e sa dau sotavi talega vakavuqa na veimataqali bolebole ka ra dau kilai tu. Na vei vakatatabu vakalawa e so ni bibi ni usana e na noda vei gaunisala kei na ikawakawa ka qai kuria na osooso e na wavu levu e Suva, e na so na gauna e sa dau vakatatao sara ga ni nodrau veiqaravi na kabani e rua na Pacific Cement e vaka kina na Basic Industries Ltd. E sega tiko ga ni cegu na neitou veivosaki kei ira na veitabana duidui ka ra okati e na veiqaravi me vukea na kedra wali na veileqa eso se me ra dau vakasaqarai e so tale na veigaunisala me muri, e dauvakavuqa me dau yaga sara.

Na RB Patel Group e dau sotava e vuqa sara na veiqati e na isau ni iyaya e volitaka ia, e duatani tale na mataqali veiqati e dau sotava tiko na nodratou volau mai Nadi. Na lawa ni ivakacavacava ka vakayagataki tiko e na gauna oqo, sa tara sara tiko vakabibi na Life Cinema. O ira na noda kabani era wanonovi tu mai vei ira na dau solia na ivola tara ni veiqaravi e ra sotava sara vakalevu na isau levu ni vei curucuru eso e dau lavaki mai. Ia, me vaka ni da taura tu na noda itutu vaka lewenivanua dau muri lewa, eda sana dau muria tu ga na lawa e vaka kina na kena sotavi na nodra vakanuinui na itaukei ni sea.

E da sa qaseta mai na cakacaka qo ka sega walega ni vakavuna na noda sa doudou tu, ia e sa vukei keda talega me da vorata rawa na veidredre eso e dau basika mai. E tomani ka vakuri tikoga na kena dau vaqarai tu ga na vei gaunisala me dau kunei kina na iwali ni vei bolebole taucoko sara. Keitou sega ni vakabauta ni sa dodonu me sa rauti keda na vanua eda sa mai yacova tu oqo, ia e dodonu me da raica vagumatua sara qai vorata rawa na vei bolebole taucoko sara eda sotava. Ia, au doka vakalevu na noqu mata timi ka ra sa dau okata tu, na sotavi ni bolebole me sa dua na ivakarau ni bula.

INVESTMENTS (NA VAKATUBUIYAU)

E na yabaki vakailavo sa oti oqo, e lai yacova sara na $16.48m na levu ni nona vakatubuilavo na FHL Group e na kena voli vou se vakavinakataki na nona iyau kei na veimisini eso. Mai na iokaoka oqo, e levu taudua e vakayagataki ena SSC, oqo ena kena voli e 4 na waqa vovou ka wili tiko kina e rua na waqa camakau lelevu. Tarava sara yani na BIL ka qarava na nodratou vakatubuiyau e na voli yaya vakamisini ni kena vakarautaki na qele. Sa nanamaki tiko e na loma ni vica na vula mai oqo, ni na saga na BIL na bisinisi ni Basic Homes me tara talega yani na veivanua ni veivakavaletaki, o ira na vakabisinisi ka vaka kina na Matanitu. Ena qai kena ikuri ni sana sevutaka tiko na BIL na nona tabana vou vakabisinisi, oya na Basic Construction, ka vakatabakidua tiko na nona rai ki na makete ni taravale.

Na FHL ea qai mai rawata e na veisisivi ka a vakayacori me baleta na kena sa mai volitaki na Government Printing & Stationery Dept (GPSD) esa mai saumi oti talega e dua na kena ivakadei ni veivoli e na loma ni yabaki oqo. Na veivoli oqo eda na qarava vata kei na Aitken Spence Group, e dua na kabani mai Sri Lanka, ka volitaki talega na kena sea e na kena makete mai na Colombo Stock Exchange. Sa tuvatuvakataki tiko me na veisautaki vakadua na GPSD ka me kabani ni taba ivola ka me na vakayagataki kina na vei misini vovou ni gauna oqo.

With comprehensive succession plan for all companies, the team is ready to shoulder their superior's responsibilities if and when opportunities are presented. This is evidenced by our recent appointments of four heads of companies promoted from within the Group. The trend will continue noting that we recruit at least 20 graduate trainees every year from multi-disciplinary backgrounds. Some of these trainees become middle managers within a short period of 12 – 24 months.

In order make up for the lack of local skilled labour, twenty expats were recruited for our companies in building and construction sector.

GOVERNANCE AND DIVERSITY

We at FHL take governance very seriously. For that's the reason, every subsidiary board irrespective of being listed or unlisted, we appoint at least 2 independent directors including one female. Board directors rightly focus on issues of accountability, transparency, culture and management remunerations.

Boards are expected to set the moral compass of their organizations. It is a tenet of our culture that the tone is set at the top. That does not take away from individual responsibility to act ethically.

We are fully aware of moral traps created by incentives and the role of the Boards in holding management to account. Every management team at subsidiary level have understood the relations between short term profits versus long term need of shareholder for sustainability of the company.

We wish to achieve a corporate culture that values the diversity of its people. We need to focus on this lens. We have employed several people with disabilities some can neither talk nor hear. Some cannot read. As our staff begin to value their roles in our culture, we are certain that the society in general will do the same in years to come.

In terms of Fiji, FHL is a large and complex organization. While there is uniformity in core policies, there is divergent all around. Yet that diversity which makes us proud and so strong, can also pose challenges to our identity as a group. It is no surprise that many people who have heard of the FHL Group, still have little knowledge of what we do, how we are organized or why we exist at all. We continue to create awareness across the country in various forms to educate our stakeholders.

Over 40% of our group employees are females. We continue to develop our people to reach new heights. Our group CEOs' reflect our diversity, which we are proud of. We continue to lead where it matters in terms of gender diversity. With 4 female CEOs in the group together with 14 women directors and 12 female members of board committees, FHL has become the role model for the rest of Fiji corporate world. The only gap we do have is at the holding company level, where we look to appoint at least two female directors at the upcoming 2018 Annual General Meeting in consultations with our shareholders.

SUSTAINABILITY

Sustainability genuinely penetrates our core operations. As a socially conscious corporate, we endorse the practice of 'hands on rather than the hand out' approach. We interact with our stakeholders to promote valid discourse and give light to issues. We aim to cement our growing role of leadership in corporate sustainability and diversity to become an inspiration to other corporates.

As a responsible corporate citizen, we continue to drive efforts towards enhancing the energy efficiency of our operations, minimising waste water, focusing on employee development & welfare, facilitating local community engagement and reducing our overall carbon footprint.

Na FHL Tower, na lalawa ni kena droinitaki ka tara na vale taba 17 ka 13,300 taucoko na raba ni vuloa e sa vakarau tekivu sara tiko e na gauna ka volai tiko kina na itukutuku oqo. Na vale levu oqo, ena yaco me na dua na noda duruvesi, e na rawa ni na sivia na $65 na milioni na dola na kena isau vakailavo ka rawa ni na tauri koya e 30 na vula (2 ½ na yabaki) na dede ni gauna me na tara tiko kina, ka sa tiko na veivakadeitakitaki ni ra na rawa ni mai tawana e vica na veivalenivolavola ni veimatanitu tani ka ra veiqaravi tiko e Viti.

TAMATA CAKACAKA

E sa mai tomana tiko na FHL na veiqaravi maqosa, mai vei ira na kena liga ni cakacaka e na kena veitabana taucoko. Sa mai volia tale na New World Limited ka sa toso cake kina na I wiliwili ni kabani e ra vakarurugi e na ruku ni FHL, ka sa dua sara vei ira na kabani levu e na noda vanua , ka ni sa sivia toka na 3,300 na kena tamata cakacaka.

E na loma ni kabani cokovata, era veiqaravi kina na tamata cakacaka era rawati ira vakavinaka e na veika vakavuli. E ra lewe 70 vakacaca na tamata cakacaka era sa rawata na Masters degrees, 24 na daunifika e na vakatagedegede ni Charted Accountants ka sivia e 200 e ra vakaivola koroi. Na kabani e vakaikuritaka tikoga na nodra tarai cake na lewe ni tamata cakacaka. E ra levu era vakaitavi ena vuli leleka ka vakarautaka ko FNTC kei USP. E 12 e ra laki vuli mai vanua tani ka dua vei ira na veiliutaki e laki vuli sara mai na Oxford University.

E na kena gadrevi me sotavi na nodra na veisosomitaki, e sa mai digitaki e vica me ra veliutaki e na vei kabani lelevu ka ra vakarurugi e na FHL. E na vaka tiko oqo nai na I lakolako ni kena vakarautaki tiko na tamata cakacaka kina I tutu ni veiliutaki eso. E sa mai vakacakacakataki talega o ira ka ra se qai tauri vola mai e na vei koronivuli ni vuli torocake ka so vei ra oqo e ra sa dabeca tiko nai tutu vaka Manidia e na loma ni 2 na yabaki.

E na kena gadrevi me sotavi na kilaka ni cakacaka, sa mai vakacakacakataki kina e 20 na tamata vulagi e na tabana ni taravale.

NA YAVU NI CICIVAKI BISINISI

E dua na tabana bibi o ya na kena cicivaki na bisinisi ka sa mai vakadavori e dua na kena I walewale o ya e na kena digitaki e 2 na Dairekita Tuvakaikoya ka me dua vei rau oqo me marama. E ra digitaki o ira ka ra maqosa na nodrai tovo ni veiliutaki ka oka kina na dau tutaki na dina , nai tovo vakavanua kei na kena qaravi vakadodonu nai sau ni tamata e ra veiliutaki.

O ira na lewe ni matabose e ra dau vakaraitaki vinaka e na vei gauna e na kena dau cicivaki na bisinisi ka vakakina vei ira na tamata cakacaka e na nodrai tovo ni cakacaka.

E da sa kila vakavinaka na tavi ni Matabose oya me dau raica me dodonu na cakacaka ni veiliutaki e na veitabana. E sa kilai talega vei ira na veiliutaki e na veikabani na veiwekani e tiko ni vinakati na vakatubu I lavo e na gauna lekaleka kei na kena gadrevi me tiko na yavu me cicivaki kina na bisinisi e na gauna mai muri.

E gadrevi me rawati e dua na I sausau vou ni cicivaki bisinisi o koya e ciqoma na duimatatamata kei na duikaikai. E sa na mai raici vakatabakidua na tikina oqo. E na gauna oqo e ra sa mai vakacakacakataki e so ka ra sega ni rawa ni vosa se rogoka vaka kina, o ira era sega ni rawa ni wilivola. Ke sa rawa vei ira na tamata cakacaka me ra vakila na bibi ni veitamata yadua , sa na rawa ni na dua na I vakaraitaki vinaka vei ira na noda e na gauna mai muri.

E na kena vakatautauvatataki e na noda vanua, na kabani cokovata na FHL e kabani levu ka ni levu na kena veitabana. E dina ga ni tautauvata na kena vei yavutu, ia era duidui sara vakalevu na kena I qaraqaravi. O koya na kena veiduidui oqo ka kauta mai na cibi kei na levu ni rawaka ka rawa talega ni kauta mai na bolebole ki na veika e kilai tani kina na kabani cokovata . E sega ni veivakurabuitaki na lewe levu era sa rogoca oti na kabani cokovata na FHL, ka lailai na nodra kila e na veika e vakayacori kina, na kena rawati vakacava kei na yavu ni bula ni kabani. Sa dau itavi tu ni kabani me vakadewataka e na nodra vanua ka vakatavulici ira talega nai taukei ni kabani.

As part of our contribution to sustainability, we have ensured our group companies align themselves wherever possible. RB Patel is using solar panels throughout its island-wide stores and to date has reduced its energy bill by more than 20%. These stores have reduced the use of plastic bags by 30 % over last the 12 months. Standard Concrete as well as Humes Industries together with Pacific Cement have invested into waste water treatment.

We have publicly acknowledged the environmental issues associated with Cement factory and as such, We are reviewing a relocation program. This would result in relocating the cement plant away from urban areas and village within another 5- 8 years.

FUTURE OUTLOOK

We believe a possible structural re-organization of the group will allow us to rationalize our diverse business operations in a more efficient and profitable manner by eliminating excess costs and opening up opportunities for synergies.

Our plans are focused on expansion of existing businesses and improved customer service. We continue to explore potential sites for branches for group companies while experimenting with new customer segments.

The future of the FHL Group will continue to remain a primarily indigenous owned business guided by traditional values of hard work, honesty, perseverance, co-operation and trust, but will be run by a team of professional managers.

We will continue to reinvent ourselves into a stronger corporate entity thereby making our shareholders as well as all stakeholders proud and strong.

APPRECIATION

Our customers have facilitated the transformation of countless lives for the better with their unwavering loyalty towards us. In return, we reward them with quality products and services at best possible prices.

We wish to place our sincere appreciation to the Board Members for their valued counsel and strategic direction. We reinforce our commitment to enhance our business models and benefit all stakeholders across the value chain. FHL has touched the lives of all Fijians in some way or another during last 44 years of existence.

As we continue our journey towards our 50th year, I would like to express our heartfelt appreciation to our employees, suppliers, customers and land owning units which have continually provided opportunities to carry out business in their traditional lands. I would also like to thank our bankers who have always kept faith in the group.

And finally, the FHL family is grateful to our customers for their past patronage of our traditional products and services and look forward to offering them with new and innovative solutions in the years ahead.

Nouzab Fareed
Group Chief Executive Officer

E sivia e 40% na tamata cakacaka ena kabani cokovata era marama ka kakavaki na kabani me na toso cake tale. E na kabani cokovata, e laurai vinaka kina na kena votai vinaka na veiliutaki ka vakabibitaki na nodra veliutaki na marama. E ratou lewe 4 na marama e ratou taura na uli ni veiliutaki, ka 14 na marama era tutu vaka Dairekita. Na FHL sa mai cavu i sausau kai dusidusi toka vei ira na veikabani vakaoqo. Na bolebole e tiko e na loma ni kabani ena FHL mena digitaki kina e rua na marama e na tutu vaka dairekita ka na vakatututaki ena gauna ni bose vakayabaki ni nodra nai taukei ni kabani.

NA I VAKADEI

E rui bibi na kena vakadeitaki tiko na uto ni veiqaravi ni cicivaki bisinisi ka dau vakabibitaki kina na nodra dau tara na cakacaka ka kakua ni dau waraka me soli na cakacaka. Keitou dau veitalanoa vakalevu kei ira na I tokani vabisinisi me rawa ni wali e so na vakatataro. E dau neitou tatadra me keitou na vakadeitaka na neitou veiliutaki vakabisinisi e na veitabana kece ka me I vakaraitaki vei ira tale eso.

Sa tu na vakanuinui ni na vakalailaitaki na vei benu ni wai eso ka sagai me vakavukutaki na kena vakayagataki na veika vakalivaliva, ka keitou na vakanamata e na kena maroroi ka tarai cake na bula ni tamata cakacaka ka me rawa ni vakavotukana e na kena vakalailaitaki na benu .

E sa mai tekivuna tiko o RB Patel na kena vakayagataki na sola e na nodratou tabana taucoko ni veiqaravi, ka laurai ni mai lutu e na 20% na vakayagataki ni livaliva. E sa lutu talega na kena vakayagataki na palasitika e na 30% e na loma ni yabaki sa oti. E ratou sa mai saga na kabani e tolu SCIL, Humes Industries kei na PCL me ratou sa vakalailaitaka na benu eso e na veiuciwai lalai ka tiko voleka. E sa tiko na navunavuci me sa tokitaki na kabani ni buli simede(PCL) kina dua na vanua vou me rawa ni vakalailaitaki na kuvu e na veikoro tiko voleka. E na yaco tiko na veika oqo e na loma ni 5-8 na yabaki mai oqo.

NA RAI KI LIU

Keitou vakabauta ni na rawa vua na kabani me rawaka valevu sara e na i sau lailai duadua kevaka me so na veiveisau me caka e na vuku ni kena cicivaki.

E sa tiko na navunavuci e na kena vakalevutaki na veibisinisi eso ka sagai me vakatoroicaketaki na veiqaravi mai vei ira na kena dau. E toso tale tiko ga na sasaga me ra dola na veivalenivolavola vou eso e na veivanua me rawa ni drodro yani na veiqaravi vei ira na se bera tiko ni kila.

Keitou na tomana tiko ga na kena maroroi na kabani oqo vei keda nai taukei ka me dau yavutaki e na dina, cakacaka vakadodonu, gugumatua ka kena I lutua na maqosa ni veiliutaki e na kena dui tabana.

NA VAKAVINAVINAKA

Na nodra veivuke na dauvolivoli e sa vakavotukana e na kena sa mai laveti cake na I tuvaki ni nodra bula vakailavo ka sa dau tu vakarau na nomuni valenivolavola e na kena soli yani na veiqaravi cecere ki vei kemuni .

Na vakavinavinaka levu ki vei ira na lewe ni Matabose e Cake e na vuku ni lewa matau e na kena liutaki tiko kabani. Keitou mai vakadeitaka tale na neitou na solia na neitou gauna e na kena vukei me toso cake tiko ga na rawa ka e na veitabana taucoko ni kabani me vaka ga na kena sa mai vukei ira tiko na lewenivanua e na loma ni 44 na yabaki ni nona veiqaravi.

Keitou gadreva talega me keitou vakavinavinakataki ira taucoko na dauveiqaravi, na dauvolivoli , taukei ni qele e na nomuni dau tokona tiko na kabani e na vei bisinisi eso e mai tauyavu tiko e na nomuni qele. Vakavinavinakataki tale tiko ga na Baqe e na nona veivakabauti kina veisasaga e so ni kabani.

BASIC INDUSTRIES LIMITED

51.10%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

MOSESE VOLAVOLA
CEO

COL. SAKIUSA RAIVOCE
Chairman

BASIC INDUSTRIES LIMITED

Basic Industries Limited (BIL) is the manufacturer and supplier of the Standard Concrete and Humes brand products. The various products under these two well-known local brands include ready-mix concrete, concrete blocks & pavers, other concrete masonry products, quarry aggregates, river sand & gravel, concrete pipes, concrete power poles & various precast and pre-stressed concrete products. With this substantial range of products BIL is the largest local manufacturer and supplier of quarry aggregates and concrete based products in Fiji. BIL also exports its products to various neighboring Pacific Island countries.

FY18 is the 7th consecutive year of positive annual revenue growth for BIL. Its overall annual revenue for FY 18 was $74.9m, a 128% increase when compared to $32.8m revenue in FY11, seven years ago. This very strong growth performance is attributed to the company being able to position itself well, over the years, to take full advantage of a favorable market environment. Favorable market conditions in the local Building and Construction Industry is expected to continue for few more years as corroborated by Government's recently announced Roads and Infrastructure Budget for 2019.

On the other hand, BIL's market landscape has changed significantly since FY11. There are now many more competitors in all areas of our business compared to seven years ago. A good number of these new competitors have been our own customers who have decided to produce their own ready-concrete, quarry products or concrete products. This is a major challenge for the company which could stifle our current growth trend over time. A counter-measure the company has already embarked on is diversification into new markets and products. Established in late 2016, the company's Basic Homes division completed its first full year of operation in FY18. This new division specializes in the manufacture and supply of concrete houses for residential dwelling. In FY18 Basic Homes successfully completed 10 Projects for Government under its Cyclone Winston Rehabilitation Programme. In the FY19 new financial year the company will be launching its new Construction Division to take on major Building & Construction Projects. This gradual expansion into the construction sector is part of BIL's long-term sustainable growth strategy amidst an ever changing business and market environment.

In terms of profitability, FY18 was another record year for BIL, posting an Overall NPBT of $11.352million, $1.4million or 14.3% more than the $9.926million recorded the previous year FY17. This represents an NPBT margin on Revenue of 12.1%, a good NPBT margin in the very competitive and cut-throat Building and Construction Industry market. This is attributed to a well-structured and efficient business set up, well managed assets & resources and a very capable management team and employees.

BASIC INDUSTRIES LIMITED

Basic Industries Limited (BIL) na kabani e bulia ka veivotayaka na ivoli ena Standard Concrete kei Humes. Na ivoli e vakarautaki ena kabani erua oqo ka rogo vakalevu ena noda vanua e okati kina na simede waki oti, simede buloko na lalaga kei na vuloa, kei na vei ivoli eso era buli mai na simede, veika e rawa mai na iqaqi, na qereqere kei na nuku ni uciwai, paipo simede, duru ni livaliva simede,kei na veimataqali voli ena simede buli oti kei na simede vakarautaki me baleta vakatabakidua na vanua kei na ka e lai vakayagataki kina. Na rabailevu ni nona ivoli e vakadeitaki koya kina na BIL me kabani iTaukei levu duadua ena kena vakarautaki na ivoli na qereqere kei na ivoli buli ena simede e Viti. E veivotayaka talega na BIL na nona ivoli ena veivanua ena Pasifika.

Na yabaki vakailavo ni 2018 (YV18) e sa I ka 7 ni yabaki veitaravi me tubu vakavinaka tiko kina na rawaka ni BIL. Na rawaka ni kabani cokovata ena BIL ni YV18 e $74.9milioni, qo e vakatolutaki na rawaka ni kabani cokovata ena 7 na yabaki sa oti ni a koto ena $32.8milioni ena YV11. Na ituvaki vinaka ni rawaka vakailavo ni kabani e tukuna tu na kena toso vakavinaka na veiqaravi ena veiyabaki sa oti yani kei na kena vakayagataki vakavuku na gauna eda donuya ni gadrevi vakalevu tu kina na ivoli oqo ena kena makete. Na gadrevi ni voli ena BIL ena veivakatotoicaketaki eso (Building and Construction Industry) e namaki mena vakuri tiko ena loma ni vica na yabaki mai qo me vaka e vakatakila na matanitu ena nona ituvatuva ni vakayagataki lavo ena 2019.

Ena dua tale na yasana sa veisau sara vakalevu na makete ni veivoli ni BIL me tekivu mai na YV11. Ni vakatauvatani ena 7 na yabaki sa oti, na gauna qo sa sivia sara na kabani era sa veiqati vakabisinisi kei na ivoli kecega ni BIL. E dua na iwiliwili vinaka vei ira na veiqati kei keitou ena gauna qo era a dau volivoli tu ga vei keitou, ia; qo era sa tekivutaka nodra tabana ni caka simede waki oti, qereqere kei na na ivoli buli ena simede. Qo e dua na bolebole levu baleta ni na rawa me vakaleqa na rawaka ni kabani ena veigauna mai muri. Ena kena levei na tikina oqo esa vakarabailevutaka kina na BIL na nona ivoli kei na veimakete vovou me volivolitaki kina. E tauyavu ena 2016 na ivoli ka vakatokai na Basic Homes ka mai vakacavara na imatai ni nona yabaki vakaveiqaravi ena YV18. Na tabana oqo e kena dau ena kena buli vakamatau na veigacagaca ni vale simede ena noda veitikotiko. Ena YV18 na Basic Homes e vakacavara vakavinaka e 10 taucoko na vale ena veiqaravi ni matanitu me baleta na veivakacokotaki ni cagilaba o Winston. Ena YV19 e sa na vakanamata na kabani ena kena sevutaki na nodratou tabana vou ni taravale me baleta eso na veivakatoroicaketaki lelevu mera qaravi. Na kena sa vakanaulu vakamalua na sasaga kina tabana vou oqo e tiki tiko ni navunavuci ni kabani me walia kina na bolebole e tara mai na kabani ena veiyabaki sa tu mai matada salavata na veiveisau e tara na makete ni bisinisi.

Ena tubu vakailavo ni kabani e baci cavu isausau tale na BIL ena YV18 e rawata na tubu umauma $11.352milioni, qo e tubu ena $1.4milioni se 14.3% sivia mai na $9.926milioni ka rawati ena YV17. Na tubu umauma oqo e vakatakila na rawaka ni kabani e koto ena 12.1%, na ituvaki ni tubu umauma qo e ivakaraitaki vinaka sara ena makete ni bisinisi ka tubu kaukauwa sara tu kina na veiqati kei na drakidrakita ni vakavure lavo. E kena usutu na lewai vakamatau ni iyau ni kabani, na veiganiti ni tuvatuva vakabisini kei na nodra nuitaki na veiliutaki kei ira na kena ivakalesilesi.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

PATEL

53.7%

Fijian Holding's Shareholding

Wase ni Sea ena Kabani qo a taukena na FHL

DEEPAK RATHOD
CEO

IOWANE NAIVELI
Chairman

RB PATEL GROUP LTD

The financial year ended 30 June 2018 provided challenges over and above those that are part of a highly competitive environment and more so for the supermarket industry.

Same store sales growth was up 1.5% with no change in the number of stores. RB has 10 stores located in Nausori, Nasinu, Suva, Sigatoka, Nadi, Lautoka and Labasa. We continued an active management programme of store improvements with capital investments and technology upgrades totalling half a million dollars. Refreshing and renewing our stores is a continuous process to ensure we have the right size and type of stores to meet current and future market conditions and customers' needs.

We have invested in the development of online sales technology and now have an active platform to increase revenue from the overseas remittances market.

A new store is expected to open in January 2019 at the new FNPF building in Nadi Town.

The company's Gross Profit increased by 2.8% to $24.3 million and during this period the operating profit increased by .8%.

Profit for the year was $9.7 million; an increase of just over 13.9% over last year.

The company's shares started the year at $3.29 and stood at $4.85 at the end of the year. An increase of 47.4%.

Construction projects in Nadi and Suva have continued this year and are likely to be completed in the third and last quarter of 2018 respectively.

The New Stage 5 development, a three-story retail and office building at our JetPoint Complex, in Martintar, Nadi, is to commence on the completion of the current Car Park and retail shops building.

Plans are being finalised for commencement of further developments at our Lami property in the next 12 months.

RB PATEL GROUP LTD

E mai cava na yabaki vakailavo e na i ka 30 ni Jiune, 2018 ka kauta vata mai e vuqa sara na bolebole ka ra a sega tu ni namaki me na tiki ni makete ni bisinisi ni volivolitaki.

Na rawaka mai na veisitoa e tubu ena 1.5% dina mada ga ni a sega ni bau dua na veisau e na iwiliwili ni sitoa e na RB Patel Group Limited. E 10 taucoko na sitoa nei RB Patel ka ra tiko e Nausori, Nasinu, Suva, Sigatoka, Nadi, Lautoka kei Labasa. E vakuri tikoga na porokaramu ni kena manidiataki vakamatau na veisitoa kece kei na kena vakadaumakataki na tabana ni monalivaliva (IT) ka rauta ni veimama ni milioni na dola ($500k) na kena isau. Na kena vakavoui ka dikevi lesu na veisitoa kece e sega ni cegu ena kena gadrevi me veiganiti na ituvaki ni sitoa kei na nodra gagadre na dauvolivoli ena gauna oqo kei na veisiga ni mataka.

E sa tauyavutaki talega na veivoli ena mona livaliva (Online Sales Technology) ka sa tosoya cake na rawaka ni kabani e na ivakacavacava ni volivoli mai vanuatani (overseas remittances).

E dua na sitoa vou e namaki me dola ena Janueri ni 2019 ena tabavale vou ni FNPF ena tauni e Nadi.

Na tubu umauma e tiko sara ena 2.8% me lai $24.3 milioni kei na tubu ni cicivaki bisinisi e tubu ena .8%.

Na tubu dina ena yabaki vakailavo e $9.7 milioni; qo e tubu ena 13.9% ni vakatauvatani kei na yabaki sa oti.

Na isau ni sea ni kabani ena itekivu ni yabaki ea $3.29 ka sa mai $4.85 ni cava na yabaki vakailavo. E tubu ena 47.4%.

Na ituvatuva ni taravale e Nadi kei Suva e vakuri tale tiko ena yabaki oqo ka namaki me na vakacavari ena ikatolu se iotioti ni vula tolu (quarter) ni 2018.

Na i ka lima ni iwasewase ni veivakatoroicaketaki vou (Stage 5 development), ena JetPoint Complex e Martintar mai Nadi, e okati kina me vale taba tolu ka me vanua ni volivolitaki kei na vei vale ni volavola, ka na qai tekivutaki ni qaravi oti na cakacaka e na ikelekele ni tolili kei na vanua ni volivolitaki.

E sa lalawataki tale tikoga na ituvatuva me na vakatoroicaketaki na neitou vanua ni veiqaravi mai Lami ena loma ni 12 na vula mai oqo.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES

TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

South Sea Cruises
CRUISING THE FIJI ISLANDS

100%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

BRAD RUTHERFORD
CEO

RT. AISEA VOSAILAGI
Chairman

SOUTH SEA CRUISES LTD

South Sea Cruises achieved a record NPBT in FY18 of $4.93m ($4.68m in FY17). The result was achieved through strong passenger growth across most areas of the operation along with a reduction in both operating expenses and overheads.

