2017 ANNUAL REPORT

FNPF
securing your future

Briefly

The Fiji National Provident Fund is a defined contribution fund that provides superannuation services to its members. The operations of the Fund is guided by the FNPF Act 2011. As such, FNPF is mandated by law to collect compulsory contributions from employees and employers towards the retirement savings of all workers in Fiji. The Fund also provides pre-retirement benefits such as housing, medical and education assistance.

FNPF is a major investor in Fiji and one of the country's largest property owners. The Fund also owns majority shares in Amalgamated Telecom Holdings Limited, Vodafone Fiji Limited, Home Finance Company Limited, and fully-owns the Natadola Bay Resort Limited (InterContinental Fiji Golf Resort & Spa), Holiday Inn Suva, Momi Bay Resort Pte Limited (Fiji Marriott Resort) and 25% of the Grand Pacific Hotel.

Our Vision

Securing your Future

Our Mission

To understand our customers, offer quality services and ensure sustainable returns for a meaningful retirement

Our Values

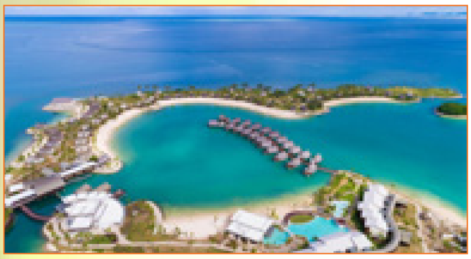
Excellence • We are always striving to maintain high standards

Teamwork • We value the relationship we have with each other, respect our diversity and share experiences, resources and opportunities to foster our commitment to the cause of the Fund to achieve a common purpose

Humility • We value humility as a cornerstone of our service, showing respect to all, and willingness to learn and develop to serve our customers better

Integrity • We resolve to do what is right for our customers and our colleagues even when no one is looking

Courage • We are courageous in our capacity as custodians of members' funds to do what is right for members and Fiji



Cover photo

This photo captures the beauty of the Fiji Marriott Resort Momi Bay, which opened in April 2017. The resort is fully owned by the FNPF.

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ANNUAL REPORT

2017 Highlights

8.4%
Increase in Net Profit

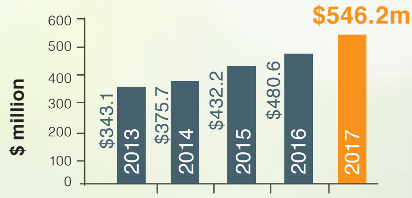
Net Profit ($million)

Total Assets

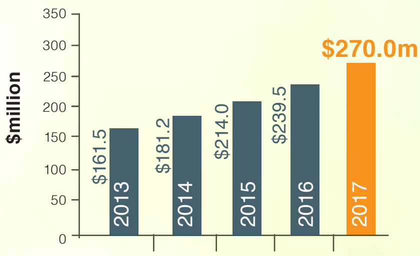
Investment Income

Members' Balances

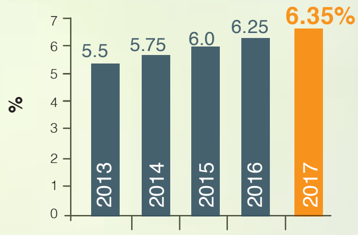
Contributions



Interest credited to members



Interest rate to members



Membership Types

	2017	2016
Members	417,886	406,065
Active Members*	230,817	218,516
Zero Balances	65,616	70,574

* Members who contributed at least once in the last 12 months

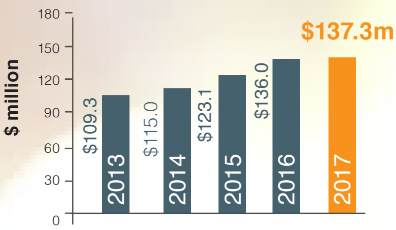
13.6% Increase in Contribution

6.8% Return on Investment

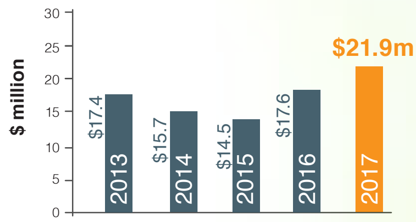
6.35% Interest to Members

Summary of Members *Withdrawals*

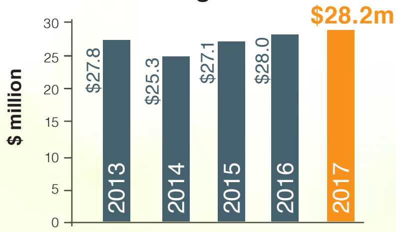
55 Years & Over



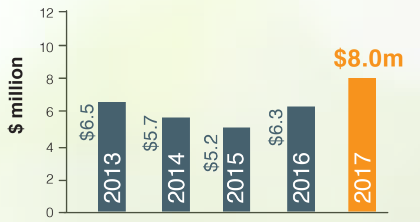
Death



Migration

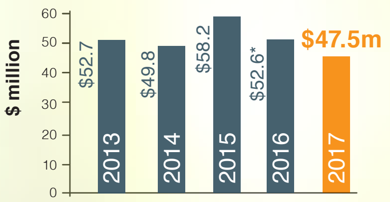


Non-Citizens Migrating



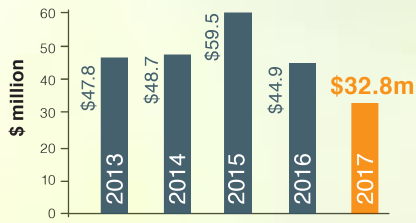
Partial

Covers Education, Medical, Unemployment & Funeral

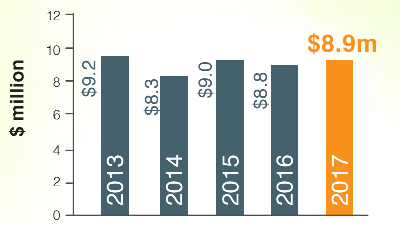


* Excludes $275.5 million for TC Winston Assistance

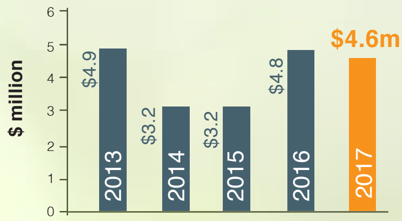
Housing



Special Death Benefit



Disability



Our Stakeholders

Pensioners, members, employers and representatives of landowners and Government were at the opening of the Fiji Marriott Resort Momi Bay in April 2017.

FNPF *Board*

Mr AJITH KODAGODA

CHAIRMAN

Member since June 2009. Member of the Board Investment Committee. Also Board Chairman Fiji Revenue & Customs Service (FRCS), Amalgamated Telecom Holding Limited (ATH), & Vodafone Fiji Limited. Director Fiji International Telecommunication Limited (FINTEL), Home Finance Company Limited (HFC). Chairman Bio Security and Member of the Constitutional Offices Commission.

Mr TEVITA KURUVAKADUA

DEPUTY CHAIRMAN

Member since January 2010. Chairman Board Audit & Risk Committee, Chairman Board Information Technology Committee and Chair of Board Investment Committee. Board Member Reserve Bank of Fiji and Fiji Sugar Corporation Limited.

Ms BHAVNA NARAYAN

DIRECTOR

Member since January 2016. Member of the Board Investment Committee and Board Human Resources Committee. Member of Fiji's Public Service Commission.

Mr SANJAY KABA

DIRECTOR

Member since January 2016. Board Member FNPF Hotels & Resorts Limited (FHRL), Natadola Bay Resorts Limited (NBRL), Momi Bay Resorts Limited (MBRL), Grand Pacific Hotel (GPH), Amalgamated Telecom Holdings Limited, Telecom Fiji Limited, Fiji Ports Corporation Limited and Fiji Roads Authority. Member of the Constitutional Offices Commission and Fiji Institute of Engineers.

Ms MAKERETA KONROTE

DIRECTOR

Member since January 2016. Chairperson of Board Human Resources Committee. Member of the Board Audit and Risk Committee and Member of Natadola Bay Resort.

Chairman's *Report*

It is indeed reassuring to report that the FNPF had another year of remarkable achievements for the 12 months ended 30 June 2017, continuing a consistent growth trajectory for the last five years.

The year also marked the end of the reform journey which began in 2012, culminating in the successful completion and opening of the 250-room Fiji Marriott Resort in April 2017, and the implementation of the Fund's organization restructure in June 2017. The focussed roll-out of the Employer Portal was also a game changer with improved compliance in the collection of contributions, which grew by 13.6%, surpassing the half billion dollar mark for the first time.

Whilst the record financial performances will dominate the Fund's scoreboard, the results clearly indicate that the reform has built a sound platform to improve operational efficiencies and has successfully placed the FNPF on solid financial and governance foundation for future generations of Fijians.

I am also pleased to report that we are witnessing increased accumulation of member balances to provide for meaningful retirement, which is one of the core objectives of the reform. Amongst others, this growth has its own new challenges on investment and also the need to share the benefits of this success on a more equitable basis.

Financial Performance

The net surplus for the year grew by 8.4% to $359.5 million. The increase in net surplus is a direct result of the 3.5% increase in investment income to $341.5 million. The investment assets were valued at $5.0 billion, excluding cash, which is a 8.3% increase from the previous year. Return on investment, net of expenses and after solvency requirements is 6.8%.

This is the fifth consecutive year in which the Fund has increased the interest rates credited to members. Interest declared was 6.35%, which resulted in the distribution of $270 million to member accounts. We are justifiably proud to report that in the last five years, the Fund has credited over $1 billion as interest to our members.

Reform Now Bearing Fruit

Organization restructure

During the year, the Fund undertook a comprehensive review of its organization structure. The key objectives of the restructure are to ensure that we:

i. comply with our mandated functions and responsibilities under Section 6 of the FNPF Act 2011;
ii. improve customer service delivery; and
iii. maximise the full benefits of the new Management Information System (ProMIS).

The restructure was internally-driven and led by the Executive team, who conducted extensive consultation and communication to ensure that all employees were fully engaged in the process.

Key outcomes of the restructure included the consolidation of the member services functions, the strengthening and realignment of the contribution collections functions, and streamlining of other support functions. The approved structure has a final count of 430 personnel. A total of 39 personnel opted for voluntary separation from the Fund that resulted in a payout of $1.3 million.

We are witnessing increased accumulation of member balances to provide for meaningful retirement.