The highlight of the year was the arrival of four new passenger vessels, the first two being large passenger catamarans for daily Mamanuca operations named 'Tiger V' and 'Panther' respectively. These were followed by two smaller vessels dedicated to a long-term resort operation. In August, Malamala Beach Club was officially opened and has to date welcomed over 27,000 customers as well as featured across various international media platforms building an iconic brand and identity in the process.

Blue Lagoon Cruises continued its strong year-on-year growth increasing occupied cabin nights by 5% and revenue by a further 17% on the prior year. This result would have further improved albeit due to a week's cancellation as a result of Tropical Cyclone Keni.

The Yasawa's had a record year in terms of passenger numbers with one way transfers up 16% on the prior year whilst the Mamanuca's one-way transfers were up 11% on prior year. The Awesome Adventures products aimed mainly at the backpacker market were down on prior year. The backpacker market continuing to be a challenge due to various external factors as well as more of this market booking one-way transfers.

SOUTH SEA CRUISES LTD

E mai rawata na South Sea Cruises e $4.93milioni na tubu umauma ena YV18 ($4.68m ena YV17). E yacovi na rawaka qo ena iwiliwili levu ni pasidia era vakaleleci ena veiyanuyanu ni saravanua salavata na kena vakalailaitaki na vakayagataki lavo.

E matalia na yabaki oqo ena kena yaco mai e va (4) na waqa vovou ni usa lewenivanua. Na imatai ni rua e rau waqa lelevu toka, me vakayagataki ena veisiga ena veivakaleleci kina Mamanuca oya na 'Tiger V' kei na 'Panther'. E tarava mai e rua tale na waqa lalai sobu ka na vakatabakidua nodrau veiqaravi me baleta na cicivaki ni yanuyanu ni saravanua. Ena Okosita ea mai dola kina na Malamala Beach Club me yacova mai nikua, sa sivia e 27,000 na saravanua era sa sikova yani salavata kei na kena vakaraitaki ena veitabana ni tukutuku mai vanuatani sa yaco sara kina me dua na ivoli kilai nikua.

Na Blue Lagoon Cruises vakuria tiko na tubu mai na yabaki sa oti ena kena mai tosocake na pasidia ena veibogi kina 5%, ka tubu na nona rawaka ena 17% mai na yabaki sa oti. Ke a vinaka cake sara na rawaka ka qai kani seva ni mai sogo macawa dua na veiqaravi ena ivakaro ni Cagilaba o Keni.

Na yatu Yasawa e cavu isausau ena iwiliwili ni pasidia sala-dua, ni tubu ena 16% mai na yabaki sa oti, ia na yatu Mamanuca e tubu ena 11% mai na yabaki sa oti. Na Awesome Adventures e vakatabakidua me baleti ira na backpackers ka lutu ena yabaki oqo, ia e sotava tiko vakalevu na dredre na makete ni backpackers ena idre mai taudaku kena ikuri ni vuqa vei ira era pasidia sala-dua.

The Mamanuca's benefitted from the arrival of the new passenger vessels given South Sea Cruises increased its daily services within the region from two vessels per day to three upon the opening of Malamala Beach Club.

South Sea Island continued to deliver annual growth of 4.5% in FY18 on prior year and was largely unaffected by the opening of Malamala Beach Club. Seaspray Day Adventure had a softer than expected year albeit affected by engineering issues, weather affected days and a smaller vessel capacity to deliver a result -36% on prior year.

South Sea Cruises including Blue Lagoon Cruises achieved total revenue of $47.24m in FY18 ($42.89m in FY17) to achieve the NPBT result previously stated of $4.93m. The NPBT result does include an impairment cost of $293k for the vessel 'MV Mystique Princess' on the basis a sale & purchase agreement has been executed to dispose of the vessel in early FY19.

The outlook for FY19 is positive with growth expected across all areas of the South Sea Cruises business. The business will benefit from the first full year of operating Malamala Beach Club as well as the first full year of operating the new fleet. The Yasawa's will benefit through an extensive refurbishment of 'Yasawa Flyer II' recently completed whilst South Sea Island will open additional private accommodation and central facilities to increase capacity both during the day and overnight.

E mai kalougata vakalevu na yatu Mamanuca ena kena yaco mai na waqa vou me vaka ni sa tosoya cake na South Sea Cruises na iwiliwili ni waqa e soko ena dua na siga mai na rua na waqa kina tolu ena gauna ea mai dola kina na Malamala Beach Club.

Na South Sea Island e vakuria tiko na tubu vakayabaki ena 4.5% ena YV18 mai na yabaki sa oti, ka sega ni vakaleqai vakalevu ena dola ni Malamala Beach Club. Na Seaspray Day Adventure e veicalati kei na veika ea namaki tu mai ni salavata na leqa vakaidinia ena waqa, leqa ni draki ka dau sotavi e na so na siga ka vakakina ni tuvaki ni waqa lailai toka ga ka na lailai talega na kena pasidia e lutu ena -36% mai na yabaki sa oti.

Na South Sea Cruises okati kina na Blue Lagoon Cruises e yacova nona rawa ka ena $47.24m ena YV18 ($42.89m ena YV17) me rawa ni yacova kina na tubu umauma sa cavuti oti oya e $8.172m. Na tubu umauma oqo e sa okati tiko kina na $293m na ilavo e bau rawati mai ena kena sa mai volitaki na waqa na 'MV Mystique Princess' ena yavu ni veidinadinati vakaveivoli ka me soli vakadua yani ena YV19.

Na nanamaki ni YV19 e vakadeitaki tiko na tubu vinaka ena veitabana kece vakabisinisi ni South Sea Cruises. Ena vakilai vakalevu na bula ni bisinisi ena kena mai yabaki dua vinaka na Malamala Beach Club kei na waqa vovou era tavoci. Na yatu Yasawa, era sana matalau ena kena vakacavari ga qo na vakavoui ni 'Yasawa Flyer II' ia na South Sea Island ena dolava tale eso na itikotiko tu galala kei na vanua dola raraba me tosoicake kina na iwiliwili ni vulagi era na tiko ena siga ka vaka kina ena bogi.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES

TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

Pacific
Manufacturers of Pacific Cement

Build Stronger with Pacific Cement

50.1%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

SOWANI TUIDROLA
CEO

ANTHONY WHITTON
Chairman

PACIFIC CEMENT LIMITED

Pacific Cement Limited (PCL) had faced one of the most challenging business environments in its 60 year history, in terms of factory operations and other external factors. The factory had temporary ceased normal production operations to facilitate the much needed repair and installation works of the new trunnion gear and the new motor during September and October period. To address any cement shortages in the domestic market and key regional customers, PCL had imported 25,000 tons of cement from Vietnam.

PCL imports 100% of its raw material from overseas. The biggest component of our raw material is clinker which is imported from Japan. The total volume that we imported was in excess of 100,000 tons. The landed cost had increased dramatically due to Suva Port congestion and weight restrictions on Tamavua I Wai Bridge. These issues will also be an ongoing challenge on our exports to the regional markets.

However the board of PCL had continued to approve capital investments in the factory upgrade program. In the last 18 months the total of $3 million dollars on various capital investment projects.

PCL recorded a total revenue of $29.5 million a decrease of 11% compared to FY17. The Profit before tax was $.210m a decrease of 86% compared to FY 17. Cement production had contracted by 20%.

PCL will continue to produce and sell the best quality cement to its export and local customers. PCL had recently attained accreditation on the latest Quality and the Environment Management system standards which is ISO 9001:2015 and ISO 14001:2015 for the next three years.

On behalf of the PCL management team I would like to thank the PCL and FHL board for their support and valuable advice. I wish to acknowledge the tremendous contribution of all employees and their families during the year and the continued support from our very loyal regional and local customers.

PACIFIC CEMENT LIMITED

Na Pacific Cement Limited (PCL) e sotava e vuqa sara na bolebole ena yabaki oqo ena loma ni 60 na yabaki ni nona veiqaravi, ena tabana ni buli simede kei na taudaku ni kabani. Ea mai vakaleqai na veiqaravi ni kabani ena maliwa ni Seviteba kei na Okotova ena kena vakavinakataki na gacagaca ni buli simede, oya na trunnion gear vou kei na motor vou. Ena kena vinakati me sotavi na leqa ni simede pauta ena kena makete ena noda vanua kei ira na dauvolivoli na Pasifika, e mani lai volia mai kina rauta ni 25,000 na tani na simede pauta e Vietnam.

E 100% na gacagaca ni buli simede e vakayagataka na PCL e voli mai vanua tani. E dua na iwasewase levu ni gacagaca ni buli simede oya na clinker e voli sara tiko mai Japani. E sivia na 100,000 na kena levu kece era voli mai ena yabaki. Na isau ni kena vakacurumi mai noda vanua e sa mai tubu vakasivia sara baleta na veika e vauci koto ena lawa ni vakacuru iyaya ena wavu levu e Suva ka yalani na kena bibi ena vanua ni vakarau e Tamavua - I – wai. Qo e dua na bolebole ena vakilai tiko ena veigauna kece okati kina na makete ena Pasifika.

Na matabose e cake ni PCL e vakuria tiko na nona tokona na sasaga ni kena vakavinakataki cake na gacagaca ni buli simede. Ena loma ni 18 na vula e vakayagataki kina e $3 milioni ena veivakatoroicaketaki oqo.

Na rawa ka ni PCL e dabe toka ena $29.5 milioni qo e lutu ena 11% ni vakatauvatani ena yabaki vakailavo (YV) 17. Na tubu umauma e koto ena $.210 milioni e lutu ena 86% vakatauvatani ena YV17. E mai lutu tale na ivakarau ni simede pauta e buli ena 20%.

Ena vakuria tikoga na PCL na kena vakarautaki na simede uasivi duadua ena kena e vakau e vanua tani kei na kena e volitaki ena noda vanua. Na PCL e se qai rawata tiko ga na ivola tara ni vakarautaki ni voli e vauci ena Quality kei na Environment Management ena kena ivakarau ena ISO 9001:2015 kei na ISO 14001:2015 ena loma ni 3 na yabaki mai qo.

Ena vukudra na vakailesilesi e liu ena PCL au via vakavinavinakataka na lewe ni matabose e cake ena PCL kei na FHL ena veitokoni kei na ivakasala momona. Au via vakavinavinakataka talega na levu ni nodra cau na ivakalesilesi kei ira na nodra lewe ni vuvale ena loma ni yabaki salavata kei na veitokoni mai vei ira na dauvolivoli ena Pasifika kei ira ena noda vanua.

FHL PROPERTIES LIMITED

100%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

CATHERINE GREY
CEO

ISIKELI TIKODUADUA
Chairman

FHL PROPERTIES LIMITED

The 2018 financial year was indeed very challenging for the team with changes to the management team, however the Company recorded a 31% increase inProfit from operations of $2.212m (2017:$1.695m). During the year, the Company increased its share capital to $12m compared to [2017: $9m] this was a direct result of the conversion of $3m as dividend to shares.

The record performance of the company was mainly due to the finalisation of outstanding leasing agreements with increase in rental income, increase in car park spaces due to the completion of the new FHLP car park at Gorrie Street compared to the previous year. The FHLP Portfolio also completed some major electrical upgrading works and almost to completion of lift replacement at Vanua House which has resulted in key tenants rolling over leasing agreements and improved occupancy. FHLP continues to find the increasing maintenance costs a challenge in this line of business and have implemented strategies to maintain a competitive return to our shareholders.

FHLP during the year managed to maintain an acceptable level of occupancy throughout all its property portfolio, however, the key challenge continues to be maintaining cost effective strategies to maintain the buildings whilst providing the higest standard of services to our valued tenants.

The 2019 financial year is expected to be another challenging one as we continue with significant upgrading projects for our older buildings in terms of exterior refurbishment, air conditioning, internal common area renovations especially for Vanua and Sukuna House and also plans to upgrade the Ra Marama Lift . We, however remain positive with the projected economic outlook and with the progress of the change to the FHL Tower concept from design to design and building to be located at Gordon Street opposite of Ra Marama in which ground breaking is anticipated to be done in mid September 2018.

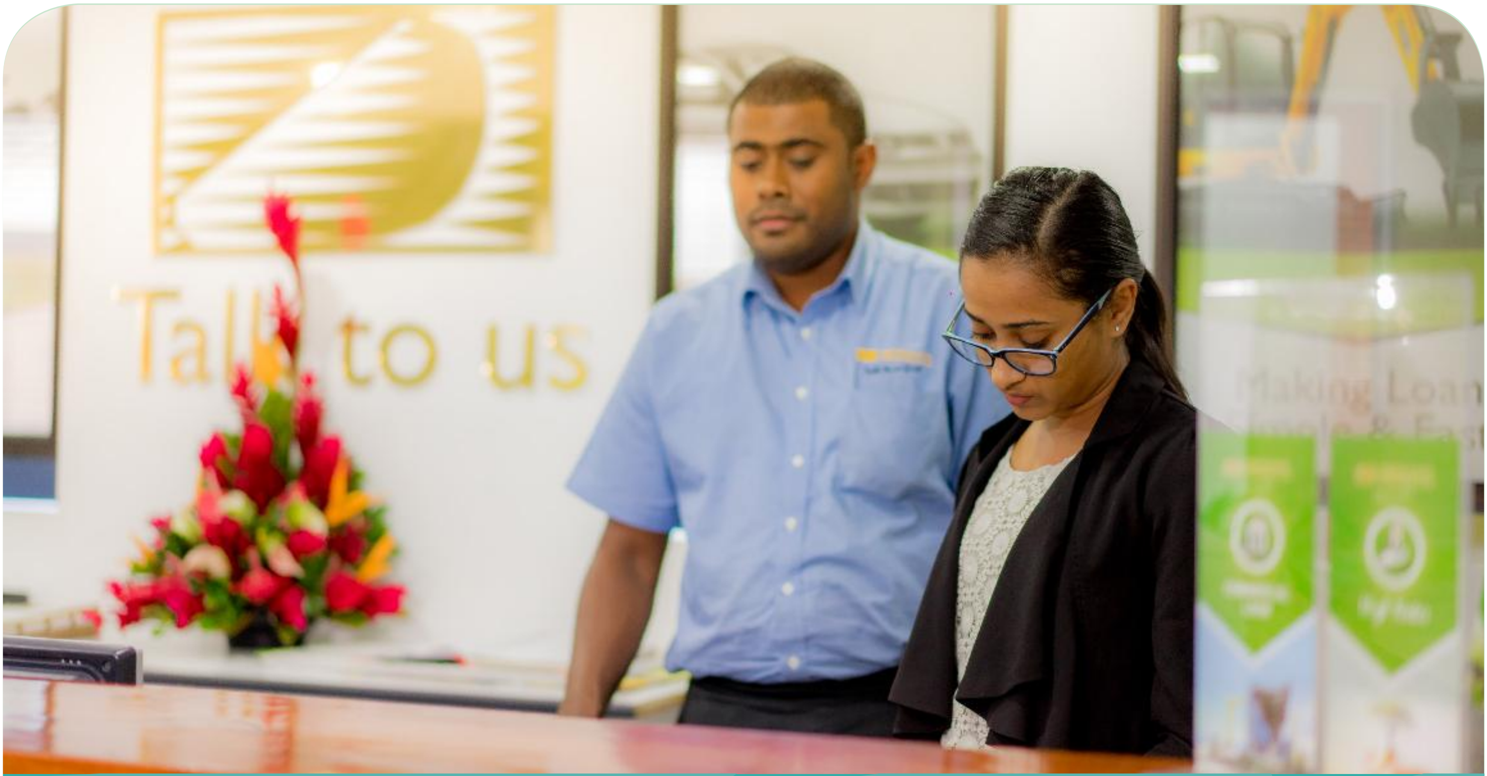
FHL PROPERTIES LIMITED

Na yabaki vakailavo ni 2018 e so na bolebole lelevu sara ni a mai yaco na veiveisau ena veiliutaki e na loma ni kabani, ia e vakatakila na kabani e 31% na tubu dina ka rauta ni $2.212milioni (2017: $1.695milioni) ni vidai oti $886,170 me ivakacavacava (2017: $512,624). E a mai vakuria tale ena loma ni yabaki na kabani na nona I yau se sea (share capital) me la'ki yacova na $12m ni vakatauvatani kei na $9m ena 2017, e vu oqo mai na kena a vukici e $3m mai na tubu vei ira na taukei ni sea ni kabani.

E mai cavu isausau na rawa ka ni kabani ena kena mai vakadeitaki na tubu ni sau ni lisi se rede, na kena mai tubu na iwiliwili ni motoka e rawa me kele ena ikelekele ni motoka vou e FHLP ka tiko ena Gorrie Street ni vakatauvatani ena yabaki sa oti. E vica na nona iyau na FHLP e mai vakacavari na kena vakavinakataki na gacagacaga vakalivaliva kei na vakaisosomitaki ni rumutoso (lift) ena Vanua House. Na veisau oqo vakavuna na nodra vakuria tiko na lisi kei na rede o ira era tawana tiko ena gauna qo. Na bolebole ena FHLP na tubu ni sau ni kena vakavinakataki na veiyau oqo ka sa biuta vata tu eso na ituvatuva mena daumaka tikoga kina na veika e vakalesuya vei ira na taukei ni Sea.

E qarava vinaka sara tiko na FHLP ena loma ni yabaki na cakacaka ni kena vakatawani na nona veivale se itikotiko ka toka sara e na dua na itagede vinaka, ia, e veibolei tiko ga vakalevu na kena vakasaqarai tiko ga e veigauna na veigaunisala sau rawarawa ni kena maroroi vinaka tiko na ituvaki ni vale ka tomani tiko ga na veiqaravi cecere duadua kivei ira na tawana tiko na veivale oqori.

Na yabaki vakailavo ni 2019 e namaki me vakuri tiko kina na bolebole ni kena vakavinakataki e vica na tabavale makawa vakauasivi na dagona e tuba, ivakaliliwa ni rumu, lomanivale e Vanua House kei na Sukuna House kei na vakadaumakataki cake ni rumutoso e Ra Marama. Keitou vakadeitaka tiko ni na rawa ka vinaka baleta na ituvaki ni bula vakailavo raraba ni noda vanua, kei na kena tara na FHL Tower ena Gordon Street veibasai ga kei na Ra Marama ka sa namaki tu na vakasobu duru ni bera ni cava na yabaki oqo.



OPERATIONAL REPORT OF SUBSIDIARY COMPANIES | TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

MERCHANT FINANCE LTD
Talk to us first

80%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

ROWEENA FONG
CEO

SANJIT PATEL
Chairman

MERCHANT FINANCE LIMITED

The 2018 financial year was yet another challenging one for MFL with the continued aggressive competition in the financial market, however our strategies implemented for the year paid off with the refocus on our key three core products: commercial lending, personal lending and high notes.

It is also important to highlight that MFL has adopted IFRS 16 and IFRS 9. The FY2018 financials are fully compliant to these standards. IFRS 16 relates to leases and specifies how MFL will recognize, measure present and disclose leases its holds. Whilst IFRS 9 specifies how MFL recognizes a financial asset or liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. MFL has worked on the adoption of these new standards throughout the last financial year in order to properly understand the standards and specifically the impact on our profit & loss statement and balance sheet.

Although interest income decreased slightly by 4.2% compared to the same period last year interest expense also decreased by 2.7% resulting in 4.7% decrease in net interest income.

Management implemented stringent strategies to maintain a low level of expenses including loan impairment expense which experienced a tremendous decline of 66% compared to FY17.

It should be noted that the revaluation of our Vatuwaqa property and other properties resulted in an increase in fair value by $1.12m which is as a result of MFL complying with IFRS standards and FHL Group Policy. Depreciation expenses and finance costs were also impacted (increased) by the adoption of IFRS 16.

The concluding result was an increase in Profit before tax of $8.52m compared to $4.9m in FY17.

MERCHANT FINANCE LIMITED

Na yabaki vakailavo ni 2018 ea dua tale na yabaki bolebole kina MFL ena veiqati kaukauwa e yaco tiko ena makete ni veika vakailavo ia e mai lako vinaka na veiqaravi ena kena moici lesu me vakatabakidua kina 3 na ivoli ni kabani oya; soli dinau kina kabani, soli dinau kina tamata yadudua kei na vakatubuilavo.

E rui bibi me vakaraitaki eke ni MFL esa vakayagataka tiko na IFRS 16 kei IFRS 9. Na tukutuku vakailavo ni YV2018 e salavata kei na ivakarau vakadaunifika vou oqo. IFRS 16 e vakatakila na lisi e taukena ena gauna qo ka vakamatatataki na kena levu. Ia, na IFRS 9 e vakamatatataka ena itutu vakailavo na iyau kece e taukena se vauci tu kina na MFL ena gauna e semati koya kina dua na veidinadinati vakabisinisi. E a sasagataka sara tiko vakaukauwa na MFL na kena taurivaki na ivakarau vou oqo ena yabaki vakailavo sa oti ena kena gadrevi me kilai vakamatata kei na kena revurevu kina tukutuku vakailavo ni tubu kei na lusi kei na vakayagatki ni iyau ni bisinisi.

E dina ga ni tubu ni vakatubuiyau e lutu vakalailai ena 4.2% ni vakatauvatani ena gauna vata va qo ena yabaki sa oti, na tubu ni saumi loni/dinau e lutu talega ena 2.7% e lai lutu kina 4.7% na tubu dina ena veika e lesu kina kabani.

Era tauyavutaka na veliutaki eso na ituvatuva vivinaka sara me vakalailaitaka na vakayagataki lavo kei na veika e vakalusi ena loni sega ni saumi vakavinaka ka mai lutu kina ena 66% ni vakatauvatani enaYV17.

E gadrevi me vakaraitaki eke ni a mai raici lesu na itikotiko e Vatuwaqa kei na so tale na iyau ni kabani ka mai tubu kina na kedra isau kina $1.12m qo e salasalavata kei na ivakarau ena IFRS kei na yavu ni kabani cokovata ena FHL. Na kena dau lutu na kaukauwa vakailavo ni iyau ni kabani kei na isau ni veika vakailavo e vakila na revurevu (nia mai tubu) ni kena taurivaki na ivakarau vakadaunifika na IFRS 16.

During the first quarter of the FY18 year, MFL relocated our Damodar Branch to Nakasi Rups Mega Complex to cater for the demand for financial services in the Nakasi- Rakiraki corridor. This has been rewarding for both MFL and our customers giving them the access convenience especially on Saturdays.

Our net loan portfolio grew slightly from $130.3m in 2017 to $133.2m during the year in spite the discontinuance of the Trade Finance Product.

The year has seen a number of changes on various different levels of the organization which has contributed positively to the results this year. This is expected to continue over the New Year with an upgrade on our resources to ensure we provide efficient and quality services to our customers.

Looking ahead, MFL is determined to overcome its challenges, maintain its competitiveness in the market and deliver better & quality services to its growing cliental and stakeholders. Our strategic plans for the next financial year have been re-evaluated and refined to ensure the key elements of financial growth through restricted management approval delegation to deliver timely response and improve our services.

Na ivakacavacava ni veika e rawati sa I koya na kena tosocake na tubu umauma kina $8.52m ni vakatauvatani kei na $4.9m ena YV17.

Ena imatai ni vulatolu ena YV18, na MFL e tokitaka kina na kena tabana ena Damodar ki Nakasi Rups Mega Complex me sotava kina na gagadre mai vei ira na lewenivanua ena tadrua e Nakasi kei Rakiraki. E sa bau lako vakavinaka ki na MFL kei ira na lewenivanua ni sa vakavoleka vei ira na valenivolavola vakauasivi na kena dau dola ena veisiga Vakarauwai.

E mai tubu vakalailai na levu ni loni e solia na kabani mai $130.3m ena 2017 kina $133.2m dina mada ni sa mai cegu na ivoli na Trade Finance.

Na yabaki oqo e vuqa sara na veisau ena loma ni kabani ka daumaka sara na kena vakavatukana ni raici na veika e rawata na kabani. E namaki na veiveisau oqo mena vakuri ena yabaki vou vakailavo ni gadrevi tiko na veiqaravi uasivi ka vinaka vakaoti vei ira na lewenivanua.

E yalodei tiko na MFL ni na uabaleta na veibolebole kecega ka vakadeitaki koya ena veiqati vakabisinisi me solia na veiqaravi vinaka ka vakasakiti kivei ira na lewenivanua kei na vanua ni veiwekani vakabisinisi. Na ituvatuva levu ena yabaki vakailavo ka tarava e sa dikevi lesu ka vakamataliataki me solia na tubu vinaka ni kabani ena kena tauci vakamatau na veivakadonui mai vei ira na veiliutaki, ena kena gauna taudonu, me vakadaumakataka na veiqaravi.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES | TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

FijiTV

61.8%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

KAREN LOBENDAHN
CEO

ROBERT LYON
Chairman

FIJI TELEVISION LIMITED

Founded on the 15th of June 1994, Fiji Television Limited is Fiji's first television company to provide "free-to-air television service" to its viewers & advertisers.

Fiji TV started the new financial year at its new location: 78 Brown Street in Suva. The move to the new home has seen a significant number of changes in the company from our new state of the art studio setup which is outfitted with new broadcast equipment and a fresh and improved business environment for the Team!

Our FY 2018 also marked great success in Fiji TV's history, with the implementation of the country's first Television Mobile App. The Mobile App allows our viewers a greater and wider option to view us from anywhere in the world. Around the same period Fiji TV was very proud to launch its new website. The new website has much more information available for our viewers and users from the current local and international news, sports and current affairs updates, content information and of course all our products and services on offer.

Over the years, Fiji TV has always strived to bring our viewers and advertisers the best content ever. This year again was a very successful year as we brought the biggest of content to the Nation and to the Pacific, namely from the 2017-18 LIVE HSBC Sevens World Rugby Series; British Open Golf Championship; Fiji Vs Samoa Pacific Nations Cup Match; LA-LIGA football which is one of the best football leagues in the world; the 2017/18 AVIVA Rugby; some of the biggest boxing fights such as Floyd Mayweather

FIJI TELEVISION LIMITED

Tauyavu ena i ka 15 ni Jiune 1994, na Fiji Television Limited (Fiji TV) na isevu ni kabani ni yaloyalo e vakaraitaka na "yaloyalo sega ni saumi" vei ira na dausarasara kei ira na daunibisinisi.

E tekivutaka na Fiji TV na nona yabaki vakailavo vou ena nona itikotiko vou ena: 78 Brown Street e Suva. Na itikotiko vou oqo e vakatakila mai e vica na veiveisau lelevu ena kena vakarautaki na vanua ni caka iyaloyalo vou, kena misini kei na kena gacagaca veiganiti ena gauna vou oqo me vukea na rawa ka vei ira na kena ivakalesilesi.

Na neitou YV2018 e vakatakila talega edua na tukutuku ni veigauna ni kabani ena kena mai sevutaki kina na imatai ni gacagaca ni sara TV ena talevoni. Na gacagaca qo ena talevoni e vakatara me keitou sarava ena yasai vuravura cava ga. Ena gauna vata sara talega oya ea sevutaka kina na Fiji TV na nona veilawa (website) vou. Na veilawa vou oqo e vutucoqa kina na veitukutuku ena noda vanua kei vanua tani okati kina na tukutuku ni qito, veika e yaco wavoliti vuravura, na ivakamacala ni veiporokaramu ena TV kei na veiqaravi eso ni kabani.

Ena veiyabaki edau gumatua na Fiji TV ena vakarautaki ni veiporokaramu vivinaka vei ira na dau sarasara kei ira na daunibisinisi. E vakatalega kina na yabaki oqo ena kena rawati na veiporokaramu ka sarava ena noda vanua kei na Pasifika me vaka; na 2017-18 LIVE HSBC Sevens World Rugby Series; British Open Golf Championship; Fiji Vs Samoa Pacific Nations Cup Match; LA-LIGA football (ka dua vei ira na sotasota ni soka kilai vakasakiti e vuravura); na 2017/18 AVIVA Rugby; eso talega na veivacu lelevu me

Vs Conor Mcgregor and Anthony Joshua Vs Joesph Parker; Premier Futsal; DHL Oktoberfest Sevens Rugby; The 2017 Melbourne Cup; 2018 Commonwealth Games; Pacific Mini Games; 2018 Brisbane Tens Rugby; State of Origin; Pacific Rugby League Test Matches; 2017 Rugby League World Cup and of course the 2018 FIFA World Cup being one of the highest rated events in world. Fiji TV also committed at the end of the financial year to bring the 2018 RWC 7s to the nation and to the pacific region which will be played from the 21st to 23rd of July 2018.

Our local content has also grown over the financial year with some of the country's best local shows launching on our platform such as: the vernacular business show called "Na Bisinisi" which showcased some of Fiji's very own new businesses; "Local Icons" was a concept that highlighted some of our big business names and their life stories; "Hot Spots" our adventure show was a great hit with both our viewers and advertisers and after many years Fiji TV managed to produce our very own comedy style program called "Funny Side Up".

A big move for our broadcast schedule was the extension of our breakfast show to a fully-fledged One and a half hour program giving our viewers the first TV News bulletin at 6am which now allows extra bulletin weekdays for our viewers and advertisers to enjoy!