The Board fully complied with its legal requirements and also exhausted all avenues to ensure that the transition was amicable.

We are justifiably proud to report that in the last five years, the Fund has credited over $1 billion as interest to our members.

Investment Rehabilitation

The opening of the Fiji Marriott Resort at Momi Bay was a milestone achievement. Wrought with the stigma of its previous state and the challenges of restarting the project, the Fund ensured that it put together a proper governance structure and recruited qualified people to take on this redevelopment project, which laid the platform for its success.

Attorney General and Minister for Economy Hon. Aiyaz Sayed-Khaiyum, Prime Minister Hon. Voreqe Bainimarama and Chairman Mr Ajith Kodagoda at the Fund's 50th Anniversary celebrations.

We also formed strong partnership with Marriott International and Fletcher Construction, which added the credibility and the professional experience and skills required for the successful completion of the project, delivered on an adjusted program with savings of about $11.6 million against the construction project budget.

It is also pleasing to note the improved performance of Amalgamated Telecommunications Holdings (ATH), driven by improved underlying performances in all its operating subsidiaries: Vodafone, FINTEL and Telecom Fiji. This led to the Board decision to fully reverse the impairments in ATH and the write back of $56 million of the Fund's investment. The improved performance of the subsidiary was also validated by the market which has priced the ATH shares at around $1.50 per share at year end. The ATH shares are now recorded at its purchase price of $1.21 per share, which is still at a discount to the market.

RIF Review

In line with good practice, the Board commissioned an independent review of the Retirement Income Fund (RIF) to advise on the current life annuity pricing and to determine whether there is scope to improve the benefits provided to the current annuitants. The review was conducted by an Australian Government Actuary.

The Report amongst other things, confirmed that the assets of RIF are more than adequate to meet all future annuity payment obligations to current annuitants.

The Fund will also conduct a review of the mandated solvency requirement and the five year term annuity product in the new financial year.

Focus on what matters

Future Outlook

Based on recent projections, we expect the economy to continue its growth path for the next three years. This growth is expected to be led by the private sector and will have significant positive impact in generating new employment, as well as opportunities for an overall increase in salaries and wages. This, coupled with our preservation policy, will further accelerate the accumulation of member balances.

The challenge for the Board is to ensure that members' savings are invested to generate consistent growth and better returns. Returns from traditional asset classes are being constrained, so we need to look for new opportunities that will increase our investment returns. This means that we will take a more active investment approach and increase our exposure into growth assets in the tourism, infrastructure, telecommunications, property development and housing sectors.


We provide pension advisory services for those members approaching retirement.

New Products
Ensuring that we provide our members with other retirement products is a priority. In addition to this, the Fund will also review the Special Death Benefit (SDB) to make it equitable and sustainable. Collaborative stakeholder engagement will be undertaken, inclusive of public consultations, to solicit the views of our members. Any new retirement product and changes to SDB will require legislative amendments before they are launched.

The role of the Fund in addressing the wider social security issue is also on our agenda. Subject to feasibility, the Fund will explore opportunities to provide medical insurance and affordable housing schemes for our members. In doing so, we will also align our investment strategies to areas that support the social security needs of all Fijians.

As the saying goes 'no man is an island', the Fund recognizes that we cannot do this alone. We will actively engage with Government, the Reserve Bank of Fiji and other stakeholders in pursuing our strategies. Together, we can do a lot for our members and for all Fijians.

Corporate Culture
Lastly, we will pursue a strategy to strengthen the corporate culture of the Fund by identifying the right work values and behaviours to nurture a culture of stewardship. These will be reinforced by setting the right policies and environment to support this new culture.

The Fund has also engaged a leadership team from within and outside the organization, with diverse experience and knowledge to deliver on these strategic priorities. We will upskill our workers and provide the right environment for them to grow and excel. This will set us up well to increase the pace of execution in 2018 and the results will deliver real value for our members.

Acknowledgements
As directors we can only assist and give direction. Our achievements are a reflection of the hard work, commitment and sacrifices of FNPF employees at all levels. I thank my fellow Directors for their advice, loyalty and support during the year.

We are thankful to Government for working with us to achieve our objectives; our stakeholders and partners for their support and understanding during the reform journey that has enabled us to deliver value for members and make the business sustainable.

I also extend my sincere appreciation to the Chief Operating Officer and his leadership team for their contribution in embedding the reform and exerting every effort to meet the needs of our members.

FNPF is very much a people business and success is absolutely a team effort. The strong ethic of our staff and their dedication to serving our customers well is central to the delivery of our strategy and I want them to know how much they are appreciated.

Ajith Kodagoda
CHAIRMAN

FNPF *Reform Summary* 2012-2017

CATEGORY	MEASURES	OUTCOMES
Structural	Review of the FNPF Act	The new FNPF Act came into force in November 2011 setting the platform for the changes to the Pension Scheme, governance standards and overall reform.
	Pension	Actuarially fair retirement products were introduced to replace the old scheme. Apart from the age-based life pension, the term annuity product was also offered to members.
	Separation of Business	(i) The Fund separated the Pension business from the Contribution Business and this saw the establishment of the Retirement Income Fund (RIF) to support annuity payments. (ii) The Special Death Benefit Fund (SDBF) is now also a separate fund.
	Solvency Requirement	The Fund continues to meet the solvency requirements as prescribed by the FNPF Act 2011. For RIF and SDBF, the Fund Actuary provides a Funding and Solvency certificate to the Board and the Reserve Bank of Fiji at the end of each financial year, covering the next 14 months. For members fund, the Fund holds 10% of member balances, including interest accrued to date whether or not declared, as a solvency buffer at all times. The Board cannot declare a credited interest rate which would put undue pressure on the solvency buffer.
	Strengthened Governance	(i) Board Membership is now based on skills and expertise with fit and proper tests conducted by the Reserve Bank of Fiji; (ii) code of conduct is now in place for Board, Management and Staff; (iii) the RBF's supervisory role has been strengthened; (iv) appointment of an Actuary to value the Fund's liabilities, assess solvency requirements, and issue financial conditioning reports; and (v) member forums are now held annually to improve our disclosure to members
	Enhanced Retirement Savings	(i) Members now have two accounts, general and preserved with 70% of members' balances placed under the preserved account for their retirement; (ii) Additional Contributions of up to 12% of gross wages are now allowed for members to boost their retirement savings
	Contribution, Collection and Coverage	Improved coverage and collection of contributions. The Fund reached a record half a billion dollar mark in contribution collections in 2017.
	Review of Withdrawal Grounds	Withdrawal grounds have been reduced from 21 to 5. Total withdrawals have started to decline.
Investment	Rehabilitation of Investment Projects	(i) Completion and opening of the: • Grand Pacific Hotel • InterContinental Fiji Golf Resort & Spa (Natadola) • Fiji Marriott Resort Momi Bay • Greig Street Re-development (ii) Work has commenced on the Nadi Retail Centre (iii) Write-back of impairment valued for the Natadola Project is $81.8m, ATH - $83.3m and Savusavu Harborside - $1.8m. (iv) The FNPF Investment Limited was restructured.
Operational	Information Technology Review	Implementation of a new Management Information System (ProMIS)
	Review of the Organization Structure	New structure was approved by the Board in January and recruitment completed in June, 2017.

Leadership *Team*

From left to right

1. Asim Mohammed
2. Tevita Nagataleka
3. Laisa Saumaki
4. Viliame Vodonaivalu
5. Tevita Lomalagi
6. Siteri Kamikamica
7. Uday Singh
8. Suliano Ramanu
9. Uraia Goneyali
10. Seema Shandil
11. Pretty Pritika
12. Shivam Chand
13. Ying Yang
14. Jaoji Koroi
15. Jonetani Tonawai
16. Shandiya Gounder-Pillay
17. Pravinesh Singh
18. Ravinesh Krishna
19. Farnaz Queet
20. Wainikiti Bogidrau
21. Alipate Waqairawai
22. Frank Ryland
23. Sitiveni Nabuka
24. Millie Low
25. Ashwin Pal

Executive *Report*

Aligned in our purpose and dedicated as a team, the FNPF made excellent progress in 2017. Our financial and operational results demonstrate once again the commitment of our people to implement key strategies to ensure we continue to protect the long-term interests of our members.

The successful completion of all the FNPF reform during the year is also a testament of the resilience of the FNPF team, and it is only appropriate that we acknowledge their contribution. We express our gratitude to our 39 colleagues who took the separation option as part of the organisation restructure in June. Collectively, they committed over 500 years of dedicated services and we wish them well in their future.

Against a challenging operating environment, highlights of our operational achievements during the year included the:

- completion and opening of the 250-room Fiji Marriott Resort in Momi Bay;
- completion of the new My FNPF Centre on Greig Street, Suva;
- completion of the Fund's organization restructure;
- shift to the new Member Services Centre in Suva;
- opening of the Valelevu Agency;
- on-going roll out of the Employer Portal;
- launching of new e-channels; and
- reduction of the overall risk rating from moderate to low.

We also celebrated our Golden Jubilee with a series of activities to keep the Fund in touch with its stakeholders and engaged in community-based projects targeting marginalised senior citizens and orphanages.

The celebrations also provided us the opportunity to review our commitment to our members to improve their financial health and well-being. This means ensuring their FNPF contributions are paid and credited to their accounts and are prudently invested to provide adequate returns for them. It also means that we offer value-adding services that are accessible and convenient. Our total focus has been to ensure that our members are provided the service they deserve.

Operational Performance

The introduction of the Employer Online Portal continued to reap rewards with improved compliance, enhanced contribution collections and a reduction in undistributed funds.

Members at the Forum in Suva.

At year end, a total of 6,633 employers, representing 53% of total employers were registered users of the portal. These users remit contributions for more than 80% of our total active members.

Contributions collected totalled $546.2 million compared with $480.6 million last year, an increase of 13.6%. This is the first time that FNPF has surpassed the $0.5 billion mark in contribution collection. The increase is attributed to improved compliance, use of the employer portal and increased economic activity.

Increased contributions also led to 11.4% growth in the total member funds to $4.9 billion compared with $4.4 billion in 2016. Undistributed funds continued to decrease largely driven by the employers' ability to submit their contributions schedule online.

Registered employers increased by 16.7% to 12,428 compared with 10,646 in 2016. The number of FNPF members for 2017 was 417,886 compared with 406,065 in 2016. Of these active members total 230,817. These are members who contributed at least once during the financial year. The total membership number also includes 65,616 who have zero balances. We are in the process of cleansing this data.

Member withdrawals stabilised to $280.7 million, a decrease of 3.5% excluding the Tropical Cyclone Winston assistance of $275.0 million.

Pension products worth $11.8 million were purchased by 318 new annuitants. This brings the total number of annuitants to 7,466. Total annuity payments amounted to $24.3 million. Pension take up rate was 5.5%

compared with 4.2% the previous year. The Fund will pursue a structured and targeted approach to raise awareness on the benefits of pension as part of its financial planning strategies for members.

Investment Projects

My FNPF Centre

The Greig Street Redevelopment, now known as My FNPF Centre, in Suva's central business district and tenanted by leading brands in Fiji was completed during the year. The $17 million development was completed within budget although behind schedule.

New Member Services Centre

The Fund's new Member Services Centre, which was opened in January 2017, provides members with end-to-end service in a spacious and comfortable environment. The new centre also boasts dedicated pension and employer services with more than 30 service counters. The new Valelevu Agency was also opened in March 2017 to serve our members living in the greater Nasinu area.

Digital Services

Significant investment in technology and process redesign, which resulted in the implementation of ProMIS, continues to deliver greater costs efficiency that allows better access and reach. The launch of four e-service channels will improve our customers' digital experience, enhance their online security and offer members easier access to their account information such as balances, eligibilities, monthly transactions and to track pension payments. The new services are the MyFund mobile application, MyFund SMS service, Self-Service Kiosks, and the revamped FNPF website.

An employer is briefed on requirements to join the portal.

Member Advocacy, Financial Literacy

An ongoing challenge for FNPF is the low member balances specifically for those nearing retirement age. As of June 30, 2017, a total of 73% of our members had balances below $10,000. Of these, about 30,000 are over the age of 50 and will exercise their retirement option in five years.

To address this, we have established a Member Education and Advocacy Team to influence member understanding and behaviour towards their retirement savings and inculcate a culture of savings.

Data Integrity

Data integrity is an important component of the Fund's responsibility to ensure the safety, efficacy, and quality of members' account information. We have begun to rigorously cleanse our data so that it could be presented and reported in a manner that can provide valuable insights that will help us better serve our members. In recognising the value of this undertaking, we have established an Information Assurance team under the new structure to look into data governance and analytics.

Increasing quality of service

We rely and encourage feedback from our members to gauge the effectiveness of our services and help us make improvements. Our complaints function plays an active role in ensuring that all complaints are resolved in a timely manner and that suggested improvements are mitigated. Total complaints, excluding TC Winston related complaints, recorded a decline of 10.2%.

The Fund also engaged an independent consultant to conduct the Customer Satisfaction Index (CSI) survey. It compared similar variables used in the assessment criteria for the 2013 survey. The 2017 index recorded an improvement of 13%.

Whilst we note the progress in the CSI, we will continue to make improvements in key areas identified in the survey. These include the introduction of the quarterly member newsletters and the publication of bi-monthly newspaper articles.

The FNPF isn't just about dollars and cents. Its real success is measured by the satisfaction of its members. The bright faces of our children whose families have secure financial futures. And the relief of ordinary Fijians when they can access their funds in times of need, such as in the wake of Tropical Cyclone Winston. It is also in the smiles of our retirees, who after a lifetime of dedicated effort in helping build our nation, can enjoy the secure and comfortable retirement they deserve.

Honourable Prime Minister Voreqe Bainimarama at the 50th Anniversary celebrations, 4 November, 2016.

Celebrating 50 years

FNPF staff, both former and current, with the Hon. Prime Minister during the 50th anniversary celebrations at the Grand Pacific Hotel.

International Alliance and Cooperation

In embracing our position as a leading superannuation fund in the Pacific, FNPF partnered with the Asia Development Bank (ADB) and the Pacific Pension & Investment Institute (PPI of America) in hosting a two-day workshop on 'Strengthening Pension Systems and Health Coverage in the Pacific' in November. More than 91 representatives from pension, provident funds and regulators from the region, as well as representatives from ADB, PPI, PSDI, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and other relevant government and academic institutions, attended the workshop.

Following the signing of the Memorandum of Understanding (MOU) with the International Social Security Association (ISSA), the ISSA regional desk was established with the appointment of a regional desk liaison officer based with the Fund, to promote the social security agenda and pursue the objectives of the Association.

Looking forward

The Fund is now in a much stronger position to transform and face the challenges of the future, especially the increasing expectations from all our stakeholders. Our members are demanding better and efficient ways of engagement, better returns from investments and more transparency in our dealings.

The operating environment is also undergoing unprecedented changes. Driven to a great extent by the digital revolution, there are also other emerging issues like erratic climatic events and geo-political conflicts that add to the challenges. These are in addition to the issues of coverage, adequacy, health especially Non Communicable Diseases (NCD) and solvency, which is a major challenge for provident and pension funds.

Our role as leaders of FNPF is to transform our people and use systems to allow us to thrive under these challenges and exceed the expectations of our stakeholders. In the next few years, the Fund will slowly flesh out the four pillars in its transformation journey. The key focus of this transformation is our people. Getting our people ready and embedding them with the right culture is fundamental. We will conduct a series of trainings and will engage experts to assist us. The revised structure has also catered for some priority areas like data integrity, analytic and project management that will be part of our focus.

Acknowledgement

We are privileged to have the counsel and support of our Chairman, Board members and Board sub committees. On behalf of the Leadership Team, I would like to thank all our employees for their dedication and endurance throughout the year.

Our staff continue to show passion and pride in performing their duties and I am grateful for their demonstrated professionalism, dedication and commitment. Finally, to our members, employers and pensioners, we thank you for your understanding and continued support.

Jaoji Koroi
CHIEF OPERATING OFFICER

Strategic *Priorities* 2018-2020

Go Digital

Our digital strategy will allow the Fund to effectively engage with our members, anytime and anywhere, creating operational efficiencies benchmarked to international standards.

Investment Diversification and Optimization

We look to diversify and optimise our investment portfolio focusing on increasing our offshore investments and growth assets in the telecommunications, infrastructure, tourism, property development, housing and medical sectors.

Strengthen our Role in Social Security

We recognise the social needs of our members and will explore opportunities to provide medical insurance and affordable housing for members and align our investment strategies in areas that are demanded by our members that are feasible without compromising sustainability.

Strengthen our Corporate Culture

We will build a culture of stewardship, promote and live our values ETHIC and identify behaviours to support this culture. We will invest in our leaders and people to create an organization with a strong sense of purpose to ensure that we take pride in what we do.

Our Governance

FNPF Board & Composition

The FNPF Board provides strategic guidance and advice to Management to ensure the sound management and investment of members' funds as articulated in the Governance Policy and Board Charter.

The Board comprises five members and they have between them, as a prerequisite for Board membership under the FNPF Act 2011, appropriate skills and expertise in various fields inclusive of corporate governance, investment, accounting, finance, banking, risk management and information technology. All five members were appointed on 23 January, 2016. They are Mr Ajith Kodagoda, Mr Tevita Kuruvakadua, Ms Makereta Konrote, Ms Bhavna Narayan and Mr Sanjay Kaba. Mr Kodagoda, remains Chairman and Mr Kuruvakadua is the Deputy Chairman.

Board Meetings and Committee

The Board meets every month to deliberate on decision papers or as required. Board papers are first scrutinized by respective sub-committees of the Board. When required the Board sought professional advice for sound and informed decisions.

The Board is supported in its role by four committees: Audit and Risk Management, Investment, Human Resources and Information Technology. Independent members, outside of the Board and the Fund, are co-opted on to these committees to ensure the right skills mix as well as transparency and integrity in its decision making process.

The respective committees scrutinize Board papers, adding technical and professional advice to the Board.

Board Audit and Risk Management Committee (BARC)

The Board Audit and Risk Management Committee ensures the Board meet its statutory and judiciary responsibilities, providing assurance on the effectiveness of internal controls, compliance and risk management. The committee met 5 times during the financial year. The committee also ensured that the governance and risk policies and frameworks were updated.

Board Investment Committee (BIC)

The Board Investment Committee plays a vital role in the deliberations and assessment of key investment projects in line with the Fund's objectives to grow members' funds within the investment parameters approved by the Board. These include projects such as Momi Redevelopment, Greig Street Redevelopment and Natadola Residential projects.

Board Human Resources Committee (BHR)

A major priority for BHR this year was finalizing the new organisational restructure for the Fund. This included ensuring an appropriate organization structure is developed based on the principles of efficiency. It also finalised the revised Human Resources Manual and Performance Management system including staff capacity building and training.

TABLE 1: Board and Board Committee Meetings and Attendance for the Period of 1 July 2016 to 30 June 2017

BOARD MEMBERS	BOARD		BARC		BIC		BHR		BIT	
	No of meetings		No of meetings		No of meetings		No of meetings		No of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1 JULY 2016 TO 30 JUNE 2017										
Mr Ajith Kodagoda	12	11			2	1				
Mr Tevita Kuruvakadua	12	8	5	5	2	2			6	5
Mr Sanjay Kaba	12	11			2	2				
Ms Bhavna Narayan	12	5			2	1	9	8		
Ms Makereta Konrote	12	8	5	2			9	9		
SUB COMMITTEE MEMBERS										
Mr Raj Sharma			5	5						
Mr Taito Waqa							9	9		
Mr Janaka Dishantha									6	6
Mr Timoci Tuisawau									6	3
Mr Vilash Chand									6	6

Collaboration is key to achieving our objectives.

Board Information Technology Committee (BIT)

The Board Information Technology Committee held six scheduled meetings to deliberate on ProMIS and developing the IT Road Map for the Fund. In line with the Fund's restructure, the Committee provided guidance on the Enterprise Transformation Planning exercise to ensure work process re-engineering. It also ensured that IT security issues were addressed including an independent Security and Vulnerability exercise.

Board Fees and allowances

Under the FNPF Act 2011, Board Members' fees and allowances are determined by the Minister for Economy and paid in line with the Public Service Commission guidelines on the payment of allowances by Statutory Boards to their Board Members. The fees are processed on a monthly and quarterly basis. Board Chairman Mr Kodagoda and member Mr Kaba have both opted not to take any Board fees and allowances.