Fiji TV also signed up with a number of local partners for the following LIVE local events : The Vodafone Hibiscus Festival; Fiji Fashion; USP Graduation; Raka Sevens Rugby ;The Ratu Sukuna Bowl Rugby Tournament; Oceania Sevens Rugby; The 2018 Nawaka Rugby Sevens; Coral Coast Rugby Sevens; World Rugby Pacific Challenge; Marist Sevens Rugby; Nadroga Super 8 Rugby Tournament; Fiji Secondary Schools Rugby League; Coca Cola Schools Athletics Games and the 2018 National Schools Swimming Competition.

Fiji TV has declared two dividends during the financial year: the first Interim dividend was declared and paid out to the shareholders on the 1st of September 2017 a total of $412,000 and a Second Interim dividend was declared and paid out to the shareholders on the 9th of February 2018 a total of $309,000. The current board of directors include: The Chairman (Mr. Bob Lyon), Deputy Chairman (Mr. Nouzab Fareed), Ms. Sereana Matakibau, Mr. Ajai Punja and Mr. Deepak Rathod.

Fiji TV continues to serve its viewers and advertisers daily with the best in TV content on all our broadcast platforms: Fiji One, Channel 2 and Fiji TV Stream! We also offer a diverse base of other products and services which we are very proud of such as In House Production, Pactok and Pacific Services.

vaka na nodrau sota o Floyd Mayweather kei Conor McGregor, o Anthony Joshua kei Joseph Parker; Premier Futsal; DHL Oktoberfest Sevens Rugby; na 2017 Melbourne Cup; 2018 Commonwealth Games; Pacific Mini Games; 2018 Brisbane Tens Rugby; State of Origin; Pacific Rugby League Test Matches; 2017 Rugby League World Cup e vaka kina na 2018 FIFA World Cup dua vei ira na sotasota kilai ena noda vuravura. Ea veiyalayalati tale na Fiji TV ni bera ni cava na yabakl vakailavo ena kena vakaraitaki na 2018 RWC 7s ena noda vanua kei na Pasifika ena I ka 21 ki na i ka 23 ni Jiulai2018.

E sa tubu talega na iwiliwili ni porokaramu e vakarautaki ga ena noda vanua era sevutaki ena yabaki vakailavo qo me vaka; na porokaramu vakaitaukei, "Na Bisinisi" e baleti ira na daunibisinisi iTaukei ena noda vanua, "Local Icons" e baleta na veibisinisi lelevu kei na nodra itekitekivu; "Hot Spots" na porokaramu ni siko vanua e taleitaki vakalevu mai vei ira na dausarasara kei ira na daunibisinisi e vaka kina na porokaramu ni vakalasalasa ni oti edua na gauna balavu me sa qai saravi tale ena Fiji TV na "Funny Side Up".

E dua na vakatulewa levu e a vakayacora na kabani oya na kena vakadeitaki na aua ni Katalau (breakfast show) me sa dua veimama na aua ena veimataka ena loma ni macawa, e veimama ni aua e baleta vakatabakidua na gauna ni Tukutuku (news) ena 6am, na vakatulewa oqo e baleta tikoga na nodra vakamarautaki na dausarasara kei ira na daunibisinisi.

Ea veiyalayalati talega na Fiji TV kei na vica na tabana ena kena kaburaki LIVE eso na soqo kei na qito me vaka: na Adi Senitoa; Fiji Fashion; Tuva iTutu ena USP; Raka Sevens Rugby; na Ratu Sukuna Bowl Rugby Tournament; Oceania Sevens Rugby; na 2018 Nawaka Rugby Sevens; Coral Coast Rugby Sevens; World Rugby Pacific Challenge; Marist Sevens Rugby; Nadroga Super 8 Rugby Tournament; Fiji Secondary Schools Rugby League; Coca Cola Schools Athletics Games kei na 2018 National Schools Swimming Competition.

Na Fiji TV e vakaraitaka e rua na iwasewase ni wase tubu ena yabaki vakailavo oqo: na kena imatai ea vakaraitaki ka veiwaseyaki ena 1 ni Seviteba 2017 kena levu kece e $412,000 kei na ikarua ni wase tubu ea wasei ena I ka 9 ni Veverueri 2018 e $309,000. Na matabose e cake ni kabani e okati kina: Mr. Bob Lyon na Chairman, vukevuke ni Chairman (Mr. Nouzab Fareed), Ms. Sereana Matakibau, Mr. Ajai Punja kei Mr. Deepak Rathod.

Ena vakuria tikoga na Fiji TV na nodra qaravi vakavinaka na dausarasara kei ira na daunibisinisi ena veisiga kece sara ena porokaramu vivinaka eso mera saravi ena: Fiji One, Channel 2 kei Fiji TV Stream! E tiko talega na neitou taba ni veiqaravi tale eso ka keitou cibitaki na veika era kena dau kina me vaka: na In House Production, Pactok kei Pacific Services.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

FHL FUND MANAGEMENT LIMITED

FHL STOCKBROKERS LIMITED

100%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

MEREONI MATAVOU
CEO

ADRIAN SOFIELD
Chairman

FHL FML

FHL Fund Management Limited has concluded another successful year as Fund Manager for Fijian Holdings Unit Trust with a total revenue of $2.25m compared to $2.05m achieved in FY17. NPAT was $0.91 m, a positive 9.8% increase as compared to the results for FY17.

FHL FML will continue to explore and review investment opportunities for the Fund to ensure that our competitiveness is maintained. FHL FML is optimistic that the forecast for the coming years will be robust and versatile in terms of growth and expansion internally and externally in line with its 5 year strategic plan.

FHL FML

Na FHL Fund Management Limited e mai vakacavara tale edua na yabaki vinaka ena nona manidiataka tiko na kato-ni-yau ni vakatubuilavo na Fijian Holdings Unit Trust ni mai yacova na $2.25milioni na nona rawa ka ni vakatauvatani kei na $2.05m ea rawati ena YV17. Na tubu dina e $0.91m, qo e tubu ena 9.8% ni vakatauvatani kei na veika e rawati enaYV17.

Na FHL FML ena vakuria tikoga na kena vakasaqarai ka vakakina na kena railesuvi na veivanua ni vakatubuiyau eso me rawa ni vakadeitaki koya tiko na Kato-ni-yau ena veiqati vakabisinisi. E vakadeitaki koya tiko na FHL FML ena nona rawaka ena veiyabaki sa tu mai ki liu me uasivi sara ka vakasakiti ena tubu vinaka duadua kei na vakaraibalevutaki ni bisinsini e loma ni kabani kei na taudaku ni kabani.

FHLS

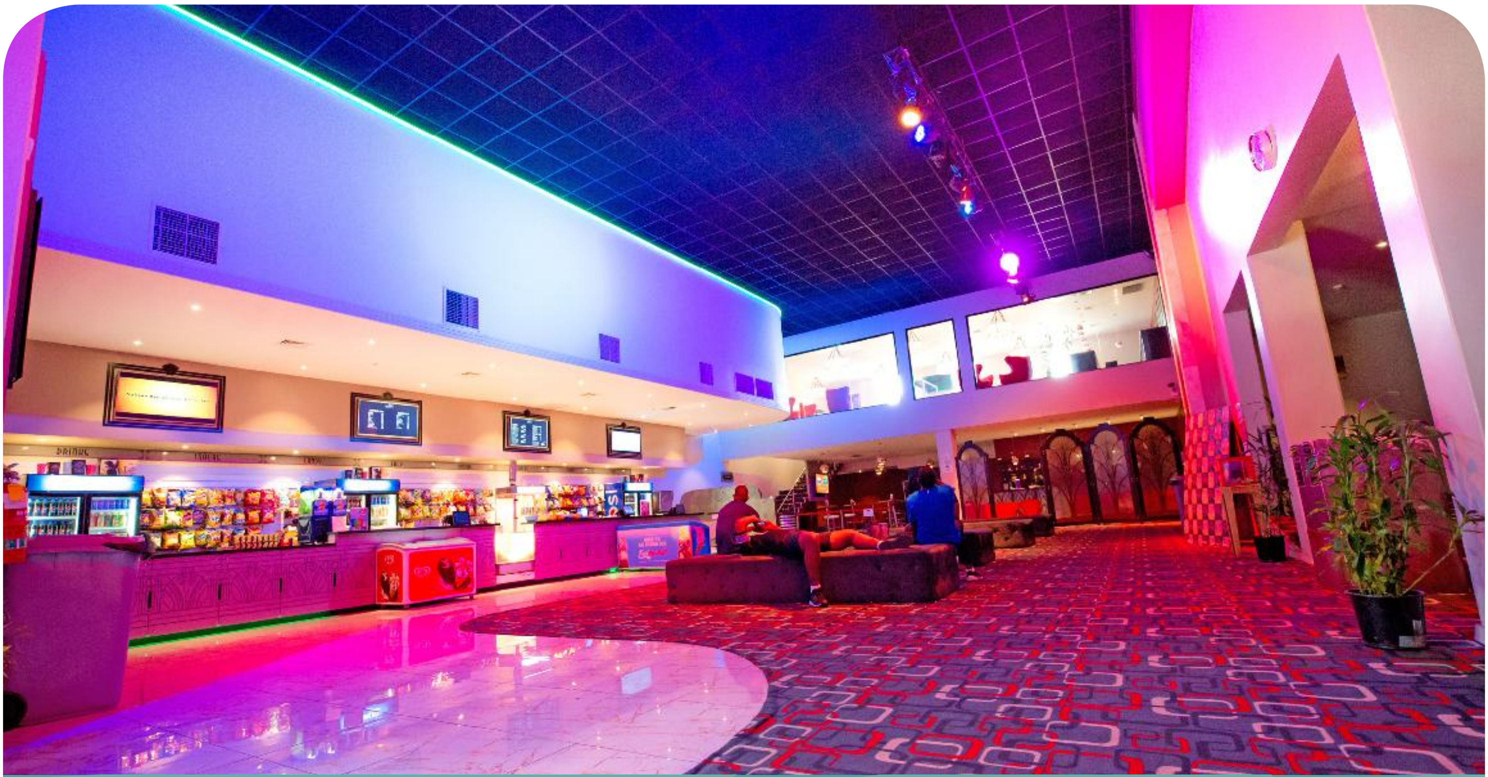
FHL Stockbrokers Limited recorded a NPAT of $0.53m, a positive 413 % increase compared to the previous year. The positive performance can be attributed to brokerage income earned from a number of trades and special crossings from dedicated investors during the year.

The 2019 financial year is expected to be another challenging one for the company, however, FHLS will continue to canvas new opportunities to equip the company for another positive year.

FHLS

Na FHL Stockbrokers Limited e cavu isausau ena tubu dina ka koto ena $0.53m, e tubu ena 413 % ni vakatauvatani ena gauna vata oqo ena yabaki sa oti. Na tubu vinaka oqo e a vu mai e na i sau ni veiqaravi vakadauveivoli (brokerage fees) e na vuku ni vica na volivoli lelevu vaka kina na vica na gauna ni volivoli vakatabakidua (special crossings) mai vei ira na vica na dauvakatubuilavo yalodina e na loma ni yabaki.

Na Yabaki-vaka-ilavo ni 2019 e sa namaki tiko me na levu tale kina na vei bolebole, ia e sa nuidei tiko ga na FHLS ni na vavaca na veivanua vovou eso me vakadeitaka na rawaka vinaka vakayabaki ni kabani.



69.10%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

DANIEL VIKASH
CEO

NOUZAB FAREED
Chairman

LIFE CINEMA LIMITED

We started the year with 10 screens in three multiplexes located in Nakasi, Nadi and Lautoka. The six new screens were added towards the end of the 2017 year.

The year saw a sustained marketing campaign using both our website and the social media platforms to create awareness of the cinemas and movies on a weekly basis.

Promotional campaigns were also designed to encourage cross buying of concession items with cinema tickets.

During the year we had some big blockbuster movies in both English and Hindi and this ensured patron numbers were at satisfactory levels.

The new complexes in Lautoka and Nakasi have now established their presence and patrons look forward to the level of entertainment that the cinemas provide.

Licenced bars in the JetPoint (Nadi) and Nakasi (Nausori) complexes have also been points of differentiation for Life Cinemas.

LIFE CINEMA LIMITED

E tekivu na yabaki ena 10 na rumuniyaloyalo ena tolu na valeniyaloyalo oya e Nakasi, Nadi kei Lautoka. E 6 na rumuniyaloyalo vovou ea qai sevutaki ena mua ni 2017.

Na yabaki oqo e vakayagataki sara vakamatau na veilawa (website) kei na vatavata ni vakasavu itukutuku raraba ena kena kilai na kabani kei na veiyaloyalo duidui era saravi ena veimacawa.

Na veivakauqeti e tuvai vakamaqosa ka rawa kina mera voli na iyaya eso kei na tikite ni yaloyalo.

E saravi talega eso na iyaloyalo vakamatalau ena loma ni yabaki, okati kina na kena vakavalagi kei na kena vakaidia ena kena gadrevi tikoga mera vakacegui na dausarasara.

Na valeniyaloyalo vou e Lautoka kei Nakasi erau sa vakadeitaki rau vinaka sara kara sa dau nanamaki na dausarasara ena ivakatagedegede ni veivakamarautaki e varautaki kina.

Na kena soli na laiseni ni vanua ni gunu ena valeniyaloyalo e JetPoint (Nadi) kei Nakasi (Nausori) e dua na tikina e vakaduiduitaki koya kina na Life Cinemas.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

NEWWORLD

20.3%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

NEW WORLD LIMITED

The Company's 2017 financial year was a mixed one. Whilst the major part of the year experienced the buoyancy of the economy following Cyclone Winston, the Company experienced hardening and competitiveness of the market in the later stages of the financial year resulting in a decline in sales compared to the previous year. Strong emphasis on introduction of own lines and the right product mix, led to an improvement in gross profit.

Improvement in gross profit coupled with reduction in total costs resulted in an increase in net profit before tax, by 6.37% over previous year.

With the supermarket retail industry getting extremely competitive, realigning of strategies to ensure reasonable returns to its stakeholders is the only way forward.

The Company is continuously focussing on introducing its own line of products and the right product mix to meet customer expectations and demand and at same time giving them value for money. Management is also mindful of the Government initiatives on non-communicable diseases by ensuring that its product range contributes to the curtailment of such diseases.

The Company endeavours to provide unmatched customer service, range and quality. In this regard the Company has invested considerably in its information technology.

Investments in human resources has also been a major focus and has hired professionals in various divisions to ensure that its workforce is fully equipped and trained for the challenging and changing market.

With regular reviews and realigning of its strategies, Management is confident that the Company is well placed to face competition and strive to become the market leader in the supermarket retail industry.

NEW WORLD LIMITED

Na yabaki vakailavo ni kabani ena 2017 e sega soti sara ni daumaka. Ni a vakilai ena makete na vakacaca ni cagilaba o Winston qai lai sotavi na veiqati vakabisinisi ni vakarau cava na yabaki vakailavo ka lai lutu kina na rawaka vakailavo ni kabani ni vakatauvatani ena yabaki sa oti. Ia, e daumaka cake sara na tubu umauma ni kabani ena lewai matau ni voli e volitaki. Na kena vinaka cake mai na tubu umauma salavata kei na lailai ni vakayagataki ilavo ni kabani ea mani lai uasivi sara na tubu dina ni sebera ni musu na vakaicavacava ena 6.37% ni vakatauvatani ena yabaki yani muri.

Me vaka ni sotavi vakalevu tiko na veiqati vakabisini ena vanua ni volitaki iyaya, sana rawa ga ni uasivi cake na veika e rawati kevaka me vakadaberi donu na veiqaravi me solia na tubu veiganiti vei ira na taukei ni sea.

Na kabani e sa cakacaka vakaukauwa sara tiko ena kena kunei na ivoli vivinaka kei na kena volitaki na ivoli veiganiti ka ra gadrevi vakalevu mai vei ira na dauvolivoli salavata kei na vakabula ilavo. Era tokona na veiliutaki na sasaga ni noda Matanitu ena valuti ni mate sureti ka sa laurai gona kina na ivoli e veiganiti kei na tiko bulabula.

E sasagataka na kabani me vakasakiti na veiqaravi ni kena ivakalesilesi, ena kena ivakatagedegede e uasivi. Ena vuku ni tikina qo e vakanamata vakalevu na kabani ena vakadaumakataki ni nona veiqaravi vakamonalivaliva (IT).

Na nodra vakacakacakataki na vakailesilesi era kena dau ena veitabana duidui e gagadre bibi talega ni kabani. Qai salavata ena nodra vakarautaki vakavinaka ena gauna ni bolebole kei na veiveisau e vakilai ena kena makete.

Na kena dikevi wasoma ka vakadodonutaki na ituvatuva raraba e yalodei tiko kina na veiliutaki ni na rawa me uasivi na rawaka ni kabani ena veiqati vakabisinisi ka liutaki yani na makete ni veivoli ena noda vanua.

goodman fielder

10%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

GOODMAN FIELDER INTERNATIONAL (FIJI) PTE LIMITED

Fijian Holdings is a shareholder in Goodman Fielder International (Fiji) Pte Limited.

Goodman Fielder is one of Fiji's leading manufacturing companies, serving consumers needs with a portfolio of iconic, most trusted food brands that Fijians love and have grown up with and enjoy every day. Specializing in quality poultry, ice cream, snack foods, stock feed, sports supplements and consumer food products, the Company has for many years been proud of its commitment to quality and food safety.

Goodman Fielder is proud to have been producing "Fijian Made" and "Fijian Grown" products for over four decades now, with key household names including Crest Chicken, Tuckers Ice Cream, Twisties, Mana, Meadow Lea, Meadow Fresh, Edmonds, Sunshine and Praise.

Poultry remains the biggest revenue driver for the business followed by Ice Cream and Snacks. The Company continues to enjoy number one market position in all key categories and ongoing significant investment with key projects brought to life in the past 12 months.

During the year, Goodman Fielder has invested heavily in a new state of the art blast freezer at the chicken processing plant coupled with a new frozen and ambient distribution center in Karsanji Street, Vatuwaqa.

As part of the Company's ongoing commitment towards growth and development, they have invested heavily in sourcing and developing new products to drive category growth. Recent key achievements were in the affordable protein offering increasing volume on affordable sausages ten-fold in the past 16 months which is now opening doors in the Pacific export market. New products including Healthy Snacking like Nuts & Seeds, Mana Protein bars and Breakfast Cereal to name a few, are planned for the future.

Today, Goodman Fielder Fiji continues this proud tradition and is committed to continue to consistently deliver high quality healthy products to every household, in every village, every single day.

GOODMAN FIELDER INTERNATIONAL (FIJI) PTE LIMITED

Na Fijian Holdings e taukeni sea talega ena Goodman Fielder International (Fiji) Pte Limited.

Goodman Fielder e yaca vakairogorogo ena nona ivoli, sotavi ni gagadre ni lewenivanua qai vakabauti vakalevu na nona ivoli ka taleitaki sara talega vakalevu me vaka ni a tiki ni noda susugi mai ena veisiga. E kena dau ena ivoli na toa, ice cream, kakana mamada (snacks), kedra kakana na manumanu susu (stock feed) kei na kakana ni lewenivanua (consumer food products), qai kena ikuri ni cibitaka na vakarautaki vakamaqosa ni nona ivoli kei na kena qarauni na I vakatagedegede ni kakana bulabula. E sivia na va na i tabagauna na nona vakaurautaka na Goodman Fielder na ivoli ena "Fijian Made" kei na "Fijian Grown", na ivoli era kilai levu ena noda veivuvale me vaka na Crest Chicken, Tuckers Ice Cream, Twisties, Mana, Meadow Lea, Meadow Fresh, Edmonds, Sunshine kei na Praise.

Na gauna qo e ulumatua ni nona rawakā vakailavo na kabani na ivoli na toa, ka tarava na ice-cream kei na kakana mamada (snacks). E marautaka na Kabani ni se liu voli ga ena makete ni nona ivoli ena kena ivakadegedege duidui qai salavata kei na tubu uasivi ena loma ni 12 na vula sa oti, dina ga ni vakilai eso na bolebole ena kena makete e Viti.

E tiki ni neitou cau ena tubu kei na vakatoroicaketaki ni Goodman Fielder, oya na kena qarai ka vakarautaki eso na ivoli vovou me vakarabailevutaka na noda digidigi mai na ivoli era sa kilai levu tu. Salavata kei na kena sotavi na nodra gagadre na lewenivanua era via volia na kakana bulabula. Na ivoli vovou oqo e okati kina na veika e tokona na tiko bulabula kei na qito (Health and Sports supplements) me vaka na Mana Whey Protein, Nuts & Seeds, Sugar Free Ice Cream , Protein bars kei na breakfast cereal.

E udolu na lewe i Viti ena veitabatamata era vakanamata ki na ivoli kilai levu ni Goodman Fielder na Fijian Made kei na Fijian Grown me vakaurataka na kedra mai na gauna era yadra kina me yacova nira vakarau moce. Na Goodman Fielder Fiji ena vakuria na nona veiqaravi uasivi, salavata kei na na vakarautaki ni voli bulabula vei ira kece na veivuvale, ena noda veikoro, ena veisiga kece sara.

MARSH

25%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

MARSH LIMITED

Marsh is part of the global Marsh & McLennan Companies (MMC) which is listed on the New York Stock Exchange. It comprises of over 60,000 colleagues globally with presence in over 130 countries. The local shareholders of Marsh Fiji are Fijian Holdings (25%) and Unit Trust of Fiji (10%).

Marsh operates from offices in both Suva and Lautoka with seamless access to the MMC global capabilities. Marsh has been servicing clients and placing insurance into the local and international insurance markets for almost 50 years. Our vision is to create and deliver risk solutions and services that make our clients more successful.

In the 2017 Annual Report, we had highlighted that 2016 has been a record year for Marsh Fiji. Total premiums managed by Marsh for 2016 period amounted to $84million. For 2017, total premiums managed were $97million an increase of 15% which is a remarkable outcome. The growth is attributed to our success with new and expanded business. Marsh continues to attract talent and has the most experienced and dedicated local team that has its advantages.

MARSH LIMITED

Na kabani na Marsh e okati kina kabani levu na Marsh & McLennan Companies (MMC) ka volitaki na kena sea ena New York Stock Exchange. E vakacakacakataka e rauta ni 60,000 na tamata ena veiyasai vuravura ena 130 kece na matanitu. Na sea ni Marsh Fiji e taukena e 25% na Fijian Holdings kei na 10% mai vei Unit Trust of Fiji.

E veiqaravi nodratou valenivolavola e Suva kei Lautoka ka sema tu vakavinaka kina veiqaravi kecega ni MMC e vuravura. E sivia ni 50 na yabaki na nona veiqaravi o Marsh vei ira na lewenivanua ena inisua ena noda vanua kei vanuatani. E usutu ni veiqaravi na kena levei na vei ririko eso me toso vakavinaka kina na nomuni veiqaravi.

Ena itukutuku vakayabaki ni 2017, keitou vakatakila kina ni yabaki 2016 e dua na yabaki ni cavu isausau kina Marsh Fiji. Na levu kece ni iyau e qarava na Marsh ena yabaki vakailavo 2016 e tiko ena $84 na milioni. Ena 2017, na levu kece ni iyau e tiko ena $97 na milioni, qo edua na rawakā uasivi ni a tubu ena 15%. Na tubu vinaka oqo e basika ena vakarabailevutaki ni veiqaravi. Ena vakuria tikoga na Marsh na nodra vakacakacakataki na ivakalesilesi era kena dau ena itavi era qarava ka ra yalodina talega kina.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES / TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

GOLDEN MANUFACTURERS

30%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

GOLDEN MANUFACTURING

Golden Manufacturing Limited continues to maintain its position as market leader in corrugated packaging solutions in Fiji and the South Pacific Region. The Company services a wide variety of multi-national and local businesses with state of the art equipment.

Manufacturing facilities include equipment for the manufacturing of corrugated board and conversion into paperboard products. GML has recently diversified its business to the high quality printing and the manufacturing of labels. The company has installed an 11-colour Flexo and Gravure combination printing press and adhesive coating and lamination machine for the manufacturing of high quality labels to cater for the needs of the existing customer base as well as expansion to export customers including Australia and New Zealand.

With the new additions to the manufacturing facility, GML is targeting to increase revenue by 15% in the 2019 financial year.

GOLDEN MANUFACTURING

Na kabani na Golden Manufacturing Limited (GML) e vakuria tikoga na nona itutu me liutaka na makete ni kena tawani vakamatau na ivoli kecega e Viti kei na Pasifika.

E vakayagata na gacagaca ni veiqaravi vovou me baleta na veimataqali ivoli ena veitabana duidui ni bisinisi ena noda vanua kei vanuatani. E tiko na misini ni buli kateni kei na misini e bulia na iyaya mai na kateni. Na GML e se qai vakarabailevutaka tale tikoga na nona veiqaravi ena tabaivola me baleta na yaca ni ivoli e so. Ea qai vakadabera ga edua na misini ni tabaivola me vaka na 11-colour Flexo kei na Gravure ka qaravi kece kina na tabaivola ni yaca ni voli me rawa ni kabi vakamaqosa ka sega ni curumi wai me baleta na ivoli e dau vakau e vanuatani okati kina o Ositerelia kei Niusiladi.

Ena vuku ni veimisini vovou ni veiqaravi oqo e sa kakavaki tiko na kabani GML ena kena tubu na rawakā ni kabani ena 15% ena yabaki vakailavo ni 2019.

OPERATIONAL REPORT OF SUBSIDIARY COMPANIES TUKUTUKU MAI VEI IRA NA VEIKABANI COKOVATA

PERNIX (FIJI) LIMITED

21%

Fijian Holding's Shareholding
Wase ni Sea ena Kabani qo a taukena na FHL

PERNIX (FIJI) LIMITED

A remarkable year ended on a high note for Pernix (Fiji) Limited ("Pernix"). The power stations production slightly increased in 2017 comparing to year 2016. Once again, Pernix has performed ahead of budgeted revenue and EBITDA for the Financial year ending 31 December 2017. Some of the additional highlights of 2017 was positive change management, smart procurement and operational excellence to name a few.

Pernix Management has adopted a new way in reviewing its achievement by learning from our failures and identify why and how we succeed; combine both and you have a recipe for success. This approach was inspired from a speech by Canadian Prime Minister Justin Trudeau in Toronto during the "Alibaba Gateway '17" in September 2017 about the difference between running a business and governing a country. The inspiring script is as follows:

"Why do we succeed? When you think about what you actually learn from your mistakes versus your successes. When you succeed, you don't ask why you succeeded. You know why you succeeded, because you're awesome, because you're amazing, because you did great and you just keep going. If you don't succeed, if you make a mistake, if you fail, you don't say 'oh, it's because I'm terrible'. You say 'oh, it's because I didn't prepare right' or 'I didn't have the right advise' or 'I didn't choose the right investors' or 'the product wasn't quite right'. You look for all sorts of reasons why you failed, and we don't spend enough time looking for reasons why we succeed. That's sort of human nature."

The production pattern for the first six months of year 2018 is slightly lower than the same period in 2017 due to weather pattern whereby the demand to operate the diesel generating sets was less prioritized by Energy Fiji

PERNIX (FIJI) LIMITED

E mai cava ena dua na delana cecere na Pernix (Fiji) Limited ("Pernix") ena yabaki vakailavo qo. Na siteseni ni vakavure kaukauwa era tubu vakalailai ena 2017 ni vakatauvatani ena 2016. Ea baci tu vinaka na rawa ka ni Pernix mai na tuvatuva vakailavo ni yabaki e vaka kina na rawa ka umauma ni mai cava na yabaki vakailavo ena 31 ni Tiseba 2017. Eso na tikina e vakasakiti ena yabaki 2017 oya na veiveisau ena veiliutaki, lewai vakamatau ni veika e voli kei na vinaka ni veiqaravi.