Prudential Supervision

As the Fund's regulator, the Reserve Bank of Fiji (RBF) carried out regular prudential supervision meetings to obtain updates on strategic and operational matters. Part of this exercise, was the in-depth on-site examination in December 2016 which focused on Operational Risk Management including Corporate Governance, Member Services, Finance, Investments, Human Resources and Information Technology.

The RBF assessed the composite rating as "low", a milestone achievement for the Fund as this is the best rating achieved in the last 10 years. In previous years, composite ratings had been high and moderate due to the level of risk exposure. The "low" rating indicates that the Fund's risks and governance is effectively managed.

The RBF report also highlighted that FNPF's capital and earnings are strong and acceptable to ensure sustainability of its operation. The Fund continues to ensure it adheres to and complies with key Prudential Standards and Guidelines on Pension Fund Governance, Risk and Asset Investment Management issued by the RBF.

Compliance Management

The Compliance Management Framework mandates the Fund to comply with legislations, prudential guidelines and supervision statements. As part of the Compliance functions role, FNPF facilitated and carried out:

- A workshop on Companies Act 2015 to Board members, Management and Board Secretaries of the Fund and its subsidiaries;

- Compliance check on Companies Act 2015 for the FNPF wholly owned subsidiaries;
- Review of the Compliance Management Framework in line with ISO 19600: 2014;
- Declaration of Interest analysis and report for FNPF Board, Management and Staff; and
- Review and monitoring of the Delegation of Limits of Authority Register and approved by the Board.

The Permanent Secretary for Economy and FNPF Board Member, Ms Makereta Konrote, is flanked by FNPF Staff after she opened the Valelevu Agency on March, 2017.

Risk Management

The focus for risk management this financial year was on projects development risks related to large investment project through on-site visits, risk register formulation with related updates presented to the Board and Management.

The Fund's Business Continuity Plan was reviewed and approved by the Board. In accordance with the Plan, three simulation tests were conducted and the results indicate the Fund has the ability to restart its operations as needed.

Risk management is not just a regulatory requirement but an essential element to business success. As such, the FNPF continues to inculcate a risk conscious culture for all staff. This was addressed through regular communication with the Management and Risk Champions for each function to improve ownership and accountability of individual risks and implementations of risks treatment plans. Awareness sessions on Disaster preparedness and management were successfully run with the Risk Champions and Executive Management.

Group Insurance Scheme

The Fund's insurance scheme covers the Assets, Profits and Liabilities insurance and the medical and term life scheme for the Fund's Management and Staff. The Fund's Insurance Unit continued to expand into the Group Insurance Scheme and focused on diversifying coverage and improving existing insurance policies.

Several risk-based adjustments were implemented to accommodate changes and developments, demonstrating the strength and flexibility of the insurance service providers. A new valuation of the Fund's properties were done to enable necessary adjustments in the adequacy of the coverage.

The Insurance carrier's financial security is evaluated regularly, being paramount to the continuity of the FNPF Group Insurance. Further inroads were made in the direct insurance market for the Group.

The Insurance Scheme was reviewed during the year and Insurance Holdings Limited was re-appointed as the Fund's Insurance Broker. A review is underway with some specialty subsidiaries.

Complaints Management

The Fund's Complaints Management Policy is aligned to RBF's Supervision Policy No. 3 on Complaints Management. The policy allows the Fund to receive and analyse members, annuitants, employers and beneficiaries' complaints.

The Fund has made significant efforts during the year to reduce the total number of complaints. Some of the efforts include:

Risk management is not just a regulatory requirement but an essential element to business success.

- Implementation of lean work processes;
- Customer oriented "mind-set";
- Attention to root cause of complaints; and
- Effective collaboration between Business Units.

The results of these initiatives contributed significantly towards the reduction of Complaints during the year by more than 50% from 2016. As evident in the table, most complaints were resolved in the month it was received. Only those that required further review, inspection and investigation were carried forward.

Policy Development

FNPF policies are designed in line with the requirements of International Standards, benchmarks and best practices. The Policy and Procedure Development Guideline requires continuous and consistent review of all policies and procedures. The following polices were reviewed:

- Corporate Governance Policy;
- Standardization of Board Governance Charter across Subsidiaries;
- Compliance Management Framework;
- Anti-Money Laundering Policy;
- Code of Ethics;
- Business Continuity Framework;
- Operational Risk Management Policy; and
- Anti-Fraud Policy.

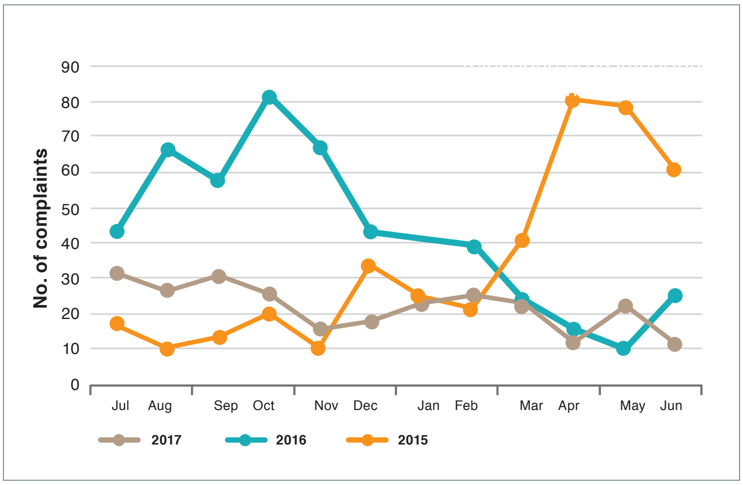
Creating awareness on these policies has proved beneficial as significant improvements were recorded in the number of cases relating to non-compliance, complaints and disciplinary actions.

We equip our staff through training and workshops.

TABLE 2: Complaints received and resolved in 2017

	Complaints Received	Resolved within the month	Resolved in Later months
July	32	21	11
August	27	12	15
September	31	25	6
October	26	23	3
November	16	12	4
December	18	11	7
January	23	19	4
February	25	18	7
March	23	20	3
April	12	12	0
May	22	12	10
June	12	12	0
Total	267	197	70

FIGURE 1: Complaints Trend (2015-2017)



My FNPF Centre

Dino, the dinosaur, is a star attraction at this newly built retail outlet.

Assurance Audits

The concept of cyclical audit continued where consulting engagements were carried out during the financial year in business units in which assurance audits were carried out in 2016. This arrangement allowed for implementation of audit recommendations and continuous audit in business units for which risks were assessed as high.

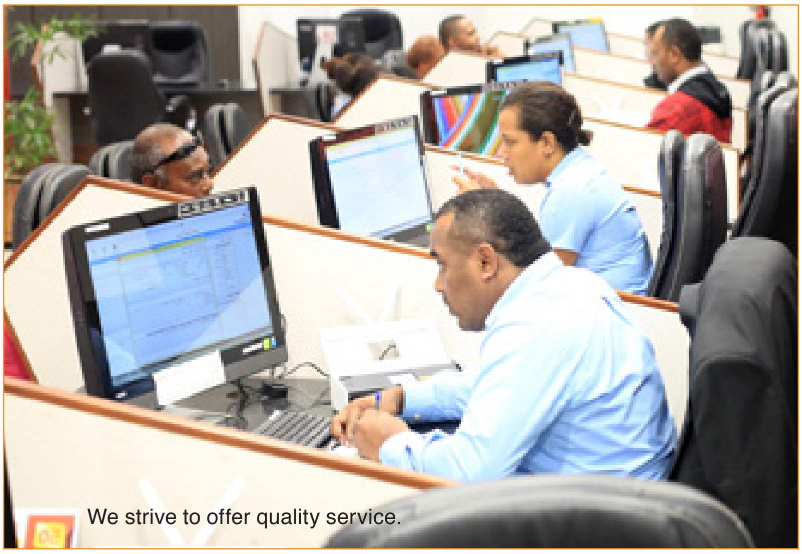

Teamwork is a value that we live.

Real-time audits were also carried out using computer-assisted audit tool and audit command language during the end of year interest crediting process.

Significant Audit findings

Significant audit findings were reported to BARC. BARC and executive management were continuously updated on the progress of the implementation of audit recommendations at the end of each quarter. It is pleasing to note that a majority of audit recommendations were implemented.

Quality assurance and business excellence and improvement continued during the financial year through the assistance of the quality assurance committee. Action plans on the findings of the committee were prepared and implemented. As part of its internal quality assurance program, an independently validated client survey questionnaire sent to business units subsequent to audits received a satisfaction index of 3.23.


We strive to offer quality service.

Audit Management System

The FNPF Board and management in line with its strategy to encourage the digital platform, approved the procurement of the audit management system. The primary objective of the system is to automate the entire audit process from annual work planning, individual audit planning, conduct, review, reporting and follow up audits and reports to BARC.
Some of the direct benefits of the system include improved staff productivity so that more time is available for value-added services to the Fund and its subsidiaries, and to provide real-time monitoring and reporting to improve audit management and administration.

During the system implementation, period from November to June, 10 audits were completed. All audits, and staff management and administration are now conducted using the system.

Our Investment

The investment portfolio grew from $5.0 billion in 2016 to close at $5.7 billion in 2017. Liquidity grew from $496 million in 2016 to $736 million at the end of June 2017. Some key highlights for the year include the:

- ATH Impairment Reversal – FNPF fully reversed the impairment amounting to $55 million pertaining to investments in Amalgamated Telecom Holding Limited (ATH). The reversal was possible due to the improved performance of ATH over the years.

- Nadi Hotel Redevelopment – the construction work on the site has progressed well and the expected completion date is the end of 2018. The development will offer retail and office spaces.

- Completion of Greig Street Redevelopment –The new building My FNPF Centre houses Retail and Food & Beverage tenants of leading brands in Fiji such as New World IGA, Vodafone, Gloria Jeans and Bondwell.

- Investments Offshore - During the year both the Hastings Infrastructure Fund (TIF) and the IFC Emerging Asia Fund (EAF) commenced drawdown of committed capital by the Fund. At 30 June 2017, TIF and EAF have drawn down AU$28.8 million and US$9.1 million respectively. This investment contributed to the growth of the Offshore Equities portfolio.

Rehabilitation

The Fund's rehabilitation programme made significant progress over the reporting period with escalated activities across underperforming asset classes that resulted in the following:

- Momi Bay Resort Redevelopment – the Fiji Marriott Resort at Momi Bay was officially opened by the Honourable Prime Minister, Voreqe Bainimarama. It began operations on 1 April 2017. The fully completed 250 room hotel boasts 22 overwater bure – located in the man-made lagoon, 114 free-standing bure and 136 standard rooms, with three signature food and beverage outlets.