Era sa kunea na veliutaki ena Pernix e dua na iwalewale vou ni kena raici lesu na veiqaravi oya; me vulica na veika eda malumalumu kina kei na yasana eda vinaka kina, vauci rau vata na rua na yasana, ka sa na rawa me kunei na isaluwaki ni rawaka vinaka. Na yavu qo e vua ni nona vosa na Prime Minister e Canada o Justin Trudeau mai Toronto ena gauna ni "Alibaba Gateway '17" ena Seviteba ni 2017 me baleta na duidui ni vakacici bisinisi kei na qaravi ni dua na matanitu. Oqo na lewe ni tukutuku:

"Na cava eda rawata vinaka kina? Nio siqema rawa na veika o vulica mai na nomu malumalumu kei na veika o rawata vinaka. Ni'o sa rawata vinaka, ona sega ni'o dau taroga, au na rawata vakacava? O sa kila na vu ni nomu rawata vinaka baleta ni'o vakasakiti, ni'o vakamatalau baleta ni'o sa rawata vinaka ka tosoya tikoga nomu sasaga? Ni'o sega ni rawata vinaka, ni'o vakacala, ni'o malumalumu, ena sega ni'o kaya; 'oh, baleta ga niu caca ni mate. E dodonu mo kaya, baleta ni'u sega ni vakavakarau vakavinaka, au sega ni vakasalataki vakavinaka, se cala na daunivakatubuiyau au digia, se sega soti ni ivoli vinaka sara. Eda vakasaqara e vuqa na iulubale eda sega ni rawata vinaka kina, ka lailai na gauna eda vakasaqara na vu ni noda rawata vakavinaka. Qori sa tiki tu ni bula ni tamata. "

Limited ("EFL"). Also, Pernix is undertaking major planned maintenance for four of its largest power generating sets in 2018 which is the largest cost factor of the year. The two factors had affected the financial performance within the first six months but anticipated to improve going forward. As reported in the past, the Variability in power station operation and maintenance revenue is primarily driven by the level of diesel generation determined by EFL coupled with the planned life cycle maintenance intervals of the power generating sets.

Pernix continues to employ majority local Fijians. The local work force represents 95% of the total number of employees (80 to date). Pernix continues to break the record on its risk score audit by achieving top results; this is achieved through the implementation and constant review of its Safety & Environmental Program.

Part of Pernix focus in 2017 was to promote the OnePernix initiative. OnePernix is the foundation of uniting all Pernix businesses and locations. Every employee needs to believe and live OnePernix; coworkers and customers alike should look to you to set an example of how Pernix operates. Our culture is about "Always striving to be the best." We know all businesses and locations have their own history and culture, which we very much respect. The goal of OnePernix is to find commonalities that bring us together. We believe those commonalities center around our four pillars: 1) Respect, 2) Innovation, 3) Operational Excellence, and 4) Extreme Customer Service. The 360 degrees employee and customer focus, will only bring fruitful results to the organization and ensures that all employees are engages in the process no matter the rank.

Na veika e rawata ena imatai ni vula ni 2018 e lailai ena gauna vata vaqo ena 2017 baleta na ituvaki ni draki, ka lailai kina na gauna me vakabibitaki na vakayagataki ni idinicina mai vei Energy Fiji Limited ("EFL"). Salavata kei na ituvatuva nei Pernix me vakavinakataka e va (4) nona idinicina ni vakavure kaukauwa ena 2018 ka levu na ilavo e gadrevi kina. E rua na tikina qo e vakilai vakalevu sara ena itutu vakailavo ni kabani ena imatai ni vula ono, ka namaki me na daumaka cake mai ni toso na yabaki. Me vaka e sa dau vakamacalataki oti, ni rawaka mai na siteseni ni vakavure kaukauwa kei na kedra vakavinakataki ena vakatau tiko kina EFL ena gadrevi ni idinicina, salavata kei na ituvatuva mera vakavinakataki kina na vei idinicina oqo.

E vakuria tikoga na Pernix na iwiliwili levu ni tamata cakacaka ka ra lewenivanua tudei e Viti. Era matataka e 95% mai na iwiliwili kece ni vakailesilesi (80 edaidai). Na Pernix e vakuria tiko ga nona cavu isausau ena lewai vakamatau ni ririko, ena kena vakayagataki ka raici lesu na porokaramu ni Safety & Environmental.

E tiki ni veiqaravi ena 2017 na kena vunautaki na OnePernix. Na OnePernix edua na isoqosoqo mera vakaduavatataki kina na bisinisi kece ena vanua duidui. Na vakailesilesi kece e dodonu me ra vakabauta ka bulataka na OnePernix; itokani vakacakacaka kei ira na lewenivanua e dodonu mera kunei vei ira na ivakarau ni veiqaravi vaka Pernix. Na noda itovo e baleta "Sasagataka na vinaka". Keitou taura rawa ni duibisinisi kei vanua era veiqaravi kina, e dui tu na kedra ivola tukutuku kei na kena itovo ka keitou doka vakalevu. E usutu ni OnePernix me vakasaqara na veika eda tautauvata kina me kauti keda vata mai. Keitou vakabauta na veika eda tautauvata kina e umani ena 4 na duru ni kabani: 1) Veidokai, 2) Veika vovou, 3) Qaravi vinaka ni bisinisi, kei na 4) Qaravi vinaka ni lewenivanua. Ni saumaki na veikaqaravi vei ira na lewenivanua kei ira na ivakalesilesi ena kauta mai na rawaka vinaka ni kabani ka vakadeitaki nira sema tiko na ivakalesilesi ena sasaga oqo veitalia na itutu.


FINANCIAL HIGHLIGHTS
USUTU NI RAWA KA
Tourism
Tabana ni Sara Vanua
18.0%
Finance
Tabana ni Soli Lavo Dinau Cakacaka
18.4%
Retailing
Tabana Ni Veivoli
23.6%
Media
Tabana ni Vakau i Tukutuku
10.6%
Building & Construction
Tabana Ni Tara Vale
13.0%
Manufacturing
Tabana Ni Buli Yaya
6.7%
Tourism 55,500,000 18.0%
Finance 56,529,000 18.4%

FIJIAN HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

In accordance with a resolution of the Board of Directors, the directors of Fijian Holdings Limited ('the Company") present their report together with the financial statements of the Company and the Fijian Holdings Limited Group ("the Group") being the Company, its controlled entities (see note 20 for investments in subsidiaries) and associates for the year ended 30 June 2018.

1. DIRECTORS

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

Adrian Sofield - Chairman
Iowane Naiveli
Sakiusa Raivoce
Aisea Waka Vosailagi
Anthony Whitton
Sanjit Patel
Robert Lyon
Yogesh Karan
Isikeli Tikoduadua - 'A' class Shareholders' Representative

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment. The principal activities of the Group are the production and sale of cement, concrete and concrete products, investment and rental of property, fund management, stock broking, asset, loan financing and acceptance of term deposits, provision of sea transportation services and boat charters, cruise ship operations, commercial free to air broadcasting services, selling and servicing of radio, television and communications, retailing and wholesaling of general merchandise, and owners and administrators of properties.

3. TRADING RESULTS

The profit after income tax of the Group attributable to the members of the Company for the year ended 30 June 2018 was $25.662 million (2017: $21.892 million) and for the Company was $23.298 million (2017: $22.986 million).

4. DIVIDENDS

The directors declared and paid a final dividend of $3.717 million (2017: $3.655 million) for "A" class and "B" class shareholders from the profits for the year ended 30 June 2017. The Company also paid an interim dividend of $3.717 million (2017: $3.686 million) for "A" class and "B" class shareholders during the year.

5. BAD AND DOUBTFUL DEBTS

The directors took reasonable steps before the Company's and the Group's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for doubtful debts.

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 amount of the allowance for doubtful debts, inadequate to any substantial extent.

6. ASSETS

The directors took reasonable steps before the Company's and the Group's financial statements were made out to ascertain that the assets of the Company and of the Group were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

7. SIGNIFICANT EVENTS

As at the date of this report the directors are not aware of any other significant events, other than those already included in the financial statements.

8. RELATED PARTY TRANSACTIONS

In the opinion of the directors all related party transactions have been adequately recorded in the books of the Company and its subsidiaries and reflected in the attached financial statements.

9. OTHER CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render any amounts stated in the financial statements misleading.

10. UNUSUAL TRANSACTIONS

The results of the Company's and the Group's operations during the financial year have not, in the opinion of the directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

11. 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, in the opinion of the directors of the Company, to affect significantly the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group, in subsequent financial years.

12. GOING CONCERN

The Directors consider that the Company and the Group will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Company and the Group will be able to continue its operations for at least 12 months from the date of signing this report.

13. DIRECTORS' INTERESTS

Interests of directors and any additions thereto during the year and up to the date of this report in the ordinary shares of the Company are as follows:

	Beneficially		Non-beneficially	
	Additions	Holding	Additions	Holding
Sakiusa Raivoce	-	101,000	-	-
Aisea Waka Vosailagi	-	-	-	20,760,977

No director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or related corporation with the director or with a firm 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 of Directors by authority of a resolution of the Directors.

Dated this 23rd day of August 2018.

Chairperson

Director

In the opinion of the directors:

(a) the accompanying statements of profit or loss and other comprehensive income of the Company and of the Group are drawn up so as to give a true and fair view of the results of the Company and of the Group for the year ended 30 June 2018,

(b) the accompanying statements of financial position of the Company and of the Group are drawn up so as to give a true and fair view of the state of the affairs of the Company and of the Group as at 30 June 2018,

(c) the accompanying statements of changes in equity of the Company and of the Group are drawn up so as to give a true and fair view of the movement in shareholders' funds for the year ended 30 June 2018,

(d) the accompanying statements of cash flows of the Company and of the Group are drawn up so as to give a true and fair view of the cash flows of the Company and of the Group for the year ended 30 June 2018,

(e) at the date of this statement, there are reasonable grounds to believe that the Company and its subsidiaries 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 Company and the Group and reflected in the attached financial statements; and

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

For and on behalf of the Board of Directors by authority of a resolution of the Directors.

Dated this 23rd day of August 2018.

Chairperson

Director

KPMG

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fijian Holdings Limited ("the Company") and the consolidated financial statements of the Company and its controlled entities (the "Group"), which comprise the statements of financial position as at 30 June 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and of the Group as at 30 June 2018, and of their financial performance and 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 (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics standards Board for Accountants Code of Ethics for Professional Accountant (IESBA), the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Goodwill ($53m) – Group</th></tr>
<tr><td colspan="2">Refer to Note 2.9 and 19 to the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's annual testing of goodwill for impairment has been assessed as a key audit matter, given the size of the balance (being 9% of total assets) and the degree of judgement applied by us on assumptions applied by the Group, including those which are affected by expected future market or economic conditions.

We focussed on the significant forward-looking assumptions the Group applied in their value in use model, including:

• forecast cash flows – adverse weather conditions and resort closures can impact the Group through route cancellations and deferrals.

• discount rate - this varies according to the conditions and environment and is sensitive to changes, reducing available headroom.

These conditions increase the risk of inaccurate forecasts and the possibility of goodwill being impaired.</td><td>Our procedures included:

• Considering the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards.

• Assessing the integrity of the value in use model used, including the accuracy of the underlying calculation formulas.

• Comparing the forecast cash flows contained in the value in use model to Board approved forecasts.

• Assessing the accuracy of previous Group forecasts to help evaluate the forecasts incorporated in the model.

• Considering the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

• Comparing the consistency of the growth rate to the Group's stated plan and strategy, past performance, industry trends and our experience regarding the feasibility of these in the industry and economic environment in which they operate.</td></tr>
</table>

KPMG

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
	• Comparing the discount rate to publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • Assessing the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Valuation of unlisted securities ($300m) – Company	
Refer to Note 2.4 and 20 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**

Unlisted securities are measured at fair value and classified as fair value through other comprehensive income in the Company level non-consolidated financial statements. The valuation of unlisted securities is a key audit matter due to the nature of these investments in unlisted companies (investee companies) and the greater judgement associated with valuing them. We focused on gathering evidence in respect to the valuation techniques used by the Company, unobservable inputs used in the valuation techniques and the performance of the investee companies.	Our procedures included:
	• Assessing the capitalisation of dividends approach, net tangible assets approach and future maintainable earnings valuation techniques used by the Company considering the extent of controlling interest, purpose, nature and the profitability history of the investee companies.
	• Assessing the significant unobservable inputs in the investee company valuations of capitalization rates, forecast dividend yield, adjusted market multiples, forecasted earnings and recoverable amount of net tangible assets as follows;
	  ◦ Comparing investee companies' performance and net assets included in the future maintainable earnings valuation technique to the respective audited financial statements of the investee companies
	  ◦ Considering dividends received from investee companies over the last four years to the future profitability/EBITDA included in the capitalisation of dividends approach valuation technique.
	  ◦ Comparing Price Earnings ratios/EBITDA multiples included in the future maintainable earnings valuation technique to publicly available information for similar listed entities.
	• Considering events that occurred subsequent to the year end up until the date of this audit report and their impact to the underlying assumptions of the valuations;
	• Performing sensitivity of the valuation by varying key assumptions, such as capitalization rates and forecast dividend yield rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; and
	• Considering the appropriateness of the disclosures in the financial statements in respect of unlisted securities against the requirements of the accounting standards.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein of this other information, we are required to communicate that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company and 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

KPMG

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged 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 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Report on Other Legal and Regulatory Requirements

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

In our opinion:

i) proper books of account have been kept by the Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and

ii) to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Steve Nutley.

KPMG

KPMG

23 August, 2018

Suva, Fiji

Steve Nutley, Partner

KPMG

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 395 OF THE COMPANIES ACT 2015

To: the Directors of Fijian Holdings Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 30 June 2018 and up to the date of this report there have been:

i. no contraventions of the Auditor independence requirements as set out in the Companies Act 2015 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

23 August, 2018

Suva, Fiji

Steve Nutley, Partner

	Note	Group 2018 $'000	Group 2017 $'000
Revenue			
Operating revenue	35	306,914	300,690
Other income	5(a)	4,572	3,537
		311,486	304,227
Expenses			
Changes in inventories of finished goods and work in progress		(94,545)	(96,225)
Raw materials and consumables used		(49,799)	(51,861)
Direct operating expenses		(29,345)	(27,422)
Staff costs		(27,941)	(25,749)
Depreciation and amortisation		(14,740)	(10,501)
Impairment loss on property, plant & equipment		(400)	-
Impairment loss on loans, advances and receivables		(2,270)	(6,277)
Other operating expenses	5(b)	(47,170)	(49,026)
		(266,210)	(267,061)
Operating profit		45,276	37,166
Finance income – interest revenue		162	143
Finance income – other		56	137
Finance costs – other		(5,190)	(4,095)
Net finance costs	6	(4,972)	(3,815)
Share of profit in associates, net of tax	23	2,690	3,872
Profit before income tax		42,994	37,223
Income tax expense	7(a)	(7,285)	(6,152)
Profit after tax		35,709	31,071
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI – net change in fair value		8,570	-
Revaluation of property, plant and equipment	15(g)	-	1,164
Total items that will not be reclassified to profit or loss		8,570	1,164
Items that are or may be reclassified subsequently to profit or loss			
Available-for-sale financial assets – net change in fair value		-	3,748
Net change in foreign currency translation Reserve		10	(319)
Total items that are or may be reclassified subsequently to profit or loss		10	3,429
Other comprehensive income, net of tax		**8,580**	**4,593**
Total comprehensive income		44,289	35,664

The statements of profit or loss and other comprehensive income are to be read in conjunction with the accompanying notes.

	Note	Group 2018 $'000	2017 $'000
ASSETS			
Cash and cash equivalents	10(a)	14,705	21,027
Debt securities	11	23,001	21,986
Equity securities	20	25,382	23,177
Investments in associates	23	28,955	20,161
Loans, advances and receivables	12	166,379	155,451
Inventories	14	35,869	34,791
Current tax asset	7(b)	79	-
Assets held for sale	17	100	1,416
Investment properties	18	45,790	36,739
Property, plant and equipment	15	143,003	138,328
Intangible assets	19	61,864	62,296
Right of use assets	8	15,750	-
Other assets	16	4,622	4,553
Deferred tax assets	7(c)	6,746	5,139
Total assets		**572,245**	**525,064**
LIABILITIES			
Payables	24	30,755	35,584
Contract liabilities		8,905	-
Dividends payable	26	2,401	1,668
Employee entitlements	25	1,866	1,470
Lease liabilities	8	16,248	-
Current tax liability	7(b)	-	392
Borrowings	27	219,993	225,619
Deferred tax liabilities	7(c)	14,101	9,958
Total liabilities		**294,269**	**274,691**
Net assets		**277,976**	**250,373**
SHAREHOLDERS EQUITY			
Share capital	28	30,465	30,465
Reserves	29	31,300	24,998
Retained earnings		164,682	146,728
Attributable to members of the holding company		226,447	202,191
Non-controlling interest	22	51,529	48,182
Total shareholders' equity		**277,976**	**250,373**

These financial statements have been approved in accordance with a resolution of the Board of Directors.

For and on behalf of the Board.

Chairperson **Director**

The statements of financial position are to be read in conjunction with the accompanying notes.

	Note	Group		Company	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Revenue					
Operating revenue	35	306,914	300,690	27,905	26,909
Other income	5(a)	4,572	3,537	237	164
		311,486	304,227	28,142	27,073
Expenses					
Changes in inventories of finished goods and work in progress		(94,545)	(96,225)	-	-
Raw materials and consumables used		(49,799)	(51,861)	-	-
Direct operating expenses		(29,345)	(27,422)	-	-
Staff costs		(27,941)	(25,749)	(1,528)	(1,383)
Depreciation and amortisation		(14,740)	(10,501)	(197)	(120)
Impairment loss on property, plant & equipment		(400)	-	-	-
Impairment loss on loans, advances and receivables		(2,270)	(6,277)	-	-
Other operating expenses	5(b)	(47,170)	(49,026)	(1,814)	(1,934)
		(266,210)	(267,061)	(3,539)	(3,437)
Operating profit		45,276	37,166	24,603	23,636
Finance income – interest revenue		162	143	715	863
Finance income – other		56	137	-	-
Finance costs – other		(5,190)	(4,095)	(1,933)	(2,124)
Net finance costs	6	(4,972)	(3,815)	(1,218)	(1,261)
Share of profit in associates, net of tax	23	2,690	3,872	-	-
Profit before income tax		42,994	37,223	23,385	22,375
Income tax (expense)/ benefit	7(a)	(7,285)	(6,152)	(87)	611
Profit after tax		35,709	31,071	23,298	22,986
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Equity investments at FVOCI – net change in fair value		8,570	-	18,525	-
Revaluation of property, plant and equipment	15(g)	-	1,164	-	-
Total items that will not be reclassified to profit or loss		8,570	1,164	18,525	-
Items that are or may be reclassified subsequently to profit or loss					
Available-for-sale financial assets – net change in fair value		-	3,748	-	21,369
Net change in foreign currency translation reserve		10	(319)	-	-
Total items that are or may be reclassified subsequently to profit or loss		10	3,429	-	21,369
Other comprehensive income, net of tax		**8,580**	**4,593**	**18,525**	**21,369**
Total comprehensive income		44,289	35,664	41,823	44,355

The statements of profit or loss and other comprehensive income are to be read in conjunction with the accompanying notes.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(CONTINUED)

	Note	Group 2018 $'000	Group 2017 $'000
Profit attributable to:			
Equity holders of the holding company		25,662	21,892
Non-controlling interest	22	10,047	9,179
		35,709	31,071
Total comprehensive income attributable to:			
Equity holders of the holding company		34,238	26,084
Non-controlling interest	22	10,051	9,580
		44,289	35,664
		Cents	Cents
Basic and diluted earnings per share	31	84	72

The statements of profit or loss and other comprehensive income are to be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Cash and cash equivalents	10(a)	14,705	21,027	153	156
Debt securities	11	23,001	21,986	-	-
Equity securities	20	25,382	23,177	307,676	281,899
Investments in associates	23	28,955	20,161	-	-
Loans, advances and receivables	12	166,379	155,451	30,368	29,782
Inventories	14	35,869	34,791	-	-
Current tax asset	7(b)	79	-	340	340
Assets held for sale	17	100	1,416	-	-
Investment properties	18	45,790	36,739	-	-
Property, plant and equipment	15	143,003	138,328	186	155
Intangible assets	19	61,864	62,296	-	-
Right of use assets	8	15,750	-	416	-
Other assets	16	4,622	4,553	15	15
Deferred tax assets	7(c)	6,746	5,139	847	892
Total assets		**572,245**	**525,064**	**340,001**	**313,239**
LIABILITIES					
Payables	24	30,755	35,584	657	462
Contract liabilities		8,905	-	-	-
Dividends payable	26	2,401	1,668	-	-
Employee entitlements	25	1,866	1,470	409	274
Lease liabilities	8	16,248	-	430	-
Current tax liability	7(b)	-	392	-	-
Borrowings	27	219,993	225,619	42,964	51,393
Deferred tax liabilities	7(c)	14,101	9,958	42	-
Total liabilities		**294,269**	**274,691**	**44,502**	**52,129**
Net assets		**277,976**	**250,373**	**295,499**	**261,110**
SHAREHOLDERS EQUITY					
Share capital	28	30,465	30,465	30,465	30,465
Reserves	29	31,300	24,998	128,364	109,839
Retained earnings		164,682	146,728	136,670	120,806
Attributable to members of the holding company		226,447	202,191	295,499	261,110
Non-controlling interest	22	51,529	48,182	-	-
Total shareholders' equity		**277,976**	**250,373**	**295,499**	**261,110**

These financial statements have been approved in accordance with a resolution of the Board of Directors.

For and on behalf of the Board.

Chairperson

Director

The statements of financial position are to be read in conjunction with the accompanying notes.

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash flows from operating activities:					
Cash receipts from customers		282,525	291,417	-	-
Cash paid to suppliers and employees		(241,195)	(257,972)	(3,014)	(3,530)
Cash generated from/ (used in) operating activities		41,330	33,445	(3,014)	(3,530)
Dividends received		4,256	3,564	12,764	16,440
Management fees received		-	-	1,750	1,047
Management fees paid		(3,229)	(2,244)	-	-
Net customer loans granted		(6,261)	(7,438)	-	-
Net (decrease)/increase in deposits		(1,393)	5,875	-	-
Interest received		21,178	22,130	339	617
Other income received		493	-	152	112
Interest paid		(10,922)	(9,318)	(1,932)	(2,172)
Income taxes paid	7(b)	(5,130)	(7,897)	-	-
Net cash from operating activities		**40,322**	**38,117**	**10,059**	**12,514**
Cash flows from investing activities:					
Acquisition of property, plant and equipment and investment properties		(22,615)	(30,618)	(104)	(118)
Payment for share deposit		(600)	-	(600)	-
Investment in equity securities		(2,928)	(77)	-	-
Proceeds from disposal of equity securities		7	-	-	-
Proceeds from disposal of property, plant and equipment and assets held for sale		162	311	28	27
Acquisition of intangible assets		(104)	(28)	-	-
Net advances from subsidiaries		-	-	1,103	3,500
Net cash (used in)/ from investing activities		**(26,078)**	**(30,412)**	**427**	**3,409**
Cash flows from financing activities:					
Dividends paid to the holding company's shareholders	9	(7,434)	(7,341)	(7,434)	(7,341)
Payments for debt securities		(1,723)	(1,005)	-	-
Dividends paid to non-controlling interests	22	(5,711)	(7,577)	-	-
Payment for lease liabilities		(1,542)	-	(114)	-
Net movement in loans		(1,039)	3,781	(2,756)	(3,663)
Net cash used in financing activities		**(17,449)**	**(12,142)**	**(10,304)**	**(11,004)**
Net (decrease)/increase in cash and cash equivalents		(3,205)	(4,437)	182	4,919
Cash and cash equivalents at beginning of year		4,022	8,502	(4,278)	(9,197)
Effect of exchange rate changes on cash		(2)	(43)	-	-
Cash and cash equivalents at end of year	10(a)	815	4,022	(4,096)	(4,278)

The statements of cash flows are to be read in conjunction with the accompanying notes.

Group

	Attributable to owners of the Company					
	Share Capital $'000	**Other Reserves[1] $'000**	**Retained Earnings $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
Balance at 1 July 2016	30,465	20,824	132,177	183,466	47,072	230,538
Total comprehensive income						
Profit	-	-	21,892	21,892	9,179	31,071
Other comprehensive income	-	4,192	-	4,192	401	4,593
Total comprehensive income	-	4,192	21,892	26,084	9,580	35,664
Transactions with owners of the Company						
Contributions and distributions						
Dividends paid to owners of the Company	-	-	(7,341)	(7,341)	(8,459)	(15,800)
Total contributions and distributions	-	-	(7,341)	(7,341)	(8,459)	(15,800)
Changes in ownership interests						
Acquisition of subsidiary with NCI	-	-	-	-	(11)	(11)
Decrease in non-controlling interest through acquisition	-	(18)	-	(18)	-	(18)
Total changes in ownership interests	-	(18)	-	(18)	(11)	(29)
Total transactions with owners of the Company	-	(18)	(7,341)	(7,359)	(8,470)	(15,829)
Balance at 30 June 2017	30,465	24,998	146,728	202,191	48,182	250,373
Balance 1 July 2017	30,465	24,998	146,728	202,191	48,182	250,373
Impact of adjustment on initial application of IFRS 9 (net of tax)	-	(620)	(274)	(894)	(218)	(1,112)
Adjusted balance at 1 July 2017	30,465	24,378	146,454	201,297	47,964	249,261
Total comprehensive income						
Profit	-	-	25,662	25,662	10,047	35,709
Other comprehensive income	-	8,576	-	8,576	4	8,580
Total comprehensive income	-	8,576	25,662	34,238	10,051	44,289
Transactions with owners of the Company						
Contributions and distributions						
Dividends paid to owners of the Company	-	-	(7,434)	(7,434)	(6,436)	(13,870)
Total contributions and distributions	-	-	(7,434)	(7,434)	(6,436)	(13,870)
Changes in ownership interests						
Acquisition of NCI	-	-	-	-	(50)	(50)
Decrease in non-controlling interest through acquisition	-	(1,654)	-	(1,654)	-	(1,654)
Total changes in ownership interests	-	(1,654)	-	(1,654)	(50)	(1,704)
Total transactions with owners of the Company	-	(1,654)	(7,434)	(9,088)	(6,486)	(15,574)
Balance at 30 June 2018	30,465	31,300	164,682	226,447	51,529	277,976

(1) See note 29

The statements of changes in equity are to be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Company

	Attributable to owners of the Company					
	Share Capital $'000	**Other Reserves[1] $'000**	**Retained Earnings $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
Balance at 1 July 2016	30,465	88,470	105,161	224,096	-	224,096
Total comprehensive income						
Profit	-	-	22,986	22,986	-	22,986
Other comprehensive income	-	21,369	-	21,369	-	21,369
Total comprehensive income	-	21,369	22,986	44,355	-	44,355
Transactions with owners of the Company						
Contributions and distributions						
Dividends paid to owners of the Company	-	-	(7,341)	(7,341)	-	(7,341)
Total contributions and distributions	-	-	(7,341)	(7,341)	-	(7,341)
Total transactions with owners of the Company	-	-	(7,341)	(7,341)	-	(7,341)
Balance at 30 June 2017	30,465	109,839	120,806	261,110	-	261,110
Balance at 1 July 2017	30,465	109,839	120,806	261,110	-	261,110
Total comprehensive income						
Profit	-		23,298	23,298	-	23,298
Other comprehensive income	-	18,525	-	18,525	-	18,525
Total comprehensive income	-	18,525	23,298	41,823	-	41,823
Transactions with owners of the Company						
Contributions and distributions						
Dividends paid to owners of the Company	-	-	(7,434)	(7,434)	-	(7,434)
Total contributions and distributions	-	-	(7,434)	(7,434)	-	(7,434)
Total transactions with owners of the Company	-	-	(7,434)	(7,434)	-	(7,434)
Balance at 30 June 2018	30,465	128,364	136,670	295,499	-	295,499

(1) See note 29

The statements of changes in equity are to be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION

Fijian Holdings Limited ("the Company") is incorporated and domiciled in Fiji and its registered office and principal place of business is located at 7th Floor, Ra Marama House, 91 Gordon Street, Suva, Fiji.

The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "group entities") and the group's interest in associates. The Company and its subsidiaries are incorporated and domiciled in Fiji and Papua New Guinea.

The principal activity of the Company is investment. The principal activities of the Group are the production and sale of cement, concrete and concrete products, investment and rental of property, fund management, stock broking, asset and loan financing and acceptance of term deposits, provision of sea transportation services and boat charters, cruise ship operations, commercial free to air television broadcasting services, selling and servicing of radio, television and communications, retailing and wholesaling of general merchandise, and owners and administrators of properties. The Company is listed on the South Pacific Stock Exchange.

These consolidated financial statements were authorised for issue by the Board of Directors on 23 August 2018.

1.1 Statement of compliance

The Company and consolidated financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board and the requirements of Companies Act 2015.

1.2 Basis of accounting

These consolidated financial statements have been prepared under the historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	**Measurement bases**
Equity securities	Fair value
Investment properties	Fair value
Island properties	Fair value

Standards, amendments and interpretations issued but not yet effective
Apart from the early adoption of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2017, and have not been applied in preparing these financial statements. None of the new standards is expected to have a significant effect on the financial statements of the Company and the Group.

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies

Except for the changes below, the Company and the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

A. IFRS 9 *Financial Instruments*

The Group has early adopted IFRS 9 *Financial Instruments* issued in July 2014 with a date of initial application of 1 July 2017. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

As a result of the adoption of IFRS 9, the Group adopted consequential amendments to IAS 1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures for 2018 but generally have not been applied to comparative information.

i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 2.4.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 2.4.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 (2014) have been applied retrospectively, except as described below.

– Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 July 2017. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

– The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

– If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The following table summarises the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings at 1 July 2017.

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

A. IFRS 9 *Financial Instruments (continued)*

iii. Transition (continued)

	$'000
Fair value reserve	
Closing balance under IAS 39 (30 June 2017)	7,539
Remeasurement of debt securities at amortised cost	(620)
Opening balance under IFRS 9 (1 July 2017)	6,919
Retained earnings	
Closing balance under IAS 39 (30 June 2017)	146,728
Recognition of expected credit losses under IFRS 9	(336)
Related tax	62
Opening balance under IFRS 9 (1 July 2017)	146,454
Non-controlling interests	
Closing balance under IAS 39 (30 June 2017)	48,182
Recognition of expected credit losses under IFRS 9	(229)
Related tax	11
Opening balance under IFRS 9 (1 July 2017)	47,964

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2017.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 $'000	New carrying amount under IFRS 9 $'000
Financial assets					
Debt securities	11	Available-for-sale	Amortised cost	21,986	21,211
Equity securities	20	Available-for-sale	FVOCI – equity instrument	23,177	23,177
Loans, advances and receivables	12	Loans and receivables	Amortised cost	155,451	155,041
Cash and cash equivalents	10 (a)	Loans and receivables	Amortised cost	21,027	21,027
Total financial assets				221,641	220,456
Financial liabilities					
Payables	24	Other financial liabilities	Other financial liabilities	35,584	35,584
Borrowings	27	Other financial liabilities	Other financial liabilities	225,619	225,619
Total financial liabilities				261,203	261,203

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

A. IFRS 9 *Financial Instruments (continued)*

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (continued)

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2017.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 $'000	New carrying amount under IFRS 9 $'000
Financial assets					
Equity securities	20	Available-for-sale	FVOCI – equity instrument	281,899	281,899
Loans, advances and receivables	12	Loans and receivables	Amortised cost	29,782	29,782
Cash and cash equivalents	10 (a)	Loans and receivables	Amortised cost	156	156
Total financial assets				311,837	311,837
Financial liabilities					
Payables	24	Other financial liabilities	Other financial liabilities	462	462
Borrowings	27	Other financial liabilities	Other financial liabilities	51,393	51,393
Total financial liabilities				51,855	51,855

The Group's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2.4. The application of these policies resulted in the reclassifications set out in the table above and explained below.

a. Debt securities that were previously classified as available-for-sale are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

b. These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

c. Loans, advances and receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2017.

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

A. IFRS 9 *Financial Instruments (continued)*

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (continued)

Group

	IAS 39 carrying amount at 30 June 2017 $'000	Reclassification $'000	Remeasurement $'000	IFRS 9 carrying amount at 1 July 2017 $'000
Financial assets				
Amortised cost				
Loans, advances and receivables				
Brought forward: Loans and receivables	155,451			
Remeasurement			(410)	
Carried forward: Amortised cost				155,041
Debt securities				
Brought forward: Available for sale	21,986			
Remeasurement			(775)	
Carried forward: Amortised cost				21,211
Total amortised cost	177,437		(1,185)	176,252
FVOCI				
Equity investments				
Brought forward: Available for sale	23,177			
Reclassified to: FVOCI – equity		(23,177)		
FVOCI – equity				
Investments securities				
Brought forward: Available for sale		23,177		
Carried forward: FVOCI - equity				23,177
Total FVOCI	23,177	-		23,177

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

A. IFRS 9 *Financial Instruments (continued)*

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (continued)

Company

	IAS 39 carrying amount at 30 June 2017 $'000	Reclassification $'000	Remeasurement $'000	IFRS 9 carrying amount at 1 July 2017 $'000
Financial assets				
FVOCI				
Equity investments				
Brought forward: Available for sale	281,899			
Reclassified to: FVOCI – equity		(281,899)		
FVOCI – equity				
Investments securities				
Brought forward: Available for sale		281,899		
Carried forward: FVOCI - equity				281,899
Total FVOCI	281,899	-		281,899

The following table reconciles:

- the closing impairment allowance for financial assets in accordance with IAS 39 and provisions for loan commitments in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at 30 June 2017; to
- the opening ECL allowance determined in accordance with IFRS 9 as at 1 July 2017.

	30 June 2017 (IAS 39/ IAS 37) $'000	Reclassification $'000	Remeasurement $'000	1 July 2017 (IFRS 9) $'000
Loans and receivables under IAS 39/financial assets at amortised cost under IFRS 9 (includes loans, advances and receivables)	8,081		410	8,491
	8,081		410	8,491

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

B. IFRS 15 Revenue from Contracts with Customers

The Group has early adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 July 2017. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The Group has applied IFRS 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 July 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of changes and quantitative impact of the changes, by segment (where applicable), are set out below.

i. Construction

Revenue from construction services

Previously, the Group recognised revenue from construction services by reference to the state of completion of the contract based on the construction costs incurred. Under IFRS 15, revenue is recognised with reference to the satisfaction of performance obligation over time. Despite the level of costs incurred, revenue will only be recognised once performance obligation fulfilment can be assessed.

The impact as at 1 July 2017 as a result of changes in accounting for contracts is $Nil. This is because as at 1 July 2017, there were no contracts that were determined to be not complete.

ii. Tourism

Rendering of services

The Group is involved in providing day cruises, island resort connections, holiday packages, and cruise to the Yasawa Island and boat charters. Revenue from these services were previously recognised when a customer boarded the vessel, which was taken to be the point in time at which the customer accepted the service and the related risks and rewards of the service transferred. Revenue was recognised at that point provided that the revenue could be measured reliably and the recovery of the consideration was probable.

Under IFRS 15 revenue is recognised by an entity when or as it satisfies a performance obligation by transferring a service to a customer, either at a point in time (when) or over time (as). For two of the services provided by the Group, being a return island connection and cruise to the Yasawa Islands, the customer simultaneously receives and consumes the benefits provided as the Group performs. This has resulted in revenue being recognised over time under IFRS 15 which was previously at a point in time under IAS 18.

The impact as at 1 July 2017 as a result of changes in accounting for contracts is $Nil. This is because as at 1 July 2017, there were no contracts that were determined to be not complete.

Revenue from sale of goods and services was not quantitatively impacted from the adoption of IFRS 15.

C. IFRS 16 Leases

The Company and the Group applied IFRS 16 with a date of initial application of 1 July 2017. As a result, the Company and the Group has changed its accounting policy for lease contracts as detailed below.

The Company and the Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2017. The details of the changes in accounting policies are disclosed below.

i. Definition of a lease

Previously, the Company and the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company and the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2.15.

On transition to IFRS 16, the Company and the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2017.

2. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

C. IFRS 16 Leases (continued)

ii. As a lessee

As a lessee, the Company and the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Company and the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company and the Group decided to apply recognition exemptions to short-term leases of space (see Note 2.15). For leases of other assets, which were classified as operating under IAS 17, the Company and the Group recognised right-of-use assets and lease liabilities.

a. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company and the Group's incremental borrowing rate as at 1 July 2017. Right-of-use assets are measured at either:

– their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessees incremental borrowing rate at the date of initial application – the Company and the Group did not apply this approach; or
– an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Company and the Group applied this approach to all leases.

The Company and the Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

– Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
– Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

b. Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of- use asset and the lease liability at 1 July 2017 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

iii. As a lessor

The Company and the Group are not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. The Company and the Group has a sub-lease contract.

Under IFRS 16 the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease continues to be classified operating lease under IFRS 16, hence, there has been no impact on transition to IFRS 16 in relation to the sub-lease.

1. GENERAL INFORMATION (continued)

1.2 Basis of accounting (continued)

Changes in accounting policies (continued)

C. IFRS 16 Leases (continued)

iv. Impacts on financial statements

On transition to IFRS 16, the Group recognised an additional $16.385 million of right-of-use assets and lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 July 2017. The weighted-average rate applied is 7%.

	$'000
Operating lease commitment at 30 June 2017 as disclosed in the Group's consolidated financial statements	21,082
Discounted using the incremental borrowing rate at 1 July 2017	11,290
– Recognition exemption for:	
– short-term leases	(1,246)
– leases of low value assets	(11)
– Extension and termination options reasonably certain to be exercised	6,558
– Variable lease payments based on an index or a rate	(206)
Lease liabilities recognised at 1 July 2017	16,385

On transition to IFRS 16, the Company recognised an additional $544,000 of right-of-use assets and lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 July 2017. The weighted-average rate applied is 7%.

	$'000
Operating lease commitment at 30 June 2017 as disclosed in the Group's consolidated financial statements	630
Discounted using the incremental borrowing rate at 1 July 2017	544
Lease liabilities recognised at 1 July 2017	544

1.3 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 2.1(i) – Business combinations
Note 2.4 – Equity investments at FVOCI (2017: Available for sale financial assets)
Note 2.4.6 – Financial assets impairment
Note 2.5 – Property, plant and equipment impairment
Note 2.6 – Investment properties impairment and valuation
Note 2.10 – Intangible assets impairment

1. GENERAL INFORMATION (continued)

1.4 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Fiji Dollars, which is the Company's and the Group's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Company and consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in the method of accounting for financial instruments, leases and revenue (see note 1.2).

2.1 Principles of consolidation

i. Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the acquiree, the difference is recognised directly in profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

The fair value of the identifiable net assets is based on valuations performed by independent experts.

Consideration transferred includes the fair values of the assets transferred and liabilities incurred by the Group to the previous owners of the acquiree. Consideration transferred also includes the fair value of any contingent consideration.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Principles of consolidation (continued)

ii. Subsidiaries

Subsidiaries are all those entities over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

iii. Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree at the date of acquisition. Changes in the Groups 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 transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses on these transactions are also eliminated. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

vi. Interests in equity accounted investees

Associates are those entities over which the Group has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost which includes transaction costs.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising on investments in associates are recognised in profit or loss.

2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Fijian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. If the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

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

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date. For the purposes of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are included within borrowings in liabilities on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments

2.4.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company and 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.

2.4.2 Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2017

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

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

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

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 – Policy applicable from 1 July 2017

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 July 2017

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 – Policy applicable from 1 July 2017

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Financial assets – Policy applicable before 1 July 2017

Financial assets are classified into the following categories: at fair value through profit or loss, held-to-maturity, available-for-sale, and loans and receivables. The classification is dependent on the purpose for which the financial assets are acquired. Management determines the classification of investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date, which is the date the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement (continued)

Financial assets – Policy applicable before 1 July 2017 (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(b) Held-to-maturity investments

Investments which management has the intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current. The group's loans and receivables comprise of 'cash and cash equivalents' and 'loans, advances and receivables'.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity assets are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'fair value (losses)/gains' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognised through other comprehensive income are included in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 FVTPL 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 the 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.3 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.

2.4.4 Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (2.4.3)) and a new financial asset is recognised at fair value.

Policy applicable from 1 July 2017

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (2.4.6)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see (2.22)).

Policy applicable before 1 July 2017

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate (see (2.4.6)).

2.4.5 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.

2.4.6 Impairment

Policy applicable from 1 July 2017

Financial instruments

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

No impairment loss is recognised on equity investment.

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

– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.6 Impairment (continued)

Policy applicable from 1 July 2017 (continued)

Financial instruments (continued)

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

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

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

– the borrower is unlikely to pay its credit obligations to the 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.

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 Company considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & 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. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down 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 and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

– significant financial difficulty of the borrower or issuer;

– a breach of contract such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial instruments (continued)

2.4.6 Impairment (continued)

Policy applicable from 1 July 2017 (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

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.

Policy applicable before 1 July 2017

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. The Group considers a decline of 20% to be significant and a period of twelve months to be prolonged. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss as part of provision for doubtful debts. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against provision for doubtful debts in profit or loss.

Loans and advances are recognised at recoverable amount after assessing the required allowance for impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and estimation of expected losses in relation to loan portfolios where specific identification is impracticable. Bad debts are written off when identified. If an allowance for impairment has been recognised in relation to a loan, write-offs for bad debts are made against the allowance. If no allowance for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for island properties which are shown at fair value.

Freehold land is shown at cost and improvements are shown at cost less accumulated depreciation. Island properties are shown at fair value based on valuations by external independent valuers. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Subsequent to initial recognition, increases in the carrying amount arising on revaluation of island properties are credited to other comprehensive income and recorded as revaluation reserve in shareholders' equity. Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in equity; all other decreases are charged as an expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 2.10).

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major improvements, renovations and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

(iii) Depreciation and amortisation

Freehold land and island properties are not depreciated. Leasehold properties, plant and equipment and other assets are depreciated and amortised on the straight line basis over their estimated useful lives, using the following depreciation rates:

	Rate
Leasehold land and improvements	Term of lease
Buildings	1.25% - 10%
Plant and equipment:	
- machinery, furniture & fittings and office equipment	2.50% - 40%
- motor vehicles	15% - 33%
- vessels	3% - 33%
Software	20%

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

(iv) Reclassification to investment property

When the use of a property changes from owner- occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arsing on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on a specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Rental income from investment property is accounted for as described in accounting policy 2.16.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve (see note 2.5(iv)) is transferred to retained earnings.

2.7 Assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) are classified as held-for-sale if it is highly probable that their value will be recovered primarily through sale rather than through continuing use. Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell and are no longer amortised or depreciated.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as discontinued operations, the statement of profit or loss and other comprehensive income is re-presented as if the operations had been discontinued from the start of the comparative year.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of raw materials, stores and supplies includes all costs of acquisition, calculated on the first-in-first-out or weighted average cost basis. Finished goods and work in process are valued at the actual cost of conversion, including a proportion of fixed and variable factory overheads. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.9 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Management rights

Management rights represent the initial cost paid in acquiring the rights and interest in the Management Agreement between RB Patel Group Limited (a subsidiary of FHL Retailing Ltd) and RB Patel & Co., a New Zealand partnership. Management rights is carried at cost less accumulated amortisation (based on the contract period of the management right) and impairment losses and is subject to annual impairment testing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment losses are recognised in profit or loss in the period in which they arise. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows.

2.11 Trade and other creditors

Trade and other creditors are stated at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Current and deferred income tax

Income tax comprises of current tax and deferred tax. It is recognised in profit or loss unless to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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 in the respective countries, where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised. 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Employee entitlements

Liabilities for annual leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

A liability for long service leave is recognised as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The estimated future cash outflows are discounted using interest rates on government bonds which have terms to maturity that match, as closely as possible, the estimated future cash outflows. Factors which affect the estimated cash outflows, such as expected future salary increases, experience of employee departures and period of service, are incorporated in the measurement.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are incurred.

2.15 Leases

The Company and the Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 1.2.

Policy applicable from 1 July 2017
At inception of a contract, the Company and 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 Company and the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company and the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company and the Group has the right to direct the use of the asset. The Company and the Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company and the Group has the right to direct the use of the asset if either:
  - the Company and the Group has the right to operate the asset; or
  - the Company and the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2017. At inception or on reassessment of a contract that contains a lease component, the Company and the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company and the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases (continued)

Policy applicable before 1 July 2017
For contracts entered into before 1 July 2017, the Company and the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee
Under IFRS 16 – from 1 July 2017
The Company and the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Company and the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Company and the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company and the Group is reasonably certain not to terminate early.

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

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

The Company and the Group presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see note 8).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases (continued)

i. As a lessee (continued)
Under IAS 17 – before 1 July 2017
In the comparative period, as a lessee the Company and the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company and the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii. As a lessor
When the Company and 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 Company and 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 Company and the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company and 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 Company and 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 Company and the Group applies IFRS 15 to allocate the consideration in the contract.

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

The accounting policies applicable to the Company and the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Company and the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

2.16 Revenue recognition

The Group has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of accounting policies under IAS 18 and IAS 11 are disclosed separately if they are different from those under IFRS 15 and the impact of changes is disclosed in Note 1.2(B).

a. Significant accounting policy

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.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and for the consolidated financial statements, after eliminating sales within the Group. Revenue was recognised as follows:

Sales of goods
Revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods had been transferred to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue recognition (continued)

a. Significant accounting policy (continued)

Sales of services
Revenue was generally recognised as and when services were rendered. Fees such as brokerage income and commission arising from negotiating or participating in the negotiation of a transaction for a third party were recognised on completion of the underlying transaction.

Interest income
Interest income was recognised on a time-proportion basis using the effective interest or compound interest method which matched income earned to the funds employed on a constant basis.

Dividend income
Dividend income was recognised when the right to receive payment was established.

Rental income
Rental income was recognised when due. Rental income from investment property was recognised in profit or loss on a straight-line basis over the term of the lease.

b. Nature of goods and services

The following is a description of the principal activities – separated by reportable segments – from which the Group generates its revenue. For more detailed information about reportable segments, see Note 35.

i. Construction

a) Sale of goods and services

The construction segment of the Group manufactures and sells cement, ready-mix concrete, concrete blocks, pavers, aggregates, concrete pipes, beams, power poles, other pre-stressed concrete products, tile adhesives and services as customs clearing agents. The segment recognises revenue when the customer takes possession of the good, when the goods leave the factory premises having been shipped to the customer or receives the service. For customers that prepay, the amount received is recognised as contract liability and revenue is recognised as the segment satisfies their respective performance obligation for the product or service. There is no significant financing component in respect of contract liabilities.

b) Construction services

In the 2017 financial year, the construction segment ventured into the design and building of ready-made homes. The reportable segment enters into individual contracts with each of its customers. Construction of a dwelling is deemed to represent a single performance obligation to the customer, which is a performance obligation satisfied over time. The performance obligation is satisfied progressively over the construction period, with the entity's performance being measured by reference to regular engineer's reports (which represents an output method for measuring progress). The customer controls the asset as it is being created and the reportable segment's service is being performed. Depiction of the transfer or the control of the goods or service to the customer is recognised using the output method.

ii. Property

The property segment generates revenue from rental of investment properties and recognises rental income in accordance with note 2.15(ii).

iii. Finance

The finance segment of the Group generates interest from loans and advances to customers and recognises interest income in accordance with note 2.22.

iv. Tourism

The tourism segment principally generates revenue from providing island resort connections in the Mamanucas and Yasawas, island day cruises, holiday packaging in the Yasawa Islands, cruise to the Yasawa Islands, vessel hires and charters, and sale of food and beverage items. In all products for credit sales, the customers are billed twice on a monthly basis and customers pay on a monthly basis. For customers that prepay, the amount received is recognised as contract liability and revenue is recognised as the Group satisfies the respective performance obligation for the product or service. There is no significant financing component in respect of contract liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue recognition (continued)

b. Nature of goods and services (continued)

iv. Tourism (continued)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Island resort connections in the Mamanucas and Yasawas	An island resort connection involves transferring a customer from Port Denarau Marina to an island resort or vice versa or within island resorts on board the vessels. The transfer can be a one way transfer or a return transfer. The Group recognises revenue as the service of the transfer is provided.
Island day cruises	The Group provides half and full day adventures to various island resorts which are owned and managed by third parties and also to islands which are owned and managed by the Group. An island day cruise package to an island resort includes boat transfers, utilisation of facilities at the island resorts and meals. The package is accounted for as a single performance obligation, as the Group provides a significant service of integrating the various services into a combined output. Revenue from island day cruises is recognised when the service is provided.
Holiday packaging in the Yasawa Islands	The Group provides holiday packages to its guests which includes Island Resort accommodations which are owned and managed by third parties and return transfers to the Island Resorts in the Yasawa Islands. The package is accounted for as a single performance obligation, as the Group provides a significant service of integrating the various services into a combined output. Revenue from holiday packages in the Yasawas is recognised when the guest departs for the package which is the point when the Group has satisfied its performance obligations. Under this arrangement the Group has been assessed to be the principal.
Cruise to the Yasawa Islands	This is a cruise on board the vessel, Fiji Princess. There are three types of cruise offered based on the number of nights being 3 nights, 4 nights and 7 nights cruise in the Yasawa Islands. Revenue from cruise is recognised over time when the cruise night has elapsed.
Vessel hires and charters	The Group provides its vessels for hires and charters where revenue is based on a fixed rate per trip made. Revenue is recognised when the service has been rendered.
Sale of food and beverage items	Sale of food and beverage items occurs on board the vessels and on the islands which the Group manages and owns. Revenue is recognised at the point of sale.

v. Media

The media segment of the Group generates revenue from the operation of commercial free to air and the selling and servicing of radio, television and communications products and multiplex cinemas. Revenue is recognised based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of communication equipment	The Group supplies communication equipment to customers. The equipment's to be supplied together with the quantity, prices and payment terms are governed by a contract and are not subject to change during the duration of the contract. The Group delivers the equipment's to the customer as and when they arrive. The contract states the specific price for each equipment ordered and there is a breakdown of the amount for each equipment. Revenue is recognised as and when the equipment's get delivered to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue recognition (continued)

b. Nature of goods and services (continued)

v. Media

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Advertising	Advertising is based on the purchase orders received from the customers. Advertising slots have various prices based on the length and timing of the advertisement. The advertising schedule is agreed with the customer and entered into the system. Invoices are raised at month end and only includes the revenue for the advertisements that were aired during the month.
Sponsorship	Sponsorship is based on purchase orders received from the customers. The value of the purchase order is divided by the number of sponsored program episodes to determine the amount of revenue per episode. Invoice is raised at month end and only includes the revenue for the number of sponsored episodes that were aired during the month.

vi. Retail

The retail segment of the Group generates revenue from the retailing and wholesaling of general merchandise. Revenue is recognised at a point in time when possession of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

vii. Investment

The investment segment generates revenue from equity investments in the form of dividends and recognises dividend income in accordance with note 2.4.

2.17 Dividend distribution

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date. Dividends are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2001.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely that than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

2.19 Basic and diluted earnings per share

Basic and diluted earnings per share is determined by dividing profit after income tax attributable to shareholders of the holding company by the weighted average number of ordinary shares outstanding during the financial year.

2.20 Rounding

All amounts have been rounded to the nearest thousand dollars except where otherwise noted.

2.21 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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; and
- 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.

2.23 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.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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.

2.24 Contract liabilities

Contract liabilities arise where a customer has paid an amount of consideration prior to the Group performing by transferring the related good or service to the customer. The entire contract liability balance at the beginning of the period of $4,911,000 was recognised as revenue during the year. The yearend contract liability balance represents advanced consideration received from customers.

2.25 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, other than changes resulting from adoption of IFRSs 9, 15 and 16 as noted in note 1.2.

3. ACQUISITION OF INVESTMENTS

Pernix (PNG) Limited
The Company made an investment of $5.3 million in Pernix (PNG) Limited. The percentage shareholding is yet to be determined and will be finalised once Pernix (PNG) Limited is fully operational. Accordingly, the transaction is currently being treated as a share deposit and has been recorded as a noncurrent other receivable.

4 FINANCIAL RISK MANAGEMENT

4.1 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit Sub-Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management is also carried out by Group Finance & Audit Division (GFAD). The GFAD monitors compliance with the Group's risk management policies and framework in relation to risks faced by each company in the Group. A Risk and Compliance Officer who is also part of the Audit Sub-Committee, is responsible for monitoring compliance with Group risk management policies and procedures and for reviewing the risk management framework in relation to the risks faced by the Group. The Group management team is assisted in these functions by an Internal Audit function (established by the Company and an outsourced internal audit team for one of the Group's subsidiaries; Merchant Finance Limited) which undertakes both regular and ad-hoc reviews of management controls and procedures, the results of which are reported directly to the Audit Sub-Committee of the Board.

(a) Market risk
Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads 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. To minimise this risk, the Group implements appropriate strategies to ensure that products and prices remain attractive. The Group operates predominantly in Fiji and Papua New Guinea, and changes to governments and the policies they implement affect the economic situation and ultimately the revenues of the Group. To address this, the Group reviews its pricing and product range regularly and tries to respond appropriately to these changes.

(i) Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. Exchange rate exposures are closely managed within approved policy parameters. Major foreign exchange transactions relate to importation of goods and services with settlement based on spot rates. Foreign currency risk arises from recognised assets and liabilities that are denominated in a currency that is not the Group's functional currency (refer notes 1.5 and 2.21)

The Group procures goods, assets, raw materials and supplies from principal suppliers based predominantly in New Zealand, Australia and Japan. As a measure, prompt settlement of liabilities (and assets if necessary) is exercised by management to minimise the exposure to foreign exchange losses. As an additional measure, the companies negotiate competitive rates with their bankers to minimise losses and maximise gains when foreign exchange receipts and payments become due. The Group's exposure to foreign exchange risk is not material.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as FVOCI (2017: available-for-sale). To manage its price risk arising from investment in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity of other entities that are publicly traded are quoted on the South Pacific Stock Exchange.

Sensitivity analysis

The table below sets out the effect on equity of a reasonably possible increase in the individual equity market prices of listed equities of 5% at 30 June 2018 and 30 June 2017. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Impact on equity	891	616	385	321

An equal change in the opposite direction would have decreased equity by the same amount.

(iii) Interest rate risk

The principal risk to which investments and lending portfolios are exposed, is the risk of loss from fluctuations in future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits from re-pricing bonds.

In one of the Group's subsidiaries; Merchant Finance Limited (MFL), the management of interest rate risk against interest rate gap limits is supplemented by management's regular monitoring of the sensitivity of MFL financial assets and liabilities to various standard interest scenarios and market offerings.

Interest rate risk is managed through: 1) investments; 2) loan pricing; and 3) deposit pricing. MFL always tries to maintain an interest spread that it believes is sufficient to cater for the risk it is taking and is above the cost of its funds and is sufficient to cover operating costs. Interest spread is monitored monthly and is submitted to the Reserve Bank of Fiji (RBF) for monitoring purposes.

The carrying amounts of the Company's and Group's interest bearing financial instruments are set out below:

	Group		Company	
	2018	2017	2018	2017
Financial instrument	$'000	$'000	$'000	$'000
Financial assets				
Deposits with financial institution	13,451	11,711	-	-
Government securities	9,550	10,275	-	-
Cash and cash equivalents	2,071	1,571	102	102
Loans and advances	174,386	167,601	8,919	14,251
	199,458	**191,158**	**9,021**	**14,353**
Financial liabilities				
Bank overdraft	13,890	17,005	4,249	4,434
Bank loans	76,139	77,022	25,125	27,881
Fixed term deposits and short term borrowings (unsecured)	129,964	131,592	13,590	19,078
Total	**219,993**	**225,619**	**42,964**	**51,393**

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Bank overdraft	13,890	17,005	4,249	4,434
Bank loans	68,350	69,187	25,125	27,881
Total	**82,240**	**86,192**	**29,374**	**32,315**

Sensitivity analysis

A 100 basis points (bp) increase in interest rates at the reporting date would have decreased equity and 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 2017.

	Group		Company	
	Equity	**Profit or loss before tax**	**Equity**	**Profit or loss before tax**
	$'000	**$'000**	**$'000**	**$'000**
30 June 2018				
Variable rate instruments	822	822	294	294
30 June 2017				
Variable rate instruments	862	862	323	323

Neither the Company nor the Group is subject to material interest rate risk from financial instruments which are at fixed interest.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and loans and advances to customers and investments in debt securities.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, including outstanding receivables and committed transactions. For potential rental tenants, a screening process, similar to a due diligence is performed, prior to their being granted leases. For banks and financial institutions, only reputable parties are acceptable. As far as practicable, if wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent ranking, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with set limits. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognised in profit or loss were as follows.

	Group	Group
	2018	**2017**
	$'000	**$'000**
Impairment loss on loans, advances and receivables	2,270	6,277

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Comparative information under IAS 39

The summary of the Group's exposure to credit risk is as follow:

	Group 2017 $'000
Loans and advances	
Neither past due nor impaired	115,559
Past due but not impaired	15,542
Individually impaired	4,653
Gross loans and advances	**135,754**
Less: allowance for impairment	5,472
Net loans and advances	**130,282**
Other receivables	
Neither past due nor impaired	25,169
Past due but not impaired	-
Individually impaired	2,609
Gross other receivables	**27,778**
Less: allowance for impairment	2,609
Net other receivables	**25,169**
Cash and cash equivalents	21,027
Debt securities	21,986
Total	198,464

Expected credit loss assessment for trade receivables as at 1 July 2017 and 30 June 2018

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 30 June 2018:

	Weighted-average loss rate	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
30 June 2018				
Current (not past due)	2.3%	10,168	(234)	No
1 – 30 days past due	2.7%	5,557	(150)	Yes
31 – 60 days past due	9.5%	2,292	(218)	Yes
61 – 90 days past due	22.9%	1,117	(256)	Yes
More than 90 days past due	36.7%	1,927	(707)	Yes
Over 120 days past due	34.6%	1,095	(379)	Yes
Debts individually assessed	98.8%	690	(682)	Yes
		22,846	(2,626)	

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

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year is disclosed in note 12. Comparative amounts for 2017 represent the allowance account for impairment losses under IAS 39.