- Savusavu Harbourside Recovery - The Fund undertook the foreclosure process and sold the property through mortgagee sale. The Fund recovered its full capital investment including interest which enable the Fund to reverse the impairment provision of $1.78 million booked in previous years.

- Natadola Bay Residential Development – The development has been completed with settlement of lots now progressing. Strategies to strengthen the current product offering are being pursued inclusive of the designing of a model house to be constructed on the site. Sales of the land estates are expected to compliment the Resort & Golf course earnings with proceeds to contribute towards reducing the Natadola Bay Resort Limited (NBRL) debt. NBRL has begun the review of the masterplan to determine the best mix for the other eight stages of development at Natadola.

- Natadola Bay Championship Golf Course Upgrade – during the year NBRL commenced the upgrade of the Golf Course in conjunction with Vijay Singh. This was the first major upgrade on the course since its opening in 2009. The objective of the upgrade was to make the course more playable which would appeal not only to professional golfers but for different skills level. The upgrade was also essential

An oceanic view ... the Fish Bar & Restaurant at the Fiji Marriott Resort Momi Bay.

TABLE 3: Net Performance Investment Portfolio

	2017 (000)	2016 (000)
Interest	$246,344	$232,418
Dividends	$62,449	$56.774
Property Rental	$16,449	$15,043
Changes in Fair Value	$16,253	$11,820
Changes in Property Valuation	--	$13,806
Total	**$341,495**	**$329,831**
Less Direct Investment Expenses	($5,300)	($5,801)
Less Direct Property Expenses	($5,950)	($5,098)
Add/(less) foreign exchange gain (losses)	($831)	($9,508)
Other Investment Income	$72	$26
Add Reversal of Impairment	$57,220	$41,309
Net performance	**$386,706**	**$350,789**

to bring it to the European and Asian standards with the Fiji International being tri-sanctioned with Australasia, European and Asia Tours. The upgrade included major changes to 15 of the 18 holes.

Income

The Fund's total investment income for the financial year was $341.5 million compared with $329.9 million in 2016, an increase of $11.6 million. The income for 2016 included a sum of $13.8 million extra-ordinary income resulting from booking of changes in fair market value of investment properties. Against a normalized 2016 income of $316.1 million, the increase is $25.4 million.

Net performance of the investment portfolio was $386.7 million compared with $350.8 million the previous year as outlined in Table 3: The main drivers of income growth were across the diverse range of asset classes. Income from the fixed income portfolio grew due to increase in investments and higher interest rates.

The Commercial Lending income grew significantly due to new loans, while additional dividends were also received from Equity portfolio. The dividends from offshore portfolio grew by 38.5%. Properties income also increased on the back of new acquisitions and upgrades. The net return on investment was 6.8% similar to the 2016 return. This enabled the Fund to credit 6.35% to members

Fixed Income

The Fixed Income portfolio continued to grow during the year, making up 58% of the total investment portfolio. Interest rates rose steadily for most of the year, declining slightly towards the end of the financial year due to the introduction of the benchmark bonds by the Government.

Government Securities

The Government Bond portfolio increased from $2.1 billion in 2016 to close at $2.3 billion in 2017. Total investments in Government Bonds for the review period was $217.6 million while maturities totalled $47.3 million.

The increase came directly from increased floats by the Government during the year, spurred by the continuing infrastructure spending from the post Tropical Cyclone Winston rehabilitation

Quasi-government Securities

The quasi-government securities portfolio, which consists of statutory bodies, rose from $137.3 million in 2016 to $139.3 million in 2017. The increase in portfolio was due to new investments in the Fiji Development Bank, while maturities were noted in Housing Authority and Fiji Electricity Authority holdings.

Local Term Deposits

Local term deposits increased from $413 million to $461 million in 2017. The increase was due to demand for deposits from Commercial Banks.

Fiji Government US Denominated bonds

The portfolio closed at $121.5 million compared with $122.9 million last year. There were no new investments in this portfolio and the decrease is due to fluctuations in the USD exchange rate.

Foreign Term Deposits and Cash

The foreign term deposits and cash portfolio closed at $217.7 million compared with $221.6 million last year. The decrease is attributed to equity investments made into the Emerging Asia Fund and The Infrastructure Fund. Interest earned from these deposits are further re-invested.

Commercial Loans

The commercial lending portfolio increased to $498 million from $468 million (after impairment). During the year the portfolio faced challenges relating to high liquidity and low interest rates in the market, as well as the aggressive stance taken by the Commercial Banks in pursuing private sector lending.

Total interest income earned in the year was $25.1 million compared with $18.5 million last year. The increase was as a result of interest earned on new lending to Momi Bay Resort Limited and Amalgamated Telecom Holdings Ltd.

The impairment provision of $1.78 million for the Savusavu Harbourside loan was written back after the Fund recovered its full capital investment in the project. Suva City Council (SCC) also paid off their loan account, while a new loan was also approved to the University of the South Pacific which was undrawn at balance date.

FIGURE 2: Investment Portfolio

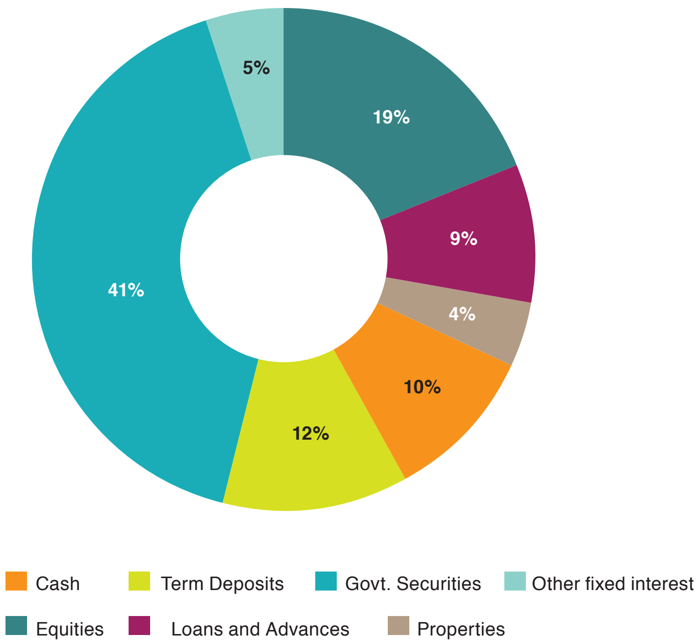


FIGURE 3: Geographic Spread of Equities Portfolio

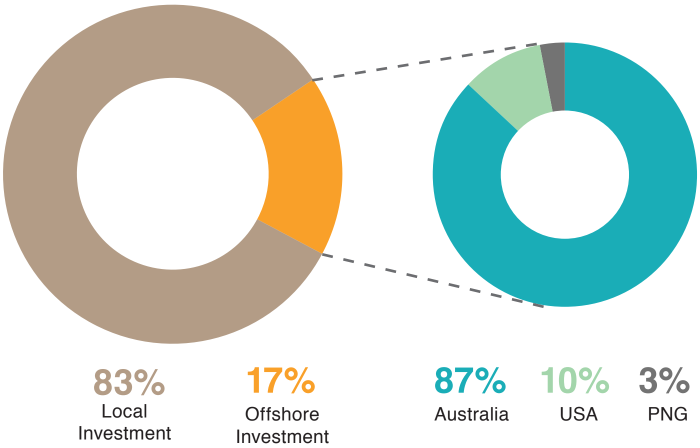
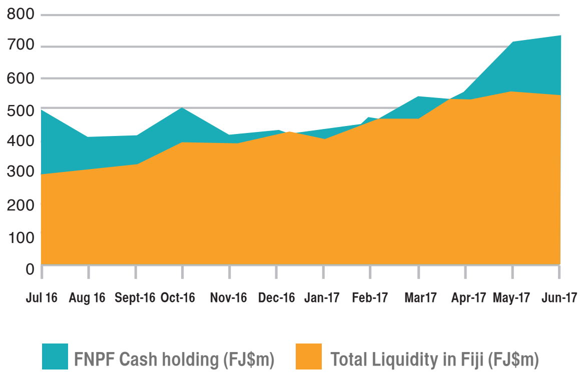


FIGURE 4: Banking System Liquidity



Equity

The Fund continued to diversify its portfolio reducing its exposure in the telecommunication sector. A number of opportunities were pursued during the year that resulted in new investments of $169 million with committed offshore investment worth over $120 million planned for investment in the next 12 months.

Local Equities

The local portfolio closed at $896.8 million compared with $802.4 million in 2016. This growth is a result of impairment reversal of $55 million in Amalgamated Telecommunications Holdings Limited plus additional acquisitions in Momi Bay Resort Limited, as well as positive movements from listed shares on the South Pacific Stock Exchange. The local equities portfolio generated around $54.1 million in dividend income in 2017 compared with $50.7 million last financial year.

This member expresses his views during the Member Forum in Suva.

Offshore Equities

The Offshore Australian Equities portfolio managed by Martin Currie Australia continued its strong performance, generating a dividend income of about $8.4 million compared with $6 million in 2016. This slight reduction in income is due to the rebalancing of the Core Australian Equity portfolio. It was undertaken to mitigate downside capital risk exposure given the assessment of the market conditions.

Overall the offshore portfolio income grew from $6 million in 2016 to $8.4 million this year led by increased dividend income from Bank of South Pacific PNG and commencement of dividend distribution by Hastings Infrastructure Fund, Australia.

Treasury

The Fund is an active participant in the financial system of Fiji and contributes widely in maintaining its liquidity. Banking system liquidity remained at an average of $504 million for the financial year. As at 30th June 2017, the liquidity in the banking system stood at $736 million against $496 million for June 2016. The increase has been attributed to rise in foreign reserves coupled with a decrease in statutory reserve deposits and inflow of funds from offshore.

The Fund's cash holdings in June 2017 was $548 million compared with $334.6 million in June 2016. The Fund's Cash and Cash Equivalent Portfolio achieved substantial growth following the large outflows in the previous financial year.

Financial conditions in the market were affected by interest rates. Commercial banks' new lending rate fell from 5.89% in July 2016 through to 5.78% in June 2017. However, the savings deposit rates rose to 1.33% in June 2017 from 0.95% in July 2016.