Cash and cash equivalents

The Group held cash and cash equivalents of $14.705 million at 30 June 2018 (2017: $21.027 million). The Company held cash and cash equivalents of $153,000 at 30 June 2018 (2017: $156,000). The cash and cash equivalents are 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 Company and the Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

Accordingly, due to short maturities and low credit risk, on initial application of IFRS 9, the Group and the Company did not recognise an impairment allowance against cash and cash equivalents as at 1 July 2017. The amount of the allowance did not change during 2018.

Debt investment securities

The Group held debt investment securities of $23,010,000 at 30 June 2018 (2017: $21,986,000). The debt investment securities are held with banks, credit institutions and the Fiji Government. Debt investment securities held with banks and the Fiji Government are 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 considers that its debt investment securities held with banks and credit institutions have low credit risk based on the external credit ratings of the counterparties (in relation to banks) and available press and regulatory information (in relation to credit institutions).

Impairment on debt investment securities held with the Fiji Government has been measured on the 12-month expected loss basis.

Accordingly due to short maturities and low credit risk, on initial application of IFRS 9, the Group did not recognise an impairment allowance against debt investment securities as at 1 July 2017. The amount of the allowance did not change during 2018.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below:

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.
See accounting policy in Note 2.4.6.

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, MFL 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 MFL's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit risk grades
MFL allocates each exposure to a credit risk grade based on certain data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades standard and special mention is smaller than the difference between credit risk grades special mention, substandard, doubtful and loss.

Customer accounts are graded internally and all existing customers are categorised as excellent, good, satisfactory or limited. Further the individual accounts/customer groups are classified as Standard, Special Mention, Sub Standard, Doubtful and Loss for credit risk management purposes. All loans and advances are secured by collateral.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage and compliance with covenants;
- Payment record – this includes overdue status as well as a range of variables about payment ratios;
- Utilisation of the granted limit;
- Requests for and granting of forbearance; and
- Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. MFL collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading.

MFL employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For all exposures, key macro-economic indicators used is GDP growth, based on publications by the Reserve Bank of Fiji.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below: (continued)

Amounts arising from ECL (continued)

Generating the term structure of PD (continued)

Determining whether credit risk has increased significantly
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, MFL may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. Renegotiation of loans to customers in financial difficulties is a qualitative indicator of a significant increase in credit risk.

As a backstop, MFL considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

MFL monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 2.4.4.

MFL renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under MFL's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both personal and motor loans are subject to the forbearance policy. The Audit Committee regularly reviews reports on forbearance activities.

For loans and advances modified as part of MFL's forbearance policy, the estimate of PD reflects whether the modification has improved or restored MFL's ability to collect interest and principal and MFL's previous experience of similar forbearance action. As part of this process, MFL evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 2.4.6) in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below: (continued)

Amounts arising from ECL (continued)

Definition of default

MFL considers loans and advances to be in default when:

- the borrower is unlikely to pay its credit obligations to MFL in full, without recourse by MFL to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to MFL.

In assessing whether a borrower is in default, MFL considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to MFL; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether loans and advances are in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

MFL incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Audit Committee and consideration of a variety of external actual and forecast information, MFL formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by Reserve Bank of Fiji.

The base case represents a most-likely outcome and is aligned with information used by MFL for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, MFL carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

MFL has identified and documented key drivers of credit risk and credit losses for each portfolio of loans and advances and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 30 June 2018 included the following ranges of key indicators for the years ending 30 June 2019 and 2020.

	2019	**2020**
GDP growth	3.4%	3.2%

Predicted relationship between the key indicator and default and loss rates on loans and advances have been developed based on analysing historical data over the past 4 years.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below: (continued)

Amounts arising from ECL (continued)

Measurement of ECL (continued)
LGD is the magnitude of the likely loss if there is a default. MFL estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD model considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to individual loans and advances. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. MFL derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of loans and advances is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for loans and advances for which credit risk has not significantly increased, MFL measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, MFL considers a longer period. The maximum contractual period extends to the date at which MFL has the right to require repayment of an advance or terminate a loan commitment.

Loans and advances are grouped on the basis of shared risk characteristics that include loan purpose and credit risk gradings. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance
The following tables show reconciliations from the opening to the closing balance of the loss allowance for loans and advances. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2.4.6. Comparative amounts for 2017 represent allowance account for credit losses and reflect measurement basis under IAS 39.

	2018				2017
	12-month ECL ($'000)	**Lifetime ECL not credit-impaired ($'000)**	**Lifetime ECL credit-impaired ($'000)**	**Total ($'000)**	**Total ($'000)**
Loans and advances to customers at amortised cost					
Balance at 1 July 2017/2016	1,180	1,099	3,660	5,939	4,070
Transfer to 12 months ECL	42	(42)	-	-	
Transfer to lifetime ECL not credit impaired	(342)	342	-	-	
Transfer to lifetime ECL credit impaired	(62)	(216)	278	-	
Net remeasurement of loss allowance	(123)	197	2,089	2,163	6,124
New loans and advances originated or purchased	775	638	889	2,302	
Loans and advances that have been derecognised	(319)	(436)	(1,798)	(2,553)	-
Write-off	(12)	(56)	(690)	(758)	(4,722)
Balance at 30 June 2018/2017	**1,139**	**1,526**	**4,428**	**7,093**	**5,472**

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below: (continued)

Amounts arising from ECL (continued)

Loss allowance (continued)
The loss allowance in these table includes ECL on loan commitments because MFL cannot separately identify the ECL on the loan commitment component from those on loans and advances.

Credit-impaired loans and advances (2017: impaired loans and advances)
See accounting policy in Note 2.4.6.

Credit-impaired loans and advances are graded doubtful to loss in MFL's internal credit risk grading system.

Collateral held and other credit enhancements
MFL holds collateral and other credit enhancements against its credit exposures. The following table sets out the principal types of collateral held against different portfolios of loans and advances.

	Percentage of exposure that is subject to collateral requirements		
	30 June 2018	**30 June 2017**	**Principal type of collateral**
Loans and advances to customers			
Motor vehicle	100	100	Motor vehicles
Personal loans	100	100	Property and equipment

At 30 June 2018, the net carrying amount of credit-impaired loans and advances to customers amounted to $16.077million (2017: $18.687million) and the value of identifiable collateral (mainly properties and motor vehicles) held against those loans and advances amounted to $21.052 million (2017: $29.965 million). For each loan, the value of disclosed collateral is capped to the nominal amount of the loan that it is held against.

Credit quality analysis
The following table sets out the information about the credit quality of loans and advances. Unless specifically indicated, the amounts in the table represents gross carrying amount.

Explanation of the terms: 12-months ECL, lifetime ECL and credit-impaired are included in Note 2.4.6.

	2018				2017
	12 months ECL $'000	**Lifetime ECL not credit impaired $'000**	**Lifetime ECL credit impaired $'000**	**Total $'000**	**Total $'000**
Loans and advances to customers					
Grade - Standard	89,961	-	-	89,961	101,865
Grade - Special mention	-	25,854	-	25,854	10,337
Grade - Substandard	-	10,335	-	10,335	4,812
Grade - Doubtful	-	-	11,198	11,198	3,245
Grade - Loss	-	-	2,901	2,901	15,495
	89,961	36,189	14,099	140,249	135,754
Loss allowance	(1,139)	(1,526)	(4,428)	(7,093)	(5,472)
Carrying amount	**88,822**	**34,663**	**9,671**	**133,156**	**130,282**

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk Management Framework (continued)

(b) Credit risk (continued)

Details relating to MFL are set out below: (continued)

Comparative information under IAS 39 – pre 1 July 2017

Financial assets relating to MFL classified as neither past due nor impaired are fully operational loan facilities. Management reviews all accounts at balance date and where necessary makes a provision for impairment.

Financial assets classified as past due but not impaired are further classified as Standard or Special Mention with arrears below 60 days. These accounts are closely monitored to ensure that they do not deteriorate further. Security inspections are undertaken on these accounts to verify the value of the collateral pledged. These assets are monitored by specialist collection teams on a daily basis and further monitored by management at each month end. Where necessary management restructures these loans to enhance recovery.

Individually assessed loans are those that have arrears exceeding 60 days and/or those which in the view of management have a higher probability of failure in the near term beyond its control and where a loss is expected to arise.

In order to manage credit risk, MFL closely monitors existing customers in ensuring a debt service ratio greater than 1 and loan to value ratio of 85% is maintained, and ensuring that all new customers go through comprehensive credit screening. Furthermore, customer accounts are graded internally and all existing customers are categorised as excellent, good, satisfactory or limited. Further the individual accounts/customer groups are classified as Standard, Special Mention, Sub Standard, Doubtful and Loss for credit risk management purposes. All loans and advances are generally secured by collateral.

MFL employs a range of policies and practices to mitigate credit risk with the most common practice being the security collateral with guidelines being implemented on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties.
- Hire Purchase Agreements and Bill of Sale over vehicles and machinery
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities and term deposits.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to further minimise the potential for credit loss, MFL seeks additional collateral from the counterparty once impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

If an account goes into arrears, a credit review is performed and the collateral value is reassessed by MFL's in-house credit officers or independent valuers.

Credit risk concentration

Credit risk concentration is determined based on the industry for which the loan is given. An analysis of concentrations of credit risk from loans and advances and loan commitments is shown below

	Loans and advances		Loan commitments	
	2018 (%)	**2017 (%)**	**2018 (%)**	**2017 (%)**
Industry				
Agriculture	10.38	9.68	-	-
Building and construction	20.76	22.97	-	-
Manufacturing	2.93	3.19	32	44
Mining and quarrying	0.41	0.42	-	-
Private individuals	9.95	9.74	-	-
Professional and business services	2.67	3.05	-	-
Transport, communication and storage	41.04	37.71	41	56
Wholesale, retail, hotels and restaurants	8.02	8.88	21	-
Others	3.84	4.36	6	-
Total	**100.00**	**100.00**	**100.00**	**100.00**

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk management framework (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations arising from its financial liabilities. Prudent and careful 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. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business of the Group, management aims at maintaining flexibility in funding by keeping committed credit lines available.

A summary of the contractual maturity analysis of the Group's borrowings and other non-derivative financial liabilities as at 30 June is set out below on an undiscounted basis including estimated interest payments:

		Contractual cash flows					
Non- derivative financial liabilities	**Carrying amount**	**Total**	**On demand**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2018							
Bank Overdrafts	13,890	13,890	13,890	-	-	-	-
Secured bank loans	76,139	91,643	-	17,843	38,097	28,084	7,619
Deposits from customers and term borrowings	129,964	139,678	2,000	87,016	31,432	17,382	1,848
Lease liabilities	16,248	25,234	-	2,619	1,505	8,476	12,634
Creditors and accruals	30,755	30,755	-	30,478	-	-	277
	266,996	301,200	15,890	137,956	71,034	53,942	22,378
30 June 2017							
Bank Overdrafts	17,005	17,005	17,005	-	-	-	-
Secured bank loans	77,022	84,799	-	13,293	35,204	10,370	25,932
Deposits from customers and term borrowings	131,592	142,640	2,000	87,681	31,133	20,478	1,348
Creditors and accruals	35,584	35,584	-	35,309	275	-	-
	261,203	280,028	19,005	136,283	66,612	30,848	27,280

		Contractual cash flows					
Non- derivative financial assets	**Carrying amount**	**Total**	**On demand**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2018							
Cash and cash equivalents	14,705	14,708	294	14,414	-	-	-
Debt securities	23,001	23,611	-	17,524	512	4,522	1,053
Loans, advances and receivables	176,112	206,734	-	93,134	50,325	52,265	11,010
	213,818	245,053	294	125,072	50,837	56,787	12,063
30 June 2017							
Cash and cash equivalents	21,027	21,040	174	20,866	-	-	-
Debt securities	21,986	23,094	-	15,983	-	3,172	3,939
Loans, and advances and receivables	163,532	194,421	-	87,914	45,536	49,712	11,259
	206,545	238,555	174	124,763	45,536	52,884	15,198

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Risk management framework (continued)

(c) Liquidity risk (continued)

Additional details relating to MFL are set out below:

In order to comply with the Reserve Bank's requirements and the Banking Act 1995, MFL must hold as liquid deposits an amount equivalent to 10% of its total borrowed funds. The MFL Board ensures that the investment standalone is sufficient to meet the Unimpaired Liquid Assets Ratio requirements which are covered entirely by long term bonds.

The daily liquidity position is monitored. For MFL, the key measure used for managing liquidity risk is the ratio of net liquid assets to deposits from customers. Monthly maturity mismatch reports are prepared and analysed. Maturity reports of term deposits are actioned via pre-analysis (calling customer to determine the status of re-investment) and MFL Board Asset and Liability Committee (ALCO) is kept informed.

MFL's liquidity exposure is measured by calculating its Net Liquidity Gap and by comparing current ratios with targets. MFL Board/ ALCO monitors MFL's liquidity position by reviewing the Net Liquidity Gap expressed as a percentage of liabilities:

	Less than 1 month	1 to <3 months	3 to <6 months	6 to <12 months	Over 12 months
Net Liquidity Gap as a % of Rate Sensitive Assets (not to exceed)	-5%	-7%	-10%	-20%	40%

Apart from the above, MFL uses the following as a benchmark in monitoring its liquidity position.

Ratio	Target	Tolerance Range
Cash Reserve	Minimum 8%	Not to fall below 5%
Liquid Assets/Total Deposits Ratio	20-25%	Not to fall below 20%
Liquid Asset/Total Assets Ratio	10-20%	Not to fall below 10%
Loans/Deposit Ratio	120-135%	Not to exceed 135%
Loans/Adjusted Deposit Ratio	100-120%	Not to exceed 120%
Unimpaired Liquid Assets Ratio	Minimum 12%	Not to fall below 10%

The Cash Reserve ratio is calculated by expressing cash reserves (comprising of cash book balance and short term deposits) as a percentage of total deposits. Other ratios are calculated according to RBF guidelines on liquidity risk management for credit institutions. The loans to deposit ratio and unimpaired liquid assets ratio are monitored daily whilst other ratios are monitored monthly.

Any variance in the above ratios are actioned immediately by management.

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 and be in compliance with statutory requirements.

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 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 (as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management (continued)

The gearing ratio of the Group at balance date is as follows:

	2018 $'000	2017 $'000
Total Borrowings (excluding deposits from customers)	99,217	101,614
Less: Cash and cash equivalents (Note 10)	(815)	(4,022)
Net debt	98,402	97,592
Total capital	277,976	250,373
Gearing ratio	35%	39%

Additional details relating to MFL are set out below:

MFL is subject to externally imposed capital requirements by the Reserve Bank of Fiji. MFL's objectives when managing capital are:

- To comply with the capital requirements set by the Reserve Bank of Fiji:
- To safeguard MFL's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

Capital adequacy and the use of regulatory capital are monitored daily by MFL's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Reserve Bank of Fiji, for supervisory purposes.

The Reserve Bank of Fiji requires MFL to (a) hold at least 10% of its total holdings in liquid assets and (b) maintain a ratio of total regulatory capital to risk-weighted assets at or above 15%. MFL complied with these requirements during the year.

MFL also measures its Credit Loss Reserve requirement on an annual basis and during the current year transferred an amount of nil (2017: $nil) to this reserve in compliance with Reserve Bank of Fiji guidelines.

5. PROFIT

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Profit before income tax has been determined after:				
(a) Crediting as other income				
Net gain on disposal of property, plant and equipment and assets held for sale	136	262	24	27
Management fees	104	104	-	-
Rental income	92	26	-	-
Change in fair value of investment properties	2,389	724	-	-
Miscellaneous income	1,851	2,421	213	137
	4,572	3,537	237	164

In the financial statements of the Company, dividends received from subsidiary and other companies amounting to $26,036,000 (2017: $25,607,000) are treated as part of operating revenue. See note 21 for further details.

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
(b) Charging as expense				
Other operating expenses includes:				
Auditors' remuneration:				
- audit fees - KPMG	282	290	80	74
- other auditors	95	91	-	-
- other services - KPMG	120	95	39	30
- other auditors	214	103	98	60
Directors' emoluments				
- for services as directors	461	541	178	210
- for other services	193	84	193	83
Provision for obsolescence	340	192	-	-
FNPF contributions	2,706	2,701	198	173
Marketing and promotion	4,544	3,696	18	31
Rent	2,074	3,357	76	219
Repairs and maintenance	6,608	6,640	20	-
Management fee	1,151	935	-	-

6. NET FINANCE COSTS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Interest income under the effective interest method	162	143	715	863
Total interest income arising from financial assets measured at amortised cost (2017: from financial assets not measured at FVTPL)	162	143	715	863
Exchange gain	56	137	-	-
Finance income - other	56	137	-	-

6. NET FINANCE COSTS (CONTINUED)

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Financial liabilities measured at amortised cost – interest expense	(3,884)	(3,711)	(1,899)	(2,124)
Exchange loss	(115)	(384)	-	-
Interest expense - lease liability	(1,191)	-	(34)	-
Finance costs - other	(5,190)	(4,095)	(1,933)	(2,124)
Net finance costs recognised in profit or loss	(4,972)	(3,815)	(1,218)	(1,261)

7. INCOME TAX

(a) Income tax expense

The amount of income tax attributable to the financial year differs from the amount prima facie payable on the profit. The difference is reconciled as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
Profit before income tax	42,994	37,223	23,385	22,375
Prima facie tax payable at 10% (2017: 10%)	4,299	3,722	2,339	2,238
Add/ (deduct):				
Impact of difference in tax rate	3,376	3,328	-	-
Dividends received	(156)	(185)	(2,602)	(2,561)
Exempt income	(313)	(270)	-	-
Other permanent differences	413	86	350	12
Impact of equity accounted profit	(299)	(430)	-	-
Change in tax losses and timing differences not previously brought to account	267	383	-	-
Transitional dividend tax at 1%	124	230	-	-
Deferred tax asset recognised on temporary difference	(319)	-	-	-
Temporary difference not recognised on deferred tax liability	(110)	-	-	-
Difference in tax rate – investment properties	(92)	-	-	-
Under/(Over) provision in prior year	95	(712)	-	(300)
Income tax expense/ (benefit) attributable to profit	7,285	6,152	87	(611)
	=========	=========	=========	=========
Total income tax expense/ (benefit) is made up of:				
Current income tax expense	6,745	7,169	-	-
Deferred tax	2,598	(1,200)	87	(858)
Transitional dividend tax at 1%	124	230	-	-
(Over)/under provision in prior years	(2,182)	(47)	-	247
Income tax expense/ (benefit) attributable to profit	7,285	6,152	87	(611)
	=========	=========	==========	=========

7. INCOME TAX (continued)

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
(b) Current tax (asset)/liability				
Balance at beginning of year	392	952	(340)	(587)
Income tax paid	(5,130)	(7,897)	-	-
Current income tax expense	6,745	7,169	-	-
Transfer of balance from VAT account	(28)	(15)	-	-
Transitional dividend tax at 1%	124	230	-	-
(Over)/under provision in prior years	(2,182)	(47)	-	247
Balance at end of year	(79)	392	(340)	(340)
(c) Deferred tax assets and liabilities				
Deferred tax assets				
Property, plant & equipment	42	66	12	17
Annual leave	301	227	41	3
Doubtful debts	1,781	3,482	1	1
Inventory provisions	197	210	-	-
Lease liabilities	3,337	-	43	-
Others	262	9	-	-
Unrealised foreign exchange loss	22	3	-	-
Tax losses	804	1,142	750	871
	6,746	5,139	847	892
Deferred tax liabilities				
Property, plant & equipment	(9,949)	(9,045)	-	-
Cyclone reserve deposit	(140)	(119)	-	-
Right of use asset	(3,218)	-	(42)	-
Fair value on revaluation	(794)	(794)	-	-
	(14,101)	(9,958)	(42)	-

As at 30 June 2018, Group companies had unrecouped income tax losses of approximately $3.2 million (2017: $1.8 million) available to offset against future years' taxable income. The benefit at 20% (2017: 20%) tax rate amounting to approximately $0.6 million (2017: $0.4 million) has not been brought to account as realisation is not considered to be probable. Under the existing income tax laws, assessed tax losses may only be carried forward for 4 years in succession. The benefit will only be obtained if:

(i) the companies derive 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 companies continue to comply with the conditions for deductibility imposed by the law; and
(iii) no change in tax legislation adversely affect the companies in realising the benefit from the deductions for the losses.

Movement in temporary differences during the year

Group	**30 June 2017 $'000**	**Impact on initial application of IFRS 9 $'000**	**1 July 2017 $'000**	**Recognised in profit or loss $'000**	**30 June 2018 $'000**
Deferred tax assets					
Property, plant & equipment	66	-	66	(24)	42
Annual leave	227	-	227	74	301
Doubtful debts	3,482	62	3,544	(1,763)	1,781
Others	9	-	9	253	262
Inventory provisions	210	-	210	(13)	197
Unrealised foreign exchange loss	3	-	3	19	22
Tax losses	1,142	-	1,142	(338)	804
Lease liabilities	-	-	-	3,337	3,337
	5,139	62	5,201	1,545	6,746

7. INCOME TAX (continued)

(c) Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year (continued)

Group	30 June 2017 $'000	Impact on initial application of IFRS 9 $'000	1 July 2017 $'000	Recognised in profit or loss $'000	30 June 2018 $'000
Deferred tax liabilities					
Property, plant & equipment	(9,045)	-	-	(904)	(9,949)
Cyclone reserve deposit	(119)	-	-	(21)	(140)
Fair value on revaluation		-	-		
(recognised directly in equity)	(794)			-	(794)
Right of use assets	-	-	-	(3,218)	(3,218)
	(9,958)	-	-	(4,143)	(14,101)

	1 July 2016 $'000	Recognised in profit or loss $'000	30 June 2017 $'000
Deferred tax assets			
Property, plant & equipment	96	(30)	66
Annual leave	183	44	227
Doubtful debts	2,124	1,358	3,482
Others	83	(74)	9
Inventory provisions	185	25	210
Unrealised foreign exchange loss	9	(6)	3
Tax losses	252	890	1,142
	2,932	2,207	5,139
Deferred tax liabilities			
Property, plant & equipment	(8,039)	(1,006)	(9,045)
Cyclone reserve deposit	(118)	(1)	(119)
Fair value on revaluation (recognised directly in equity)	(794)	-	(794)
	(8,951)	(1,007)	(9,958)

Company	1 July 2017 $'000	Recognised in profit or loss $'000	30 June 2018 $'000
Deferred tax assets			
Annual leave	3	38	41
Doubtful debts	1	-	1
Lease liabilities	-	43	43
Property, plant & equipment	17	(5)	12
Tax losses	871	(121)	750
	892	(45)	847
Deferred tax liabilities			
Right of use asset	-	(42)	(42)
	-	(42)	(42)

	1 July 2016 $'000	Recognised in profit or loss $'000	30 June 2017 $'000
Deferred tax assets			
Annual leave	16	(13)	3
Doubtful debts	1	-	1
Property, plant & equipment	17	-	17
Tax losses	-	871	871
	34	858	892

8. LEASES

(a) As a lessee

	2018 Group $'000	2018 Company $'000
Right-of-use assets	15,750	416

The Group leases many assets including land and buildings, coaches and jetty. Information about leases for which the Group is a lessee is presented below

Rights-of-use assets

	Jetty $'000	Land and buildings $'000	Coaches $'000	Total $'000
Group				
Balance at 1 July 2017	1,057	12,924	2,404	16,385
Additions	244	618	316	1,178
Remeasurements	-	10	217	227
Depreciation charge for the year	(191)	(1,451)	(398)	(2,040)
Balance at 30 June 2018	1,110	12,101	2,539	15,750
Company				
Balance at 1 July 2017	-	544	-	544
Depreciation charge for the year	-	(128)	-	(128)
Balance at 30 June 2018	-	416	-	416

	2018 Group $'000	2018 Company $'000
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	2,619	148
One to five years	9,981	333
More than five years	12,634	-
Total undiscounted lease liabilities at 30 June 2018	25,234	481
Lease liabilities included in the statement of financial position at 30 June 2018		
Current	1,722	122
Non-current	14,526	308
	16,248	430
Amounts recognised in profit or loss		
Interest on lease liabilities	1,082	34
Variable lease payments not included in the measurement of lease liabilities	2,074	76
Expenses relating to short-term leases	115	-
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	4,813	224

8. LEASES (continued)

(a) As a lessee

i. Real estate leases

The Group leases land and buildings for its office space, retail stores, terminal check-in booth, sales booths and engineering and stores workshop. The Group also leases land for Island day trips (South Sea Island and Malamala). The leases of land, office space, retail stores, terminal check-in booth, sales booths and engineering and stores workshop typically run for a period of two to twenty years except for land leased for island day trips which typically is for twenty-five years. Some leases include an option to renew the lease for an additional period in accordance with the lease contracts after the end of initial lease term. Some leases provide for additional rent payments that are based on changes in the consumer price index. The Group sub-leases one of its properties under operating lease.

Variable lease payments based on passenger numbers

Land leases for island day trips contain variable lease payments that are based on the number of passengers that would have landed on the Island and depending on the package type that the guest would have purchased available for the Islands. These payment terms are common for cruise service providers in Fiji. Fixed and variable rental payments for the period ended 30 June 2018 is as follows:

	Fixed payments $'000	Variable payments $'000	Total payments $'000
Leases with lease payments based on passenger number	81	441	522

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

ii. Other leases

The Group leases coaches for guest services from resorts and airports, with lease terms of three to five years and jetty for berthing of the vessels, with lease terms of two to nine years. Some leases include an option to renew the lease for an additional period in accordance with the lease contracts after the end of initial lease term. The Group also leases IT equipments with contract terms of five years.

Variable lease payments based on passenger numbers and additional services

Coach leases contain variable lease payments that are based on the number of passengers, charter depending on the point of pick-up or drop-off and additional runs apart from the contracted runs made and also monthly fuel prices. Lease for jetty contains variable lease payments for passenger levy which is based on the number of passengers on board the vessels from and to Port Denarau Marina. These payment terms are common for cruises service providers in Fiji. Fixed and variable rental payments for the period ended 30 June 2018 is as follows:

	Fixed payments $'000	Variable payments $'000	Total payments $'000
Leases with lease payments based on passenger number and fuel prices	729	917	1,646

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

iii. Extension options

Some leases contain extension options exercisable by the Group up to one year 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.

9. DIVIDENDS PAID

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Ordinary - A class				
Dividend paid at 24 cents (2017: 23 cents)	2,554	2,522	2,554	2,522
Ordinary - B class				
Dividend paid at 24 cents (2017: 23 cents)	4,880	4,819	4,880	4,819
	7,434	7,341	7,434	7,341

10. CASH AND CASH EQUIVALENTS

a) For the purposes of the cash flow statements, cash and cash equivalents comprise the following:

	Group 2018	Group 2017	Company 2018	Company 2017
Cash on hand and at bank	12,634	19,456	51	54
Term deposits	2,071	1,571	102	102
	14,705	21,027	153	156
Bank overdrafts (Note 27)	(13,890)	(17,005)	(4,249)	(4,434)
	815	4,022	(4,096)	(4,278)

b) Financing facilities

Facilities available to the Group are bank overdrafts. Financing facilities of $32.40 million were available to the Group as at 30 June 2018 (2017: $37.50 million) of which $14 million (2017: $12.30 million) was utilised. See also note 27.

11. DEBT SECURITIES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current investments				
Government bonds - at amortised cost	4,000	-	-	-
Deposits with financial institutions – available for sale	-	11,711	-	-
Deposits with financial institutions – at amortised cost	13,451	-	-	-
	17,451	11,711	-	-
Non-current investments				
Government bonds – available for sale	-	10,275	-	-
Government bonds – at amortised cost	5,550	-	-	-
	5,550	10,275	-	-
Grand Total	23,001	21,986	-	-

Maturity analysis

	Group 2018	Group 2017	Company 2018	Company 2017
Not longer than 3 months	4,500	-	-	-
Longer than 3 and not longer than 12 months	12,951	11,711	-	-
Longer than 1 year and not longer than 5 years	4,750	5,318	-	-
Longer than 5 years	800	4,957	-	-
	23,001	21,986	-	-

12. LOANS, ADVANCES AND RECEIVABLES

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current					
Trade receivables		22,846	14,877	-	-
Provision for impaired receivables		(2,626)	(2,595)	-	-
		20,220	12,282	-	-
Net loans and advances - third parties	13	42,689	45,224	-	-
- related parties	34	197	247	-	2,601
Other receivables - third parties		4,408	4,333	1,074	66
- related parties	34	2,523	2,432	15,085	10,175
Provision for impaired receivables		(14)	(14)	(14)	(14)
		70,023	64,504	16,145	12,828
Non-current					
Net loans and advances - third parties	13	90,467	85,058	-	-
- related parties	34	-	-	8,919	11,650
Other receivables		5,889	5,889	5,304	5,304
		96,356	90,947	14,223	16,954
TOTAL		166,379	155,451	30,368	29,782
Provision for impairment					
Balance at beginning of year		2,609	7,333	14	14
Adjustment on initial application of IFRS 9		(57)	-	-	-
Additional provisions made		210	348	-	-
Bad debts written off		(10)	(4,618)	-	-
Reversal of provisions		(112)	(454)	-	-
Balance at end of year		2,640	2,609	14	14

Provision for impairment relates to receivables only. Impairment on loans and advances are disclosed in note 13.