Offshore investments held in equity and fixed income portfolio were denominated in several major currencies. In managing the foreign exchange risks, the Fund applies the principles of natural hedge by diversifying the currency components on the offshore investments. As at June 2017 a total of FJD$521 million of investments were held offshore denominated in Australian, New Zealand & US Dollar and PNG Kina.

With the level of funds increasing towards the year end, the Fund has opportunity to undertake growth asset investments in line with its investment strategies, helping grow the investment portfolio and maximize returns.

Projects

The projects team successfully completed another busy year with major works as follows:

Fiji Marriott Resort Momi Bay

This project is a great success story as a brown field project and one that shadows the painful project delivery experiences in the past. This project was successfully delivered on adjusted program and budget.

Nadi Retail Centre

The re-development would see a new Nadi Retail complex offering 2 levels of retail and 1 level of office spaces. Since its demolition, work on the site has progressed smoothly with expected completion date around the third quarter of 2018.

My FNPF Centre & Downtown Boulevard

My FNPF Centre located in Greig Street, Suva was completed in the financial year. The latest property development offers both retail outlets and office space. In addition this building was linked to the Downtown Boulevard making it easy to access and generate foot traffic to the new property.

To further complement the My FNPF Centre, the Projects team undertook major renovation works in Downtown Boulevard retail section to give the building an uplift and more vibrant and modern look.

FNPF Customer Service offices

The refurbished member service offices located at FNPF headquarters and Valelevu agency were

The new member services centre in Suva.

opened during the year. The offices provide a modernized hub for both internal and external customers to improve service delivery.

Other Works

Re-modernizing and capital works continue to place high priority on the Fund's existing properties. The following capital works were undertaken:

- Exterior upgrade works on Hugh Robinson Building, Raiwaqa with completion expected by 3rd quarter of 2018;
- Air conditioning upgrade works for Downtown Boulevard with works progressing smoothly;
- Completion of Ganilau House exterior work and roof upgrading; and
- Kitchen renovations and upgrade at the Senior Citizen's Home in Samabula.

The need for continuous capital improvements has been undertaken by Projects to add value to FNPF property to generate higher returns. Thus the component of re-modernizing would continue to play an important role in the Projects team's future work plans.

Gloria Jeans is a popular spot at the My FNPF Centre in Suva.

The Prime Minister unveils the commemorative plaque at the opening of the Fiji Marriott Resort Momi Bay. With him is Tui Nalolo Ratu Kini Vosailagi and Chairman Mr Ajith Kodagoda.

Properties

The property portfolio closed at $231.2 million compared with $238.3 million in the previous year. The reduction was due to transfer of land related to the Momi project to Momi Bay Resort Limited.

During the financial year end, the property portfolio was split into four clear segments, namely properties under development such as Nadi Retail complex, properties under renovation/ refurbishment such as Downtown Boulevard, Ganilau House and the newly acquired Natadola Beach Resort, properties under land bank such as ATH land and performing properties.

The Fund's property portfolio occupancy rate was 99% as the Fund continued to meet the demands of the market. Rental growth was 18.5%, and achieved a $16.4 million gross property income from 63,157 square metres of space leased compared with $15 million the previous year. The performing properties portfolio achieved an ROI of 9.9% for the year.

Property Services

Meeting the needs of over 200 customers continue to be a priority with the team objective to deliver excellent services. The Facilities Management Team are the frontline of our operating platform helping us achieve this year's 99% overall occupancy of space under management.

The Greig Street development now known as My FNPF Centre in downtown Suva.

FNPF Chairman Ajith Kodagoda and Chief Operating Officer Jaoji Koroi with ATH Chief Executive Ivan Fong receives the dividend cheque of $40million from Vodafone's CEO Pradeep Lal.

FNPF *Subsidiaries*

Amalgamated Telecom Holdings Limited (ATH)

The Group recorded a consolidated net profit after tax of $85.27 million for the financial year ended 31 March 2016, compared with $81.8 million last year and declared a dividend of $25.3 million.

The Group also made significant investments during the financial year with the acquisition of Bluesky Group and Telecom Vanuatu Limited.

An impairment reversal of $55 million to the investment in ATH was done during the year. This was supported by the increase in the share price of the stock to $1.50 as at 30 June 2017, such that the carrying value increased from $1.03 per share to $1.21. The carrying value of $1.21 per share equals the original cost of investment and reflects a discount of over 19% on the prevailing market price of $1.50 per share.

Home Finance Company (HFC) Bank

HFC Bank recorded a net profit of $7.7 million during the year, compared with $7.0 million the previous year. Total dividends declared increased to $4.7 million compared with $4.2 million last financial year.

The FNPF Group comprises strong local & international brands such as:

Our Customers

Members

In 2017, 11,890 new members were registered, bringing the membership tally to 417,886 compared with 406,065 for 2016 translating to an increase of 2.9%. The tally for Active Members or those that contributed at least once during the financial year, was 230,817 compared with 218,516 in 2016.

Contributions

Total contributions collected was $546.2 million averaging $45.5 million per month. This is an increase of 13.6% from the previous year's collection of $480.6 million. Of the total contributions collected, $7.5 million was from voluntary members.

Employers

The Fund's active employers totaled 12,428 for the year, compared with 10,646 in 2016, a 16.7% increase, representing 1,782 new employers.

Contribution Debtors

The balance of unpaid contributions was $6.2 million at the end of the financial year, compared with $4.8 million in 2016. This is an increase of 29.2%, attributed to business compliance checks.

Legal Recovery

A total of 69 defaulting employers' cases were registered in various courts around Fiji, that involved debts totalling $1.9 million. Last year, $1.3 million was recovered through prosecution. A further $250,000 in unpaid contribution was collected through civil recovery proceedings.

TABLE 4: Customers Served Quarterly

PERIOD	2017	2016	Variance	↑↓	%
Quarter 1	128,902	136,079	(7,177)	↑	(5.27)
Quarter 2	106,255	117,785	(11,530)	↑	(9.79)
Quarter 3	145,389	197,207	(51,818)	↓	(26.28)
Quarter 4	131,420	122,433	8,987	↑	7.34
Total	511,966	573,504	(61,538)	↓	(10.73)

TABLE 5: Customers Served by Contact Types

MODE	2017	2016	Variance	↑↓	%
Face to Face	426,794	491,024	(64,230)	↓	(13.08)
Telephone	71,519	71,417	102	↑	0.14
Email	13,653	11,063	2,599	↑	23.41
Total	511,966	573,504	(61,538)	↓	(10.73)

Unidentified Contribution

A total of $7.7 million unidentified contributions was collected during the year but not distributed to members accounts because of insufficient information supplied by employers. The Fund continues to emphasise the importance of employers' obligation to register their employees within the first month of their employment.

Unclaimed Deposits Account

In 2017, the Fund transferred a total of $1.4 million of unidentified contributions to the Unclaimed Deposits Account after reasonable due diligence. A further $0.8 million was transferred for members over 65 years whose accounts have been dormant for the last 10 years and have not claimed their funds.

Employers Portal

A total of 6,633 employers are registered users of the portal compared with 3,033 employers in 2016. The portal allows employers to submit their remittance statement online resulting in improved distribution of members' funds and a reduction in the suspense account. Employer kiosks have also been set up in Lautoka, Nadi, Nausori and Valelevu for this purpose.

Members Additional Contribution

Total additional contributions from 398 members was $0.6 million. The FNPF Act, 2011 allows compulsory members to voluntarily contribute up to 12% of their total wages as additional contributions to increase their retirement funds.

Memorandum of Nomination (MON)

During the year 22,567 nominations were filed, compared with 19,825 in 2016.

Memorandum of Administration (MOA)

A total of 1,270 members were registered for MOA compared with 742 in 2016.

The Fund continues to encourage members to register their nominee/executor to receive part of their SDB payment of $2,000 to facilitate their funeral expenses. The Fund will not pay out the $2,000 if the MOA has not been completed and filed.

Customers Served

We served 511,966 customers in 2017 in all our branches and agencies, ranging from those that visited us, called in or contacted us via email. This figure is a marked reduction from the numbers served in 2016 totalling 573,504, which accounts for members who sought assistance following the devastation caused by TC Winston in early 2016.

Customers served in the first, second and third quarter of 2017 decreased by 5.3%, 9.8% and 26.3% respectively compared with the same period last year. An increase was recorded in the fourth quarter by 7.3%. Quarterly figures are shown in *Table 4.* Monthly average of customers served was 42,664 compared with 47,792 in 2016.

Customers' mode of contact largely depends on the nature of their request. Of the total number of customers served, 83.4% personally visited FNPF offices while 14% and 2.7% accessed our services via phone and emails respectively. Customers who visited our office during the financial year reduced by 13.1% (64,230) again attributed to TC Winston. Members who contacted us via information@fnpf.com.fj increased by 23.4% (2,599) compared with the previous financial year as shown in *Table 5.*

Of the total number of customers served, 83.4% visited our offices in the Central Division including those who accessed the Fund's services via telephone and email 34.4% visited our offices in the Western Division while 5.8% visited our offices in the Northern Division. Comparison figures are shown in *Table 6.*

The Queue Management System captured 252,328 customers' queue time; 77.6% (195,711) waited for less than 20 minutes before they were served.

Services Type Analysis Summary

Requests for member statements and eligibilities is still the most sought after service by members. Of the total members served, about 25% sought balance, eligibility and detailed statements, an increase of 22.3%. Customers Served by Transaction Type is illustrated in *Figure 5.*

Education assistance accounted for 13.3%, new employee membership registration services 4.5%, urban housing assistance 4.2%, Joint ID card services 3.9%, unemployment assistance 3.2%, and nomination 3.0%. Major increases were also noted for myFund registration, inspection and prosecution appointments, employer registration and further payment of funds.

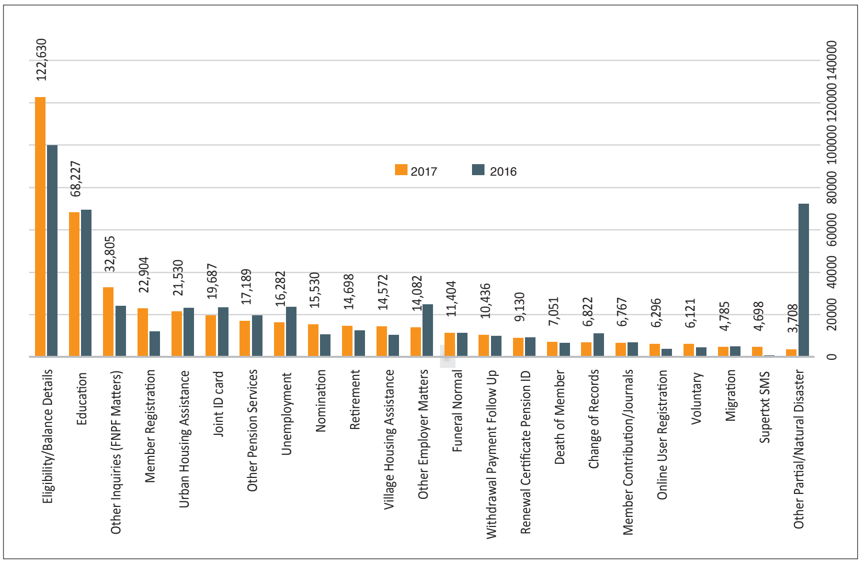
Significant increases were also recorded for retirement & pension advisory services, at 35.0%, retirement withdrawal 16.4%, small account balance 12.4% and death of a member withdrawal by nominee increased

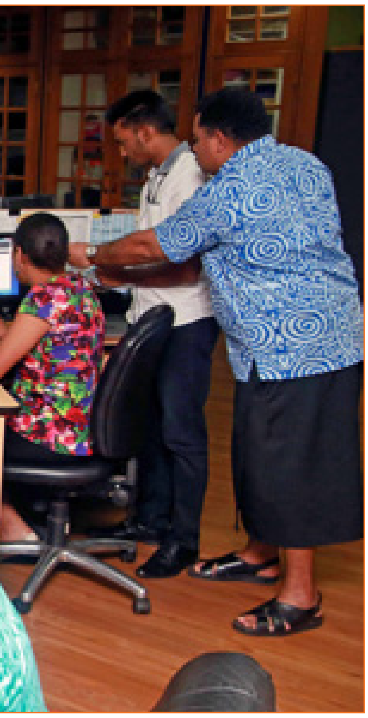
Finding solutions and providing support to bolster the service provided by our front line staff.

TABLE 6: Customers Served by Divisions

DIVISION	2017	2016	Variance	↑↓	%
Central	426,794	491,024	(64,230)	↓	(100.07)
Western	71,519	71,417	102	↑	0.02
Northern	13,653	11,063	2,599	↓	(55.95)
Total	511,966	573,504	(61,538)	↓	(10.73)

FIGURE 5: Customers Served by Transaction





by 4.0%. On the contrary, migration withdrawal reduced by 3.6%

For early withdrawals, medical assistance increased by 46.9% and village housing 38.2% Unemployment assistance, urban housing assistance, SDB funeral and education reduced by 31.6%, 7.6%, 5.5% and 1.8% respectively. Withdrawal payment follow ups increased by 3.4%.

Pension Customer Service

Our centres served a total of 31,266 customers for pension related services compared to 32,853 in 2016. This is a reduction of 4.8%. Of the total number of customers served for pension services, 55.0% were served for payments, 29.1% for renewal certificates, 11.7% sought pension advice while 4.0% for pension orders.

Pension Take Up Rates

Pension take-up rate refers to the number of members purchasing any combination of FNPF's pension products over the total number of members that opt to withdraw their funds under approved grounds. The pension take up rate for 2017 was 5.5%.

A total of 5,742 members and nominees were eligible for Pension in 2017. Of this total, 94.0% had turned 55 and were eligible for retirement withdrawal, 3.3% under sole Nominee and spouse of deceased member claim while 2.7% were eligible for pension under medical incapacitation. Comparison figures are provided in *Figure 6* and *Table 7.*

Discharge of Titles

A total of 5,669 property titles were released to members and Banks during the year as we continue to discharge all property titles belonging to members. The Fund has 2,331 titles that still need to be discharged.

E-Channels

The launch of the Fund's new e-channels has now made it easy and convenient for our customers to access their account information using various modes of technology ranging from the MyFund mobile application, MyFund SMS service, Self-Service Kiosks, and our revamped FNPF website.

The availability of Self-Service Kiosks allows members and pensioners quick access to their account information that includes balance and eligibilities, pension payment, account transactions, nomination and employment history and withdrawals.

MyFNPF Mobile App allows members and pensioners to view their balance and eligibilities, withdrawal applications, pension payments, account transactions and nominations and employment history. The enhanced MyFund SMS Service allows members to check balances, eligibilities and withdrawal applications.

FIGURE 6: Members Eligible for Pension by Ground Type and Take Up Rate

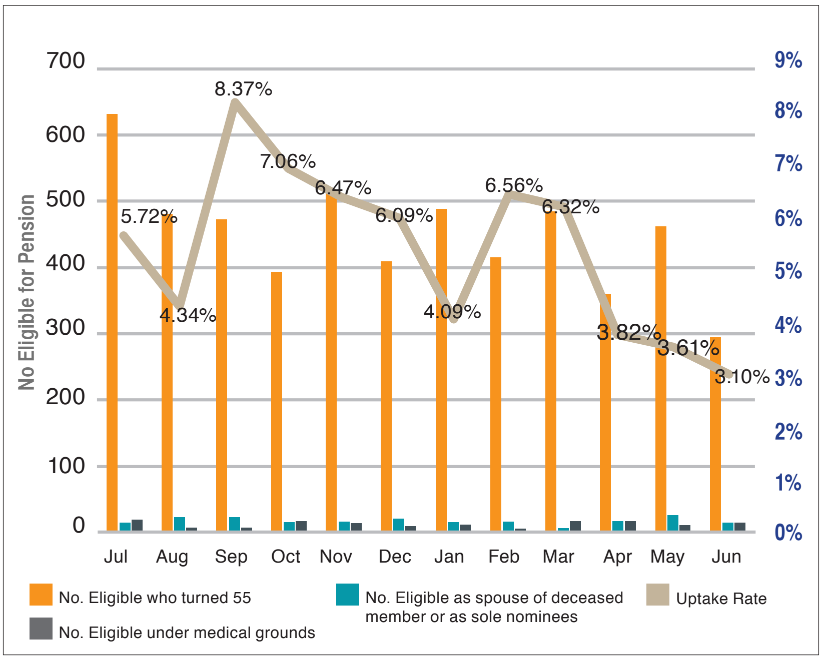


TABLE 7: Pension Take Up by Number

Month	2017	2016	2015
Jul	38	38	35
Aug	22	26	25
Sep	42	25	24
Oct	30	21	25
Nov	35	19	8
Dec	26	25	16
Jan	21	15	33
Feb	29	17	20
Mar	32	12	18
Apr	15	25	17
May	18	15	15
Jun	10	16	13
Total	318	254	249

New Member Services Centre

The new centre in Suva is spacious and offers a friendly member environment.

The revamped website myfnpf.com.fj now provides members and pensioners with simple, clear and concise content and enabled user engagement tools. The website is user-friendly and has links to the Funds Facebook, YouTube, Twitter, and LinkedIn accounts.

Website Management

During the year, 514,462 page views were recorded on myfnpf.com.fj, the FNPF website, accessed by 152,598 visitors. The three most popular pages viewed were the FNPF forms page, the Contact page and the online portal page, which allows members to access their FNPF details online. On average, members spent 3.4 minutes on the website accessing up to 3 pages per visit.

We also introduced a Financial Literacy page during the year, highlighting personal testimonies from current pensioners, access to the Funds new Pension Booklet and general retirement planning articles as tools that will assist our members in making an informed decision when approaching retirement age. The website complements our Facebook page, which is also a popular channel for members.

Awareness, Education

The Fund values its members' need for information. We also recognize that the media plays an important role in disseminating this information. This year, we provided updates via media releases, media queries, media campaigns and through bi-monthly newspaper articles.

We also re-introduced quarterly newsletters for our members. Our Management team took a lead role in further disseminating information through interactive radio and television shows. Workplace seminars and retirement planning workshops were also held around the country with about 500 near-retirees attending these workshops.

This pensioner expresses her gratitude for her pension income during the Member Forum in Labasa.

Member Forums

The Annual Member forum also allows the Fund to update members on its financial performance, achievements and future plans. More than 1,000 members attended the forums held in Suva, Lautoka, Nadi and Labasa.

In our efforts to improve information provided to members, the Fund conducts an annual survey on the effectiveness of the Forum. We received a 4.44 rating compared with 4.31 the previous year. The Fund will continue to improve its efforts on raising public awareness and confidence of all our stakeholders.

TABLE 8: Member balances by Age Cohorts

Member Balance	< 15 yrs	15 - 24yrs	25 - 34yrs	35 - 44yrs	45 - 54 yrs	> 55yrs	No Record	Total	Percentage
$0	-	4,832	10,965	13,760	15,535	20,650	151	65,893	16%
Less than $5,000	3	46,493	62,872	39,170	25,207	10,560	4	184,309	44%
$5,000 - $9,999.99	1	4,329	23,557	14,557	9,492	2,019	-	53,955	13%
$10,000 - $49,999.99	-	549	31,611	35,591	23,722	3,046	1	94,517	23%
$50,000 - $99,999.99	-	-	888	5,925	6,854	747	-	14,414	3%
> $100,000 & above	-	-	82	1,239	2,758	717	-	4,796	1%
Total	**4**	**56,200**	**129,975**	**110,242**	**83,568**	**37,739**	**156**	**417,886**	**100%**

Our People

Everyone across the organisation plays an important role in ensuring that we deliver excellent services. FNPF continues to invest in this important human resource to build high performing teams that will deliver our vision of securing our members' future.

Staff Numbers

At the start of year, the Fund employed 480 staff inclusive of temporary employees. The approved structure now stands at 430, inclusive of Management. At year end, the Fund had 332 permanent employees, 51 temporary/project workers, 26 senior managers and one consultant.

Recruitment & Retention

A total of 94 positions were advertised in the year. Of these, 85 positions were advertised internally. An additional 27 staff were appointed on temporary positions through the National Employment Centre.

The Fund's turnover rate increased to 16% in 2017 from 7.1% in 2016. The increase is attributed to the restructure where 39 staff had opted for redundancy. At least 50% of the staff that exited the Fund resigned to seek other employment opportunities, 20% migrated and the remainder resigned for personal reasons, medical, further studies and expiry of contract.