Related party loans and advances are unsecured.

13. LOANS AND ADVANCES

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Gross term receivables		140,249	135,754	-	-
ECL allowance (2017: impairment allowance)	4.1(b)	(7,093)	(5,472)	-	-
		133,156	130,282	-	-

13. LOANS AND ADVANCES (continued)

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Maturity analysis				
Not longer than 3 months	10,152	15,473	-	-
Longer than 3 and not longer than 12 months	35,123	31,028	-	-
	45,275	46,501	-	-
ECL allowance (2017: impairment allowance)	(2,586)	(1,277)	-	-
Current (Note 12)	42,689	45,224	-	-
Longer than 1 year and not longer than 5 years	86,620	80,219	-	-
Longer than 5 years	8,354	9,034	-	-
	94,974	89,253	-	-
ECL allowance (2017: impairment allowance)	(4,507)	(4,195)	-	-
Non-current (Note 12)	90,467	85,058	-	-
	133,156	130,282	-	-
Loan impairment expense				
Increase in impairment	1,912	6,124	-	-
Amounts written off directly to profit or loss during the year as uncollectible	260	259	-	-
	2,172	6,383	-	-

14. INVENTORIES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Raw materials, spares, stores and supplies	10,341	11,288	-	-
Finished goods	24,573	20,135	-	-
Goods in transit	1,971	4,484	-	-
Provision for obsolescence	(1,016)	(1,116)	-	-
	35,869	34,791	-	-

15. PROPERTY, PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment are set out below:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Freehold land and improvements				
- at cost/ deemed cost	7,183	7,183	-	-
Island properties				
- at directors' valuation	8,000	8,000	-	-
Leasehold land, improvements and buildings at cost/ deemed cost	65,667	57,035	-	-
Accumulated depreciation	(11,089)	(9,765)	-	-
	54,578	47,270	-	-
Plant and equipment				
- at cost/ deemed cost	183,379	172,171	998	1,176
Accumulated depreciation	(108,733)	(110,250)	(812)	(1,021)
Allowance for impairment	(4,058)	(3,658)	-	-
	70,588	58,263	186	155
Radio equipment				
- at cost	3,525	3,525	-	-
Accumulated depreciation	(2,409)	(2,321)	-	-
Allowance for impairment	(947)	(947)	-	-
	169	257	-	-
Capital works in progress - at cost	2,485	17,355	-	-
	143,003	138,328	186	155
	=========	=========	==========	==========

(b) Reconciliation of property, plant and equipment

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current year is set out below:

Group

	Freehold land $'000	Island properties $'000	Leasehold land, improvements and buildings $'000	Plant and equipment $'000	Radio equipment $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July 2017	7,183	8,000	47,270	58,263	257	17,355	138,328
Transfers to asset held for sale	-	-	-	(100)	-	-	(100)
Transfers to intangible assets	-	-	-	(16)	-	-	(16)
Transfers to inventories	-	-	-	(214)	-	-	(214)
Additions	-	-	491	5,351	-	11,743	17,585
Disposals	-	-	-	(91)	-	(2)	(93)
Transfers from capital work in progress	-	-	8,141	18,470	-	(26,611)	-
Impairment loss	-	-	-	(400)	-	-	(400)
Depreciation	-	-	(1,324)	(10,675)	(88)	-	(12,087)
Carrying amount at 30 June 2018	7,183	8,000	54,578	70,588	169	2,485	143,003

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Reconciliation of property, plant and equipment - continued

Company	Freehold land $'000	Island properties $'000	Leasehold land, improvements and buildings $'000	Plant and equipment $'000	Radio equipment $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July 2017	-	-	-	155	-	-	155
Additions	-	-	-	104	-	-	104
Disposals	-	-	-	(4)	-	-	(4)
Depreciation	-	-	-	(69)	-	-	(69)
Carrying amount at 30 June 2018	-	-	-	186	-	-	186

Group	Freehold land $'000	Island properties $'000	Leasehold land, improvements and buildings $'000	Plant and equipment $'000	Radio equipment $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July 2016	8,384	8,000	50,763	51,562	325	5,550	124,584
Transfers to investment properties	(1,201)	-	(2,683)	-	-	-	(3,884)
Additions	-	-	110	2,348	19	25,631	28,108
Disposals	-	-	-	(80)	-	-	(80)
Transfer from capital work in progress	-	-	76	13,281	-	(13,826)	(469)
Depreciation	-	-	(996)	(8,848)	(87)	-	(9,931)
Carrying amount at 30 June 2017	7,183	8,000	47,270	58,263	257	17,355	138,328

Company	Freehold land $'000	Island properti es $'000	Leasehold land, improvements and buildings $'000	Plant and equipment $'000	Radio equipment $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July 2016	-	-	-	157	-	-	157
Additions	-	-	-	118	-	-	118
Disposals	-	-	-	-	-	-	-
Depreciation	-	-	-	(120)	-	-	(120)
Carrying amount at 30 June 2017	-	-	-	155	-	-	155

(c) The depreciation policy is set out in Note 2.5.

(d) Refer to note 27 for items charged as security.

(e) During the year, Blue Lagoon Cruises entered into an agreement to sell Mystique Princess. The vessel has therefore been transferred to assets held for sale at the lower of its carrying value and fair value less costs to sell. This resulted in an impairment loss of $400,000 being charged to profit or loss. The resulting carrying value of the asset at 30 June 2018 is $100,000 (see note 17).

15. PROPERTY, PLANT AND EQUIPMENT (continued)

(f) For Group purposes, investment properties are transferred to property, plant and equipment when they are occupied by Group companies. There is impact on profit or loss of this transfer as investment properties are held at fair value upon transfer, the change in fair value of investment properties that are occupied by Group companies are reversed and depreciation charge is recorded.

(g) During 2017, 3 buildings were transferred to investment properties because they were no longer used by the Group's subsidiaries; Fiji Television Limited and RB Patel Group Limited, and it was decided that the buildings would be leased to third parties. Immediately before the transfer, the Group remeasured the property to fair value and recognised a gain of $1,164,000 in OCI. The valuation techniques and significant observable inputs used in measuring the fair value of the buildings at the date of the transfer were the same as those applied to investment property at the reporting date.

(h) Radio equipment relates to Fiji Television Limited and the amounts recorded relate to radio equipment hired out to the Fiji Police Force. These costs are being amortised over the estimated life of 3 years. These assets remain the property of Fiji Television Limited.

(i) The island property in Nanuya Lailai Island – Yasawa, was revalued by the Directors of Blue Lagoon Cruises Limited based on an independent valuation by Pacific Valuations Limited dated 24 June 2013. The valuation was made on the basis of recent market transactions on arm's length terms.

(j) During 2018, South Sea Cruises conducted a review of the residual values of the vessels, which resulted in changes in the residual values of one of the vessels. The vessel which previously had a residual value of $881,840 now has a residual value of $500,000. The effect of this change on actual and expected depreciation expense included in direct operating expenses, will be as follows:

	2018 $,000	2019 $,000	2020 $,000
Increase in depreciation expense	96	290	83

16. OTHER ASSETS

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Prepayments	4,622	4,553	15	15
	==========	=========	=========	=======

17. ASSETS HELD FOR SALE

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Assets held for sale (see note 15(e))	100	1,416	-	-
	==========	=========	=========	=======

In 2017 assets classified as held for sale consisted of a block of land in Suva belonging to Merchant Finance Limited. During 2018, due to withdrawal of the plan to sell, the block of land was reclassified to investment properties.

18. INVESTMENT PROPERTIES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Valuation				
Opening balance	31,721	25,961	-	-
Acquisitions	-	6	-	-
Transfers from assets held for sale	1,416	-	-	-
Transfer from property, plant and equipment	-	5,030	-	-
Change in fair value	2,389	724	-	-
Closing balance	35,526	31,721	-	-
Work in progress				
Opening balance	5,018	1,001	-	-
Acquisitions	5,246	4,017	-	-
Closing balance	10,264	5,018	-	-
Carrying amount				
Opening balance	36,739	26,962	-	-
Closing balance	45,790	36,739	-	-

Investment properties occupied by the Group are transferred to property, plant and equipment on consolidation. Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

Refer to note 27 for items charged as security.

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property annually. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	*Significant unobservable inputs*	*Inter-relationship between key unobservable inputs and fair value measurement*
Sales (Direct Comparison) whereby the comparable developments are compared to the subject properties on a common denominator with equated adjustments made to allow for differences and comparability. This approach considers the sale price levels of similar and comparable properties in the localities.	Not applicable	Not applicable

19. INTANGIBLE ASSETS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Goodwill on consolidation	62,620	62,620	-	-
Provision for impairment on goodwill	(6,912)	(6,912)	-	-
Management rights	5,377	5,877	-	-
Software	779	711	-	-
F1 Audio Visual Copyright	1,151	1,151	-	-
Provision for impairment	(1,151)	(1,151)	-	-
Total intangible assets	61,864	62,296	-	-

Movements during the year are as follows:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Opening net book amount	62,296	62,651	-	-
Additions	165	171	-	-
Transfer from PPE	16	-	-	-
Amortisation charge on software	(113)	(25)	-	-
Amortisation of management rights	(500)	(501)	-	-
Total intangible assets	61,864	62,296	-	-

The accounting policy on intangible assets is set out in Note 2.9 and impairment loss on goodwill is recognised in profit or loss.

19. INTANGIBLE ASSETS - continued

(a) FHL Retailing Limited

Impairment test for goodwill

Goodwill of $12.112m has been tested for impairment by reviewing the underlying net assets supporting the investment in subsidiary which holds the Group's 51% investment in RB Patel Group Ltd.

Management value the investment in RB Patel Group Ltd at fair value less estimated costs to sell which is significantly above cost and therefore have concluded that goodwill is not impaired. Fair value for RB Patel Group Limited has been determined based on quoted price of shares traded on the South Pacific Stock Exchange at 30 June 2018 of $4.85 (2017: $3.24) less estimated cost to sell. A decrease in RB Patel Group Limited's share price by more than $2.66 would result in impairment. The fair value measurement was categorised as a Level 1 fair value based on quoted prices. The carrying amount of the cash generating unit (CGU) in 2018 was determined to be lower than its recoverable amount of $72.727 million (2017: $49.335 million).

Impairment test for management rights

Management rights is considered a CGU. The recoverable amount of the CGU is determined based on value in use calculations. Free cash flow from management rights was computed based on the forecast management fee income for the next 15 years net of management fee expense and income tax expense thereon.

These projections were based on financial budgets approved by management for the year ending June 2019. Cash flows beyond June 2019 are extrapolated using the estimated growth rates in the underlying business. The growth rate does not exceed the long term average growth rate in which the CGU operates. The key assumptions used in the value in use calculation are as follows:

	2018	2017
	In percent	
Discount rate	10.0	10.0
Terminal value growth rate	2.0	2.0

The weighted average growth rates are based on management's assessment. The discount rate used reflects the risk adjusted rate of return. The carrying amount of the CGU in 2018 was determined to be lower than its recoverable amount. Management rights are being amortised over the remaining life on a straight line basis.

(b) South Sea Cruises Limited

Impairment test for goodwill

Goodwill of $46.143m has been tested for impairment by reviewing the underlying net assets supporting the investment in subsidiary. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated. The carrying amount of the CGU in 2018 was determined to be lower than its recoverable amount of $123.915 million (2017: $102.413 million). The key assumptions used in the estimation of value in use were as follows:

	2018	2017
	In percent	
Discount rate	10.1	11.3
Terminal value growth rate	2.5	2.5
Budgeted EBITDA growth rate (average of next five years)	6.0	10.0

The discount rate was a post-tax measure based on the historical industry average weighted-average cost of capital, with a debt leveraging of 40% at a market interest rate of 4%.

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 long-term compound annual EBITDA growth rate estimated by management, consistent with the assumption that a market participant would make.

19. INTANGIBLE ASSETS (continued)

(b) South Sea Cruises Limited - continued

Impairment test for goodwill - continued

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.

An adverse movement in a key assumption that would lead to impairment is set out below. Management has identified that a reasonably possible change in two key assumptions could cause further impairment of goodwill as follows:

	2018	
	Movement in percent	*Impairment ($000)*
Discount rate increases	2.50	2,463

(c) Fiji Television Limited

Impairment test for goodwill

Goodwill of $1.984m has been tested for impairment by reviewing the underlying net assets supporting the investment in subsidiary which holds the Group's 61.8% investment in Fiji Television Limited. Management value the investment in Fiji Television Limited at fair value less estimated costs to sell which is significantly above cost and therefore have concluded that goodwill is not impaired. Fair value for Fiji Television Limited has been determined based on quoted price of shares traded on the South Pacific Stock Exchange at 30 June 2018 of $2.38 (2017: $1.84) less estimated cost to sell. A decrease in Fiji Television Limited's share price by more than $1.69 would result in impairment. The fair value measurement was categorised as a Level 1 fair value based on quoted prices. The carrying amount of the CGU in 2018 was determined to be lower than its recoverable amount of $14.935 million (2017: $11.526 million).

20. EQUITY SECURITIES

Equity securities are valued in accordance with Note 2.4 of the financial statements.

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(a) Listed/quoted securities				
- Amalgamated Telecom Holdings Ltd	8,678	4,637	-	-
- Fijian Holdings Unit Trust	5,934	5,328	5,930	5,326
- Pacific Green Industries Ltd	1,106	1,038	-	-
- Fiji Care Insurance	167	120	-	-
- Kinetic Growth Fund	167	90	-	-
- Communications (Fiji) Ltd	2	2	-	-
- Flour Mills of Fiji Ltd	1,765	1,103	1,765	1,103
	17,819	12,318	7,695	6,429
(b) Unlisted securities				
Shares in subsidiary companies				
- Basic Industries Ltd	-	-	31,000	27,117
- South Sea Cruises Limited	-	-	55,500	55,500
Blue Lagoon Cruises Holdings Ltd*				
Blue Lagoon Cruises Limited*				
- FHL Media Limited	-	-	32,647	32,647
Fiji Television Limited*				
Life Cinema Limited*				
- FHL Logistics Ltd	-	-	-	-
- FHL Retailing Ltd	-	-	65,000	47,687
RB Patel Group Limited*				
- FHL Stockbrokers Limited	-	-	595	596
- Pacific Cement Limited	-	-	4,600	7,036
- FHL Fund Management Ltd	-	-	1,811	1,811
- FHL Properties Limited	-	-	29,527	26,527
- Merchant Finance Limited	-	-	42,082	42,082
	-	-	262,762	241,003

20. EQUITY SECURITIES (continued)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(b) Unlisted securities (continued)				
Shares in other companies				
- Goodman Fielder International (Fiji) Ltd	2,200	2,200	2,200	2,200
- Golden Manufacturers Ltd (Note 23)	-	-	16,699	16,699
- Marsh Ltd (Note 23)	-	-	6,111	6,111
- New World Ltd (Note 23)	-	5,691	7,709	5,691
- South Pacific Stock Exchange	15	15	-	-
- Fiji Gas Company Ltd	2,293	1,230	-	-
- Pernix (Fiji) Limited (Note 23)	-	-	1,500	2,100
- Asian Paints (South Pacific) Ltd	3,000	1,666	3,000	1,666
- Motibhai and Company Ltd	55	57	-	-
	7,563	10,859	37,219	34,467
Total investments	25,382	23,177	307,676	281,899
	=========	=========	=========	=========

* The results of these subsidiaries have been consolidated in the carrying value of South Sea Cruises Limited, FHL Media Limited and FHL Retailing Limited respectively.

Equity securities designated as at FVOCI

At 1 July 2017, the Company and the Group designated the investments shown above as equity securities as at FVOCI because these equity securities represent investments that the Company and the Group intends to hold for the long-term for strategic purposes. In 2017, these investments were classified as available-for-sale – see Note 1.2(A)(iv)(b).

Dividend income recognised during the year is disclosed in Note 21.

No strategic investments were disposed of during 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(c) Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

20. **EQUITY SECURITIES (continued)**

(c) Valuation of financial instruments - continued

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Carrying amount					Fair value			
	Amortised cost $'000	FVOCI – debt instruments $'000	FVOCI – equity instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
30 June 2018									
Financial assets measured at fair value									
Listed equities	-	-	17,819	-	17,819	17,819	-	-	17,819
Unlisted equities	-	-	7,563	-	7,563	-	2,293	5,270	7,563
			25,382		25,382				
Financial assets not measured at fair value									
Government bonds	9,550	-	-	-	9,550	-	10,281	-	10,281
	9,550	-	-	-	9,550				
Company									
30 June 2018									
Financial assets measured at fair value									
Listed equities	-	-	7,695	-	7,695	7,695	-	-	7,695
Unlisted equities	-	-	299,981	-	299,981	-	-	299,981	299,981
	-	-	307,676	-	307,676				

20. EQUITY SECURITIES (continued)

(c) Valuation of financial instruments (continued)

	Carrying amount					Fair value			
	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
30 June 2017									
Financial assets measured at fair value									
Listed equities	-	-	12,318	-	12,318	12,318	-	-	12,318
Unlisted equities	-	-	10,859	-	10,859	-	1,230	9,629	10,859
Deposits with financial institutions	-	-	11,711	-	11,711	-	11,711	-	11,711
Government bonds	-	-	10,275	-	10,275	-	10,275	-	10,275
	-	-	45,163	-	45,163				
Company									
30 June 2017									
Financial assets measured at fair value									
Listed equities	-	-	6,429	-	6,429	6,429	-	-	6,429
Unlisted equities	-	-	275,470	-	275,470	-	-	275,470	275,470
	-	-	281,899	-	281,899				

20. EQUITY SECURITIES (continued)

(c) Valuation of financial instruments - continued

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities	*Dividends capitalisation technique:* The valuation model is based on the future maintainable dividends and capitalisation rates. *Market comparison technique*: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected future maintainable earnings of the investee. The estimate is adjusted for the effect of control, size, country risk and the non-marketability of the equity securities. *Net tangible assets*: The valuation model is based on the recoverable amount of the net tangible assets of the business encompassing the equity security.	• Capitalisation rates (2018: 5-10%; 2017: 3-10%) • Forecast dividend yield • Adjusted market multiple (2018: 6-12; 2017: 7-11) • Forecasted earnings • Recoverable amount of the net tangible assets	The estimated fair value would increase/ (decrease) if any of the significant unobservable inputs were changed. Generally, a change in the annual growth rate is accompanied by directionally similar change in future maintainable dividends and earnings.
Government bonds	*Market comparison* - The fair value of the long term investment securities is based on market prices published by the Reserve Bank of Fiji.	Not applicable	Not applicable

Fair value of assets included in Level 3 are based on Directors' valuations and independent valuation conducted by Simmons Corporate. During the financial year ended 30 June 2018, there were no transfers in and out of fair value hierarchy levels mentioned above. However, there was a material movement between the opening and closing balances in Level 3 of the fair value hierarchy as a result of New World being equity accounted after it became an associate of the Company in June 2018. The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value.

	Group $'000	Company $'000
Balance at 1 July 2016	7,668	251,385
Gain included in OCI		
- Net change in fair value	1,961	24,085
Balance at 30 June 2017	9,629	275,470
Balance at 1 July 2017	9,629	275,470
Derecognition as a result of equity accounting	(5,691)	-
Gain included in OCI		
- Net change in fair value	1,332	24,511
Balance at 30 June 2018	5,270	299,981

Sensitivity analysis

For the fair values of equity securities, a reasonably possible change of 5% at the reporting date to one of the significant unobservable inputs, holding other inputs constant would have the following effects:

	OCI, net of tax	
	Increase $'000	Decrease $'000
Capitalisation rates	(3,879)	3,879
Forecast dividend yield	1,266	(1,266)
Adjusted market multiple	6,978	(6,978)

21. DETAILS OF INVESTMENTS

Name of company	Place of incorporation/ principal country of operation	Ownership interest 2018 %	Ownership interest 2017 %	Dividend income for the Company 2018 $'000	Dividend income for the Company 2017 $'000
(a) Listed/quoted securities					
Fijian Holdings Unit Trust	Fiji	25.2	25.2	191	211
Flour Mills of Fiji Ltd	Fiji	4.3	4.3	22	18
				213	229
(b) Unlisted securities					
Subsidiary companies:					
Basic Industries Ltd	Fiji	51.1	51.1	5,110	4,573
South Sea Cruises Ltd	Fiji	100.0	100.0	4,200	5,100
- Blue Lagoon Cruises Holdings Ltd	Fiji	100.0	100.0	-	-
- Blue Lagoon Cruises Ltd	Fiji	96.1	96.1	-	-
FHL Logistics Ltd	Fiji	100.0	100.0	-	-
FHL Retailing Ltd	Fiji	100.0	100.0	2,500	2,000
- RB Patel Group Limited	Fiji	53.7	53.5	-	-
FHL Stockbrokers Ltd	Fiji	100.0	100.0	-	30
Pacific Cement Limited	Fiji	50.1	50.1	-	1,454
FHL Fund Management Limited	Fiji	100.0	100.0	800	650
FHL Properties Ltd	Fiji	100.0	100.0	3,000	550
FHL Media Limited	Fiji	100.0	100.0	2,650	2,600
- Fiji Television Limited	Fiji	61.8	61.7	-	-
- Life Cinema Limited	Fiji	69.1	69.1	-	-
Merchant Finance Ltd	Fiji	80.0	80.0	4,000	4,800
				22,260	21,757
(c) Other companies					
Asian Paints (South Pacific) Ltd	Fiji	8.9	8.9	384	128
Goodman Fielder International (Fiji) Ltd	Fiji	10.0	10.0	354	-
Golden Manufacturers Ltd	Fiji	30.0	30.0	1,200	1,710
Pernix (Fiji) Limited	Fiji	21.0	21.0	105	63
Marsh Ltd	Fiji	25.0	25.0	300	900
New World Ltd	Fiji	20.3	15.4	820	820
				3,163	3,621
				25,636	25,607

22. NON-CONTROLLING INTERESTS

The Group has a number of subsidiaries which it controls but which also have significant non-controlling interests.

The table set out below shows the interest that non-controlling interests have in each subsidiary that is material to the reporting entity.

22. NON-CONTROLLING INTERESTS - continued

30 June 2018	Basic Industries Limited	Pacific Cement Limited	Merchant Finance Limited	RB Patel Group Limited	Fiji Television Limited	Life Cinema Limited	Blue Lagoon Cruises Limited	Intra-group eliminations	Total
NCI percentage	48.99%	49.83%	20.00%	46.27%	38.19%	30.87%	3.90%		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets	21,324	7,902	90,439	60,358	7,699	12,567	13,995		
Current assets	27,911	13,975	75,028	18,377	13,863	267	2,989		
Non-current liabilities	(3,307)	(475)	(37,746)	(14,099)	(1,797)	(9,984)	(1,792)		
Current liabilities	(19,141)	(7,591)	(92,794)	(21,398)	(4,932)	(2,752)	(333)		
Net assets	26,787	13,811	34,927	43,238	14,833	98	14,859		
Net assets attributable to NCI	13,123	6,882	6,985	20,006	5,665	30	580	(1,742)	51,529
Revenue	75,460	29,558	17,472	126,348	(11,787)	(5,261)	3,336		
Profit/(loss)	8,143	174	6,795	9,663	819	(811)	2,002		
OCI	-	-	-	-	11	-	-		
Total comprehensive income	8,143	174	6,795	9,663	830	(811)	2,002		
Profit/(loss) allocated to NCI	3,989	87	1,359	4,471	313	(250)	78	-	10,047
OCI allocated to NCI	-	-	-	-	4	-	-	-	4
Cash flows from/(used in) operating activities	7,681	(2,901)	1,268	12,890	5,133	713	28		
Cash flows (used in) investing activities	(3,894)	(1,758)	(353)	(6,231)	(6,760)	(184)	-		
Cash flows (used in)/from financing activities (dividends to NCI: $5.711 million)	(4,314)	1,151	(1,240)	(4,013)	(1,439)	(885)	-		
Net (decrease)/increase in cash and cash equivalents	(527)	(3,508)	(325)	2,646	(3,066)	(356)	28		

22. NON-CONTROLLING INTERESTS (continued)

30 June 2017	Basic Industries Limited	Pacific Cement Limited	Merchant Finance Limited	RB Patel Group Limited	Fiji Television Limited	Life Cinema Limited	Blue Lagoon Cruises Limited	Intra-group eliminations	Total
NCI percentage	48.99%	49.83%	20.00%	46.53%	38.30%	30.87%	3.92%		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets	21,920	7,049	101,362	50,510	5,377	8,617	14,502		
Current assets	21,023	14,626	63,604	19,450	12,001	753	609		
Non-current liabilities	(1,851)	(494)	(37,541)	(9,874)	(383)	(5,691)	(1,901)		
Current liabilities	(16,449)	(7,423)	(93,145)	(21,710)	(2,457)	(2,770)	(354)		
Net assets	24,643	13,758	34,280	38,376	14,538	909	12,856		
Net assets attributable to NCI	12,073	6,856	6,856	17,856	5,568	281	504	(1,812)	48,182
Revenue	73,690	33,057	17,599	123,140	(10,295)	(2,991)	3,343		
Profit/(loss)	7,936	1,139	3,891	8,482	575	(542)	2,154		
OCI	-	-	(24)	996	(151)	-	-		
Total comprehensive income	7,936	1,139	3,867	9,478	424	(542)	2,154		
Profit/(loss) allocated to NCI	3,888	568	778	3,946	220	(167)	84	(138)	9,179
OCI allocated to NCI	-	-	(5)	464	(58)	-	-	-	401
Cash flows from/(used in) operating activities	5,468	4,406	8,855	10,073	(1,500)	(482)	15		
Cash flows (used in)/from investing activities	(3,533)	(2,208)	(266)	(5,803)	(614)	(3,714)	6		
Cash flows (used in)/from financing activities (dividends to NCI: $7.577 million)	(6,028)	(1,809)	(8,159)	(5,162)	(3,253)	4,631	-		
Net (decrease)/increase in cash and cash equivalents	(4,093)	389	430	(892)	(5,367)	435	21		

23. INVESTMENTS IN ASSOCIATES

The Group's share of profit after tax in its equity accounted investees for the year was $2.690 million (2017: $3.872 million). The Group has interests in the following associates which are considered individually immaterial:

Marsh Limited
Golden Manufacturers Limited
Pernix (Fiji) Limited
New World Limited

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	Assets $'000	Liabilities $'000	Revenue $'000	Expenses $'000	Profit/ (loss) $'000
2018	178,400	99,463	78,693	68,804	9,889
	=======	=======	=======	=======	=======
2017	104,885	69,485	75,557	61,600	13,958
	=======	=======	= ======	=======	=======

Reconciliation of the carrying value of investments in associates:

	Group 2018 $'000	Group 2017 $'000
Opening balance	20,161	18,962
Additions	7,709	-
Equity accounted earnings of associates (net of tax)	2,690	3,872
Dividends from associates (Note 21c)	(1,605)	(2,673)
Closing balance	28,955	20,161
	===========	===========

24. PAYABLES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current				
Trade creditors	11,827	17,893	-	-
Accruals and other creditors	18,651	17,416	657	462
	30,478	35,309	657	462
	==========	==========	==========	==========
Non-current				
Trade creditors	277	275	-	-
	==========	==========	==========	==========
TOTAL	30,755	35,584	657	462
	==========	==========	==========	==========

25. EMPLOYEE ENTITLEMENTS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current				
Annual leave	893	850	86	31
Bonus and gratuity	777	508	323	243
	1,670	1,358	409	274
Non-current				
Bonus and gratuity	30	74	-	-
Long service leave	166	38	-	-
	196	112	-	-
	1,866	1,470	409	274
	==========	==========	=========	==========

26. DIVIDENDS PAYABLE

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Dividends	2,401	1,668	-	-

This amount represents provision for dividends by subsidiary companies to their minority shareholders.

27. BORROWINGS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current				
Bank overdrafts				
secured (Note 10)	13,890	17,005	4,249	4,434
Term loans				
secured	15,148	13,972	2,931	2,822
Fixed term deposits and term borrowings				
(unsecured) – third parties	89,218	90,880	2,000	2,000
	118,256	121,857	9,180	9,256
Non-current				
Term loans				
secured	60,991	63,050	22,194	25,059
Fixed term deposits and term borrowings				
(unsecured) – related parties	-	-	7,440	12,928
– third parties	40,746	40,712	4,150	4,150
	101,737	103,762	33,784	42,137
TOTAL	219,993	225,619	42,964	51,393

The bank overdraft, stand by facilities, and term loans of the subsidiary companies with Australia and New Zealand Banking Group Limited ("ANZ Bank", "ANZ Banking Group Limited") are secured by registered equitable mortgages over all the assets and undertakings of the companies, including uncalled and unpaid capital of the respective companies.

i. Fijian Holdings Limited – the loan and bank overdraft with ANZ Bank are secured by Scrip Lien Stamped to $59m and Scrip Lien over shares in Basic Industries Limited, shares in Merchant Finance Limited, shares in South Sea Cruises Limited, shares in Golden Manufacturers Limited, shares in FHL Media Limited, shares in Pernix (Fiji) Limited, Scrip Lien given by FHL Retailing Limited over shares in RB Patel Group Limited, Scrip Lien, given by the FHL Trustees Limited, over shares in Pernix (Fiji) Limited, Naked deposit given Fijian Holdings Trust Management Limited (100% FHL owned) over 1 ordinary share in South Sea Cruises Limited, and First Registered Charge (Mortgage debenture), given by FHL including its uncalled and unpaid capital. (Being a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of that Security Provider).

ii. South Sea Cruises Limited – the loan and bank overdraft with ANZ Bank are secured as follows:

- First registered mortgage debenture by South Sea Cruises Limited being a fixed and floating charge over all present and future assets, undertakings and unpaid or uncalled capital stamped to $33,427,146.
- First registered ships mortgage over MV Tiger IV, MV Dau Sara Cakau, MV Yasawa Flyer II, MV Cheetah, MV Ocean Dreaming and MV Cougar II. Agreement to mortgage over MV Tiger IV, MV Yasawa Flyer II and MV Dau Sara Cakau.
- Deed of covenant over MV Tiger IV, MV Yasawa Flyer II, MV Dau Sara Cakau and MV Cougar II.
- Agreement to mortgage over MV Tiger IV, MV Yasawa Flyer II and MV Dau Sara Cakau.
- Irrevocable Undertaking over MV Yasawa Flyer II.
- Master lease agreement between Australia and New Zealand Banking Group Limited and South Sea Cruises Limited.
- Cross guarantee between South Sea Cruises Limited, Blue Lagoon Cruises Limited and Blue Lagoon Cruises Holdings Limited.

27. BORROWINGS - continued

- First registered mortgage debenture by Blue Lagoon Cruises Limited, being a fixed and floating charge over all present and future assets, undertakings and unpaid or uncalled capital.
- First registered land mortgage over certificate of title number 1248, being land comprising Nanuya Island.
- First registered ships mortgage over Fiji Princess and Mystique Princess belonging to Blue Lagoon Cruises Limited.
- First registered land mortgage over Itaukei sublease number 820719 being land comprising Malamala Island.
- Pledge for first registered ships mortgage over MV Tiger V and Panther.

iii. RB Patel Group Limited – the loan and bank overdraft with ANZ Bank are secured as follows:

- First registered mortgage debenture given by RB Patel Group Limited over all its present and future assets and undertakings and its uncalled and unpaid capital, stamped to $20 million.
- First registered mortgage over properties (CT No. 23400) situated at corner of Dovi Road and Ratu Mara Road, Laucala Beach Estate, Nasinu, (CT No. 7082) situated at Martintar, Nadi, (CT No. 34330) situated at Tavewa Avenue, Lautoka, (CL No. 53120) situated at Tavewa Avenue, Lautoka and (CT No. 39150) situated at Queens Road, Lami.
- A Deed of Pari Passu between the ANZ Banking Group Limited, Westpac Banking Corporation and RB Patel Group Limited, regarding sharing of securities in the ratio 50/50 with maximum debt of $6 million each.
- Deed of Variation of Pari Passu between the ANZ Banking Group Limited, Westpac Banking Corporation and RB Patel Group Limited, increasing maximum debt to $6 million each.

The bank overdraft facility (together with letter of credit and guarantee facilities) from Westpac Banking Corporation to RB Patel Group Limited is secured by:

- Registered equitable mortgage debenture given by RB Patel Group Limited over all its assets and undertakings including its uncalled and called but unpaid capital.
- A Deed of Pari Passu between Westpac Banking Corporation, ANZ Banking Group Limited and RB Patel Group Limited, regarding sharing of securities in the ratio 50/50 with maximum debt of $7 million each.
- Registered first mortgage over properties (CL No. 718652) situated at the corner of Kings & Adi Davila Roads, Nakasi, Nausori and (NL No. 15761) situated at Labasa.

iv. Basic Industries Limited – the loan and bank overdraft with ANZ Bank is secured by a registered first mortgage debenture over all assets and undertakings of Basic Industries Limited including its uncalled and unpaid premiums.

Basic Industries Limited leases vehicles and equipment with lease terms of 3 to 5 years.

The finance lease on motor vehicles are secured as follows:

- master finance lease agreement between Basic Industries Limited and Australia and New Zealand Banking Group Limited;
- letter of comfort given by Fijian Holdings Limited in support of facilities amounting in aggregate to $12.995m held on account of Basic Industries Limited; and
- letter of comfort given by Fijian Holdings Limited in support of facilities amounting in aggregate to $13,065,000 availed to Basic Industries Limited.

v. Life Cinema Limited – the bank overdraft facility and loan from ANZ Banking Group Limited are secured by:

- First Registered Mortgage Debenture over Life Cinema Limited’s assets and undertakings including its called and uncalled capital.
- Letter of Undertaking given by Fijian Holdings Limited for the entire indebtedness of $6,250,000 to ANZ Banking Group Limited.

27. BORROWINGS (continued)

vi. FHL Properties Limited: the loans with ANZ Bank are secured by a first registered mortgage over CT 19239 (Vanua House), first registered mortgage debenture over the assets and undertakings of FHL Properties Limited (this is a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid/ uncalled capital of FHL Properties Limited), first registered mortgage over CT 4098 (Ratu Sukuna House) and first registered mortgage over CT 12609 (Ra Marama House).

vii. Pacific Cement Limited: – the loan with ANZ Bank is secured by a first registered mortgage debenture over all of Pacific Cement Limited's assets and undertakings, stamped at $9.1 million.

viii. Fiji Television Limited: the loans with ANZ Bank are secured by a first registered mortgage debenture over all of Fiji Television Limited's assets and undertakings.

The overdrafts bear interest rates of 3.90% per annum and finance leases bear interest rates varying from 3.9% to 5% per annum.

Fixed term deposits and term borrowings are related to customer deposits with Merchant Finance Limited and Fijian Holdings Unit Trust.

The Company and the Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the years ended 30 June 2018 and 2017.

Reconciliation of movement of liabilities to cash flows from financing activities

	Term loan (secured) $'000	Lease liabilities $'000	Total $'000
Balance at 30 June 2017	77,022	16,385	93,407
Changes from financing cash flows			
Proceeds from loans and borrowings	13,270	-	13,270
Repayment of borrowings	(14,309)	-	(14,309)
Payment of finance lease liabilities	-	(1,542)	(1,542)
Total changes from financing cash flows	(1,039)	(1,542)	(2,581)
Other changes			
Liability-related			
New lease liabilities	-	1,405	1,405
Interest expense	3,177	1,082	4,259
Interest paid	(3,021)	(1,082)	(4,103)
Total liability-related other changes	156	1,405	1,561
Balance at 30 June 2018	76,139	16,248	92,387

28. SHARE CAPITAL

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Issued and fully paid				
10,464,650 'A' class ordinary shares (20,000,000 authorised)	10,465	10,465	10,465	10,465
20,000,000 'B' class ordinary shares (20,000,000 authorised)	20,000	20,000	20,000	20,000
	30,465	30,465	30,465	30,465

Shares have no par value.

The Company's ordinary 'A' class shares are listed on the Restricted Board of the South Pacific Stock Exchange. The iTaukei Affairs Board and the iTaukei Trust Fund (formerly Fijian Trust Fund) each hold 10 million of the Company's "B" class ordinary shares of $1 each.

All ordinary shares rank equally with regard to the Company's residual assets.

29. RESERVES

Fair value reserve (2017: Available for sale reserve)
Fair value reserve consists of subsequent changes in the fair value of investments in equity instruments that are not held for trading. (2017: Available for sale reserve consisted of unrealised gains or losses arising from changes in the fair value of investments classified as available-for-sale financial assets.)

Credit loss reserve
The credit loss reserve relates to Merchant Finance Limited in accordance with the requirements of the Reserve Bank of Fiji.

Other equity reserve
Other equity reserve relates principally to acquisition of minority interest shareholdings in Blue Lagoon Cruises Limited and RB Patel Group Limited.

Asset revaluation reserve
The asset revaluation reserve consists of increments arising from the revaluation of the Group's property, plant and equipment.

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

Common control reserve
The acquisition of FHL Media in 2013 was accounted for as a common control transaction as at the time of this transaction both FHL Media and the Company were controlled by the same shareholder group. As a common control transaction, the acquisition did not reflect the fair value of assets and liabilities acquired or recording of additional goodwill at the time of the acquisition of FHL Media. The acquisition balance sheet of FHL Media reflected the carrying values for assets and liabilities acquired from FHL Media's consolidated accounting records. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired was recognised as a common control reserve in the consolidated financial statements. Upon disposal of all interests in FHL Media Limited by the Group, this reserve will be transferred to retained earnings.

29. RESERVES - continued

	Asset Revaluation Reserve $'000	Credit Loss Reserve $'000	Common Control Reserve $'000	Fair Value Reserve $'000	Foreign Currency Translation Reserve $'000	Other Equity Reserve $'000	Total $'000
(a) Group							
Balance at 1 July 2016	**5,756**	**2,425**	**9,926**	**3,786**	**(38)**	**(1,031)**	**20,824**
Foreign currency movement	-	-	-	-	(197)	-	(197)
Decrease in non-controlling interests	-	-	-	-	-	(18)	(18)
Revaluation of property, plant & equipment	636	-	-	-	-	-	636
Fair value movements	-	-	-	3,753	-	-	3,753
Balance at 30 June 2017	**6,392**	**2,425**	**9,926**	**7,539**	**(235)**	**(1,049)**	**24,998**
Impact of adjustment on initial application of IFRS 9, net of tax	-	-	-	(620)	-	-	(620)
Adjusted balance at 1 July 2017	**6,392**	**2,425**	**9,926**	**6,919**	**(235)**	**(1,049)**	**24,378**
Foreign currency movement	-	-	-	-	6	-	6
Decrease in non-controlling interests	-	-	-	-	-	(1,654)	(1,654)
Fair value movements	-	-	-	8,570	-	-	8,570
Balance at 30 June 2018	**6,392**	**2,425**	**9,926**	**15,489**	**(229)**	**(2,703)**	**31,300**
(b) Company							
Balance at 1 July 2016	-	-	-	**88,470**	-	-	**88,470**
Fair value movements	-	-	-	21,369	-	-	21,369
Balance at 30 June 2017	-	-	-	**109,839**	-	-	**109,839**
Fair value movements	-	-	-	18,525	-	-	18,525
Balance at 30 June 2018	-	-	-	**128,364**	-	-	**128,364**

30. OPERATING LEASES

Operating lease commitments

The Group has a number of leases with less than 12 months of lease term for which no right of use assets and liabilities have been recognised. (2017: the group has a number of lease agreements with varying terms and conditions). The future aggregated minimum lease payments under these leases are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not later than 1 year	289	2,960	-	148
Later than 1 year but not later than 5 years	-	6,369	-	482
Later than 5 years	-	11,753	-	-
	289	21,082	-	630

In 2017, the lease arrangements included operating lease rentals with parties external to the group for rental of office space and retail outlets.

Operating lease commitments – where a group company is the lessor

The group leases certain properties at varying terms and conditions. The future minimum lease payments receivable under these leases are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not later than 1 year	4,840	5,004	-	-
Later than 1 year but not later than 5 years	5,203	7,037	-	-
Later than 5 years	2,371	3,769	-	-
	12,414	15,810	-	-

Amounts recognised in profit or loss

During 2018, investment property rentals of $4.870 million (2017: $5.252 million) were included in 'Operating revenue'. Direct operating expenses (including repairs and maintenance), were as follows:

Income-generating property	1,562	815	-	-
Vacant property	-	-	-	-
	1,562	815	-	-

31. EARNINGS PER SHARE

The calculation of earnings per share at 30 June 2018 was based on the profit attributable to ordinary shareholders of $25.662 million (2017: $21.892 million) and a weighted average number of ordinary shares outstanding of 30.465 million (2017: 30.465 million), calculated as follows:

	Group	
	2018 $'000	2017 $'000
Profit after income tax attributable to members of the holding company	25,662	21,892
Weighted average number of shares outstanding	30,465	30,465
Basic and diluted earnings per share	$ 0.84	$ 0.72

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
32. CONTINGENT LIABILITIES				
Non performance guarantees given by the bank on behalf of subsidiary companies	5,678	2,842	-	-
Non performance guarantees given by the bank on behalf of the holding company	270	270	270	270

In the opinion of the directors, no loss is anticipated in respect of the above contingent liabilities.

The Company has provided a letter of support to its subsidiary, South Sea Cruises Limited undertaking that in the next 12 months it will provide sufficient financial assistance as and when it is needed to enable the subsidiary to continue operations and meet its financial obligations.

One of the Group's subsidiaries, South Sea Cruises Limited, is currently a second defendant in a case involving the Land Tenure of Malamala Island. The matter was struck out by the High Court on 18 November 2016 against the first and fourth defendant. The Plaintiff filed an appeal on 23 January 2017 and is awaiting ruling on 23 October 2018. Should the appeal be allowed, the directors expect to defend the case successfully based on the ruling received previously. It is uncertain at this stage the potential liability that may be assigned to South Sea Cruises Limited being a second defendant.

33. CAPITAL COMMITMENTS

Commitments for capital expenditure not provided for in the financial statements are as follows:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Approved but not contracted	-	417	-	-
Approved and contracted	16,460	10,770	-	-
	=========	=========	=========	=========

Commitments in respect of loans and approved credit commitments offered but not yet advanced as at balance date amounted to approximately $4.057million (2017: $2.783million).

34. RELATED PARTY INFORMATION

Directors

The following were directors of the Company at any time during the financial year:

Adrian Sofield - Chairman
Iowane Naiveli
Sakiusa Raivoce
Aisea Waka Vosailagi
Anthony Whitton
Sanjit Patel
Robert Lyon
Yogesh Karan
Isikeli Tikoduadua - 'A' class Shareholders' Representative

Amounts paid to the directors during the year are disclosed in Note 5(b).

34. RELATED PARTY INFORMATION (continued)

Identity of related parties

All material ownership interests in related parties are disclosed in Note 21. The Group also has related party transactions within the Group which are eliminated upon consolidation.

Key management personnel

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

During the year the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the Group:

Name	Title
Fijian Holdings Limited	
Nouzab Fareed	Chief Executive Officer
Abilash Ram	General Manager Finance
Mereoni Matavou	Manager Legal/Company Secretary (resigned 1 December 2017)
Sitiveni Koya	Company Secretary (appointed 23 May 2018)
Fiji Television Limited	
Karen Lobendhan	Chief Executive Officer
South Sea Cruises Limited	
Brad Rutherford	Chief Executive Officer
Basic Industries Limited	
Mosese Volavola	Chief Executive Officer
Pacific Cement Limited	
Sowani Tuidrola	Chief Executive Officer
Merchant Finance Limited	
Rowena Fong	Acting Chief Executive Officer
RB Patel Group Limited	
Deepak Rathod	Chief Operating Officer

The aggregate compensation of the key management personnel of the Group comprising only short-term benefits amounted to $2.085million (2017: $2.661 million).

Transactions with related parties

During the year, the Group entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

34. RELATED PARTY INFORMATION (continued)

Transactions with related parties (continued)

Management fees

The Company has management agreements in place with its subsidiary companies for the provision of management services during the year. Management fees received during the year were as follows:

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Merchant Finance Ltd	-	-	691	108
FHL Retailing Ltd	-	-	720	720
FHL Fund Management Limited	-	-	96	96
FHL Properties Limited	-	-	240	240
Pacific Cement Limited	-	-	90	90
FHL Media Limited	-	-	48	48

Dividend income

The dividends received during the year have been disclosed in Note 21.

Interest income

The Company provided loans and advances to its subsidiary companies during the year. Interest income received by the Company during the year is as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
Blue Lagoon Cruises Ltd	-	-	501	395
FHL Retailing Ltd	-	-	214	416
	-	-	715	811

Interest expense

The Company also obtained loans and advances from its subsidiary companies during the year. Interest expense paid by the Company during the year is as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
FHL Media Ltd	-	-	268	302
FHL Retailing Ltd	-	-	47	81
FHL Stockbrokers Limited	-	-	9	15
FHL Fund Management Limited	-	-	25	6
	-	-	349	404

Amounts receivable from/payable to related parties

During the year, the Company advanced loans to its subsidiary companies. The subsidiary companies also advanced loans to the Company. The loans are unsecured. Amounts receivable from / payable to related parties as at reporting date is as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
Loans receivable				
FHL Retailing Ltd	-	-	-	6,030
South Sea Cruises Limited	-	-	8,593	8,221
Blue Lagoon Cruises Limited	-	-	326	-
	-	-	8,919	14,251
Other receivables				
Basic Industries Ltd	-	-	1,621	785
Pacific Cement Limited	-	-	760	760
FHL Fund Management Ltd	-	-	9	12
FHL Properties Ltd	-	-	1,080	1,145
Golden Manufacturers Limited	-	-	500	1,510
South Sea Cruises Limited	-	-	5,575	3,500
Merchant Finance Ltd	-	-	2,935	2,400
Pernix Limited	-	-	105	63
FHL Retailing	-	-	2,500	-
	-	-	15,085	10,175
Loans payable				
FHL Media Limited	-	-	7,440	9,463
FHL Fund Management Limited	-	-	-	250
FHL Stockbrokers Limited	-	-	-	260
FHL Retailing Limited	-	-	-	2,955
	-	-	7,440	12,928

35. SEGMENT INFORMATION

A business 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 business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Construction	Sales of cement, concrete and concrete products
Property	Owners and administrators of properties, and rental of property
Finance	Asset and loan financing, and acceptance of term deposits
Tourism	Provision of sea transportation services and boat charters
Media	Television and communications
Retail	Retailing and wholesaling of general merchandise
Investment	Equity investments

35. SEGMENT INFORMATION - continued
Primary Reporting - Business Segments

2018

	Construction $000	Property $000	Finance $000	Tourism $000	Media $000	Retail $000	Investment $000	Other $000	Inter Segment $000	TOTAL GROUP $000
External Operating Revenue										
Sale of goods	104,544	-	-	-	-	121,589	-	-	(15,800)	210,333
Rendering of services	-	-	-	50,532	16,404	-	-	-	(3,285)	63,651
Revenue from contracts with customers	104,544	-	-	50,532	16,404	121,589	-	-	(19,085)	273,984
Rental and property management	-	3,968	-	-	-	3,078	-	-	(799)	6,247
Interest income	-	-	20,759	-	-	-	-	-	-	20,759
Fee income	-	-	427	-	-	-	-	-	-	427
Interest expense	-	-	(5,248)	-	-	-	-	-	59	(5,189)
Other	-	-	-	-	-	-	27,905	9,217	(26,436)	10,686
Total operating revenue/ net interest income										306,914
Result										
Profit before income tax	10,380	2,867	8,521	7,421	1,064	10,747	23,385	4,229	(25,620)	42,994
Income tax expense	(2,063)	(609)	(1,726)	(1,324)	(399)	(1,085)	(87)	8	-	(7,285)
Other material non-cash items:										
– Impairment losses on non financial assets	-	-	-	(400)	-	-	-	-	-	(400)
Depreciation and amortisation expense	(4,893)	(68)	(933)	(6,736)	(2,149)	(1,589)	(197)	(624)	2,449	(14,740)
Acquisition of property, plant and equipment	5,591	32	418	7,780	2,008	753	104	899	-	17,585
Total assets	70,980	42,252	165,607	88,529	59,157	78,749	340,001	97,318	(370,348)	572,245
Total liabilities	30,379	11,072	130,681	68,656	18,732	35,510	44,502	4,730	(49,993)	294,269

35. **SEGMENT INFORMATION - continued**
Primary Reporting - Business Segments

2017

	Construction $000	Property $000	Finance $000	Tourism $000	Media $000	Retail $000	Investment $000	Other $000	Inter Segment $000	TOTAL GROUP $000
External Operating Revenue										
Sale of goods	105,110	-	-	-	-	119,762	-	-	(12,295)	212,577
Rendering of services	-	-	-	46,181	12,772	-	-	-	(3,285)	55,668
Rental and property management	-	3,901	-	-	-	2,929	-	-	(276)	6,554
Interest income	-	-	21,675	-	-	-	-	-	-	21,675
Fee income	-	-	687	-	-	-	-	-	-	687
Interest expense	-	-	(5,393)	-	-	-	-	-	42	(5,351)
Other	-	-	-	-	-	-	26,909	8,830	(26,859)	8,880
Total operating revenue/ net interest income										300,690
Result										
Profit before income tax	11,482	3,497	4,902	7,354	476	9,439	22,375	3,921	(26,223)	37,223
Income tax expense	(2,407)	(513)	(1,010)	(1,696)	148	(957)	611	(328)	-	(6,152)
Other material non-cash items:										
– Impairment losses on non financial assets	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	(3,633)	(152)	(593)	(1,730)	(1,620)	(1,032)	(120)	(562)	(1,059)	(10,501)
Acquisition of property, plant and equipment	7,844	73	260	13,071	5,315	1,178	118	230	-	28,089
Total assets	64,618	40,583	164,966	65,471	47,693	69,960	312,898	76,133	(317,258)	525,064
Total liabilities	26,217	11,660	130,686	47,462	10,613	31,584	51,789	8,232	(43,552)	274,691

The Group operates in Fiji and in PNG with the PNG operations not being material and therefore do not require separate segment disclosures.

The fee income above relates to financial assets not measured at FVTPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets.

36. 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, in the opinion of the directors of the Group, to affect significantly the operations of the Company and the Group, the results of those operations, or the state of affairs of the Company and the Group, in subsequent financial years.

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in these financial statements)

a) Statement of interest of each Director in the share capital of the Company or in a related Corporation as at 30 June 2018 included

	Beneficially		Non-beneficially	
	Additions	Holding	Additions	Holding
Sakiusa Raivoce	-	101,000	-	-
Aisea Waka Vosailagi	-	-	-	20,760,977

b) Distribution of Shareholding

Holding	No. of Holders	% Holding
Less than 500 shares	342	1.02
501 to 5,000 shares	651	9.62
5,001 to 10,000 shares	70	4.58
10,001 to 20,000 shares	53	7.40
20,001 to 30,000 shares	20	4.74
30,001 to 40,000 shares	15	4.79
40,001 to 50,000 shares	12	5.31
50,001 to 100,000 shares	31	22.86
100,001 to 1,000,000 shares	15	39.67
Total	**1,209**	**100.00%**

c) Top 20 shareholders in "A" class shares

	Name	No. of shares
1	iTaukei Land Trust Board	859,666
2	iTaukei Affairs Board	760,977
3	Cicia Plantation Co-Op Society Ltd	400,000
	Cakaudrove Provincial Holdings Company Limited	400,000
4	Ratu Sir K Mara Education Trust Fund	300,000
5	Tailevu Dairy Farmers Co-op	220,000
6	Macuata Provincial Council	203,614
7	Vanua Ko Lovoni Investment Ltd	179,805
8	Bua Provincial Council	156,348
9	Duavata Holdings Limited	141,000
10	iTaukei Land Trust Board ATF Mataqali Serau, Nabiti, Dreketi, Macuata	111,992
11	Mualevu Koro Invest Co Ltd	108,754
12	Serua Provincial Council	107,911
13	Moala Tikina Council	101,005
14	Sakiusa Raivoce & Anaseini Raivoce	101,000
15	Dogotuki Tikina Council	100,000
	Kiri Verewale Richmond	100,000
	Lomati Village Investment Ltd	100,000
	Mavana Investment Ltd	100,000
	Munia Holdings Ltd	100,000
	Nabukebuke Holdings Ltd	100,000
	Naqarani Holdings Ltd	100,000
	Nasoqo Farming Enterprises Ltd	100,000
16	Kadavu Provincial Council	99,283
17	Vatulele Island Holdings	97,990

c) Top 20 shareholders in “A” class shares (continued)

18	Rewa Provincial Council	93,601
19	Vukicea Investment Limited	90,000
20	Mataqali Natabutale	84,743

d) Share price details:
Highest share price during the year was $6.15
Lowest share price during the year was $4.51
Share price at year end was $6.15

e) Attendance at Board Meetings:

Name	No of meeting	No attended
Adrian Sofield	5	5
Iowane Naiveli	5	4
Sakiusa Raivoce	5	5
Ratu Aisea Waka Vosailagi	5	4
Isikeli Tikoduadua	5	5
Robert Lyon	5	5
Anthony Whitton	5	4
Sanjit Patel	5	5
Yogesh Karan	5	3

f) Share register
Central Share Registry
South Pacific Stock Exchange
Level 2
Plaza 1
FNPF Building
33 Ellery Street
Suva
Fiji

Company Secretary – Sitiveni Koya (appointed 23 May 2018)

LISTING REQUIREMENTS OF THE SOUTH PACIFIC STOCK EXCHANGE (CONTINUED)

g) Disclosure under Section 6.31(viii)

	FHL Fund Management Ltd	South Sea Cruises Ltd	FHL Properties Ltd	FHL Stockbrokers Ltd	FHL Retailing Ltd	Basic Industries Ltd	Pacific Cement Ltd	FHL Logistics Ltd	Merchant Finance Ltd	FHL Media Ltd
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Turnover	2,233	50,532	3,968	112	128,461	74,986	29,558	-	15,511	16,404
Other income	17	137	1,051	-	4,758	474	-	-	1,961	1,132
	2,250	50,669	5,019	112	133,219	75,460	29,558	-	17,472	17,536
Depreciation	(122)	(6,736)	(68)	(2)	(2,089)	(3,943)	(950)	-	(933)	(2,149)
Interest income/(expense)	44	(2,647)	(197)	27	(778)	(208)	(162)	-	(71)	(387)
Other expenses	(1,020)	(33,866)	(1,887)	(67)	(116,598)	(61,139)	(28,236)	-	(7,947)	(13,935)
Income tax expense	(243)	(1,324)	(610)	(18)	(815)	(2,027)	(36)	-	(1,726)	(399)
Profit after tax	909	6,096	2,257	52	12,939	8,143	174	-	6,795	666
Assets	2,124	101,809	42,376	776	160,006	49,234	21,877	1	165,467	59,180
Liabilities	185	69,108	11,196	128	38,678	22,448	8,065	918	130,540	18,755
Shareholder's Funds	1,939	32,701	31,180	648	121,328	26,786	13,812	(917)	34,927	40,425

h) 5 Year Comparative

Year	**2014**	**2015**	**2016**	**2017**	**2018**
Dividend payment ($m)	6.40	6.70	7.01	7.34	7.43
Return on investment (%)	6%	7%	11%	12%	12%
Earnings per share (¢)	32	35	48	72	84
Group total assets ($m)	458.86	473.57	491.29	525.06	572.25
Group shareholders fund ($m)	200.13	215.84	230.54	250.37	277.98
Group operating revenue ($m)	245.75	256.10	293.55	297.35	306.91
Company operating revenue ($m)	17.65	26.47	26.08	26.90	27.90
Group profit before tax ($m)	18.30	23.90	34.81	37.22	42.99
Company profit before tax ($m)	10.90	12.33	20.44	22.38	23.39

FIJIAN HOLDINGS LIMITED

APPOINTMENT OF PROXY

I/We

being a member of Fijian Holdings Limited, hereby appoint:

as our proxy, to vote for us on our behalf at the Thirty Third Annual General Meeting
of Fijian Holdings Limited to be held on 27th November 2018
(Name of Appointee)

(please select appropriate section)

A. Shareholder Signature

Witness Name & Signature

Signed this day of 2018

B. In case of a body corporate, this form should be under its Seal or be signed by an officer or an attorney duly authorised by it.

The Common Seal of

Was hereunto affixed in the Presence of the Undersigned who certify

they are Proper officers authorised to attest the Affixing
of the Seal of the said Company:

Director

Director / Secretary

Signed this day of 2018

Send Proxy Form to:

Fax:
330 5020

Mail:
P.O. Box 2110
Government Buildings
Suva
Fiji

Email: Sitiveni.Koya@fijianholdings.com.fj
or hand-deliver to:

Fijian Holdings Ltd
Level 7
Ra Marama
91 Gordon St
Suva
Fiji


MALAMALA BEACH CLUB

FIJIAN HOLDINGS LIMITED