The Fund continues to review and develop recruitment and retention strategies to ensure we attract and keep the best people. The major focus next year is to inculcate a values-based culture, create an inspiring team environment and improve staff retention strategies such as staff engagement programs, capability development, talent management, succession planning and leadership development opportunities.

Employment Relations

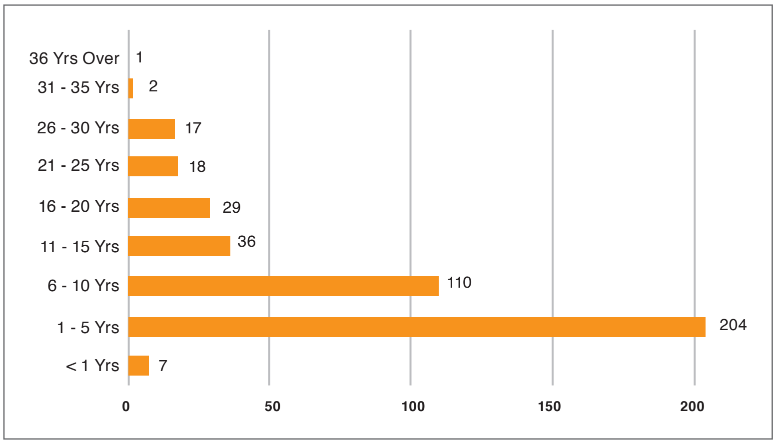
The Fund is an equal opportunity employer and recognizes the importance of staff engagement and continuously encourages staff involvement in employment matters. Employee concerns and grievances are handled with utmost confidentiality and resolved in a timely manner.

A fair opportunity is accorded to employees in disciplinary cases prior to imposing a penalty to encourage efficient and equitable solutions. The Fund continues to create awareness on employment relations

Table 10: Training Report

Training, Workshop & Seminars	No.	No. of Staff Trained
In-House	41	396
Local External Training	54	
Overseas	11	15
One to One Counselling Sessions	33	33
Staff Academic Development		
Diploma, Degree, Postgraduate & Masters Courses	65	

FIGURE 4: Employees by Years of Service



*Note: Figures are exclusive of Management Staff

FNPF supports the health and wellbeing of our employees.

Our staff play an important role in delivering excellent services.

matters to harness a better working relationship for all its employees.

The Fund continues to maintain a cordial relationship with the in-house and external unions in terms of effective engagement and timely communication. This was evident during the restructure as no appeals were received from respective unions and staff associations.

Learning & Development

A total of 411 employees attended a wide range of learning & development opportunities, seminars and workshops. We facilitated 41 in-house, 54 external and 11 overseas training programs and workshops in 2017. About 65 staff also continued to enhance their academic qualifications and were enrolled in either a diploma, degree or postgraduate programs.

The Fund also facilitated a workshop on understanding and managing stress in a change environment for 147 staff during the restructure process. The 39 redundant staff attended financial literacy programs followed by individual counselling sessions with in-house & external counsellors.

Succession planning and coaching remain the hallmarks of the sustainable leadership framework, complemented by the 360 degrees evaluation. The Management team engaged in coaching and mentoring within divisions for staff development.

Training in progress.

OHS and Employee Wellbeing

The Fund placed significant emphasis on providing a wide range of initiatives to support the health and wellbeing of our employees. In order to foster a good work–life balance, the Fund implemented a structured health and wellness program for the whole year including health checks and zumba sessions.

Management remains committed to ensuring a safe, healthy work environment for its employees, members, contractors, tenants and the public at large, to prevent health hazards and injury.

Corporate Social Responsiblity

FNPF believes in integrating social and environmental concerns in our operations and in our interaction with our communities on a voluntary basis.


Senior Citizen's Home, Samabula


Lomani Au Home, Savusavu


Home of Compassion


Fiji School of the Blind


Senior Citizen's Home, Samabula

St Christopher's Home

CSR

FNPF believes in integrating social and environmental concerns in our operations and in our interaction with our communities on a voluntary basis. This was especially significant as we celebrated our 50th anniversary. On 1 August 2016, the Fund provided morning tea and lunches to residents of six senior citizens homes in Suva, Lautoka and Labasa as we launched our celebrations. The major Corporate Social Responsibility (CSR) project for the year was the renovation of the kitchen at the Senior Citizen's Home in Samabula. The refurbished built-in-kitchen with cooktops and other improved features were handed to the Minister for Women and Poverty Alleviation on 8 December 2016. The Fund also carried out minor repair works on the roof of the Colonial War Memorial Hospital's Maternity Unit and donated six examination lights to the Hospital's Labour Ward.

The Fund also provided the following: (i) a washing machine and dryer to Dilkusha Home, Davuilevu; (ii) five beds, bedsheets, pillow cases and towels to St Christophers Home, Nakasi; (iii) bedsheets, pillowcases and towels to the Fiji School of the Blind, Vatuwaqa; (iv) baby items, groceries and toiletries to St Mina's Children's Home in Nadi (v) a brush cutter to Golden Age Home, Lautoka; (vi) two electric urns to Babasiga Ashram Old People's Home in Labasa; and (vii) groceries and toiletries to Lomani Au Children's Orphanage in Savusavu. We also supported various other charities inclusive of the Homes of Hope and the World Kidney Day global awareness campaign. Several green activities were also undertaken inclusive of mangrove and tree planting in Lautoka and clean-up of the Suva foreshore. Apart from these, the various divisions organised their own activities to support the Fund's CSR agenda.

Presentation of the six examination lights to CWM Hospital's Labour Ward.

Planting mangroves in Lautoka

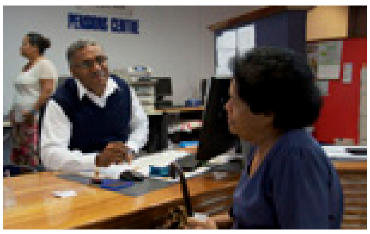
Corporate *Diary*

AUGUST

1st FNPF turns 50. Celebrations launched, FNPF teams visited:
- Senior Citizen's Home – Samabula
- Father Law Home – Wailekutu
- Home of Compassion – Tamavua
- Pearce Home – Butt Street
- Golden Age – Lautoka
- Babasiga Ash Ram – Labasa

12th - FNPF and RBF sign MOU to strengthen the collaborative relationship and capacities of the two parties

23rd – FNPF Management serve at FNPF Customer Services centre



25th FNPF and the Department of Social Welfare – MOU signing allowing information sharing

28th – West FNPF Family Sports Day

SEPTEMBER

12th – Customer Satisfaction Survey (CSS) facilitated by FNPF and USP to obtain feedback from members nationwide on FNPF services

OCTOBER

1st – Dilkusha Home, clean up along Davuilevu/Nausori area

15th – School of the Blind, clean up along Vatuwaqa

19th – Visit to Lomani Au Children's Home by our Northern staff

22nd – St. Christopher's Home, clean up along Nakasi
- Supported Home of Hope 20th Anniversary Gala dinner as part of our 50th Anniversary celebration
- West Offices CSR Mangrove planting

NOVEMBER

2nd & 3rd – ADB/FNPF Workshop – "Strengthening Pension & Health Coverage in the Pacific Forum" at the GPH

3rd – Official 50th Anniversary Cocktail at Grand Pacific Hotel
- Hosted 300 guests with the Hon. Prime Minister Voreqe Bainimarama as the Chief Guest
- Launch of the 50th Anniversary Commemorative Booklet and Micro or Mini Website

22nd – FNPF wins Annual Report Category A at the South Pacific Stock Exchange Annual Report Competition for 2016

26th - CSR St Mina's Coptic Orthodox Home – Western staff

DECEMBER

3rd – Awareness Workshop (conducted by CG) on new Companies Act 2015

9th – All laws referred to as Decree or Promulgation will be titled as Acts

JANUARY

26th – Suva Annual Member Forum at FNPF Member Services Centre at the Downtown Boulevard. First FNPF event to also be livestreamed

FEBRUARY

2nd – Nadi Annual Member Forum at the Nadi Civic Centre

3rd – Lautoka Annual Member Forum at the FNPF Lautoka Office

11th – Labasa Annual Member Forum at the FNPF Labasa Office

Corporate *Diary*

MARCH

5th – My Roc Market hosted at Greig Street along My FNPF Centre

11th – Launch of the Bi-Monthly Articles

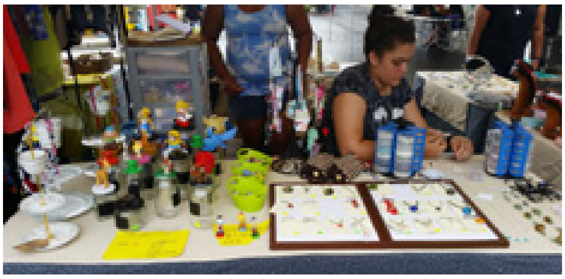
FNPF genesis & Board functions

This is the first of a series of articles on the role and functions of the Fiji National Provident Fund (FNPF). These articles have been compiled to assist our members understand the Fund's business and what FNPF offers them as Fiji's only superannuation fund.

24th – Valelevu Agency official opening. Located at Shop2 Rajendra Brothers Supermarket Building

APRIL

2nd – My Roc Market hosted at Greig Street along My FNPF Centre



3rd - New World IGA opening at My FNPF Centre

8th – Opening of Fiji Marriott Resort Momi Bay

28th - Pensioners Trip to the Fiji Marriott Resort Momi Bay; selected from frequent attendees of the FNPF Annual Member Forum

MAY

5th – Launch of Members Quarterly e-Newsletter

7th - My Roc Market hosted at Greig Street along My FNPF Centre

10th - Vodafone pays record dividend of $40 million to its major shareholders FNPF and ATH

9th & 10th – "Contribution Statement & Electronic/Digital/Online Submission" employers workshop in Ba & Lautoka

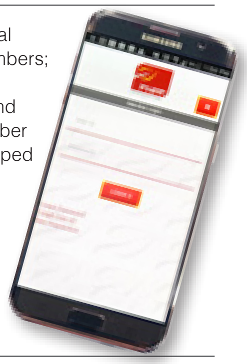
16th & 18th - Contribution Statement & Electronic/Digital/Online Submission" employers workshop in Nadi & Sigatoka

JUNE

13th & 14th – Contribution Statement & Electronic/Digital/Online Submission" employers workshop in Labasa & Savusavu

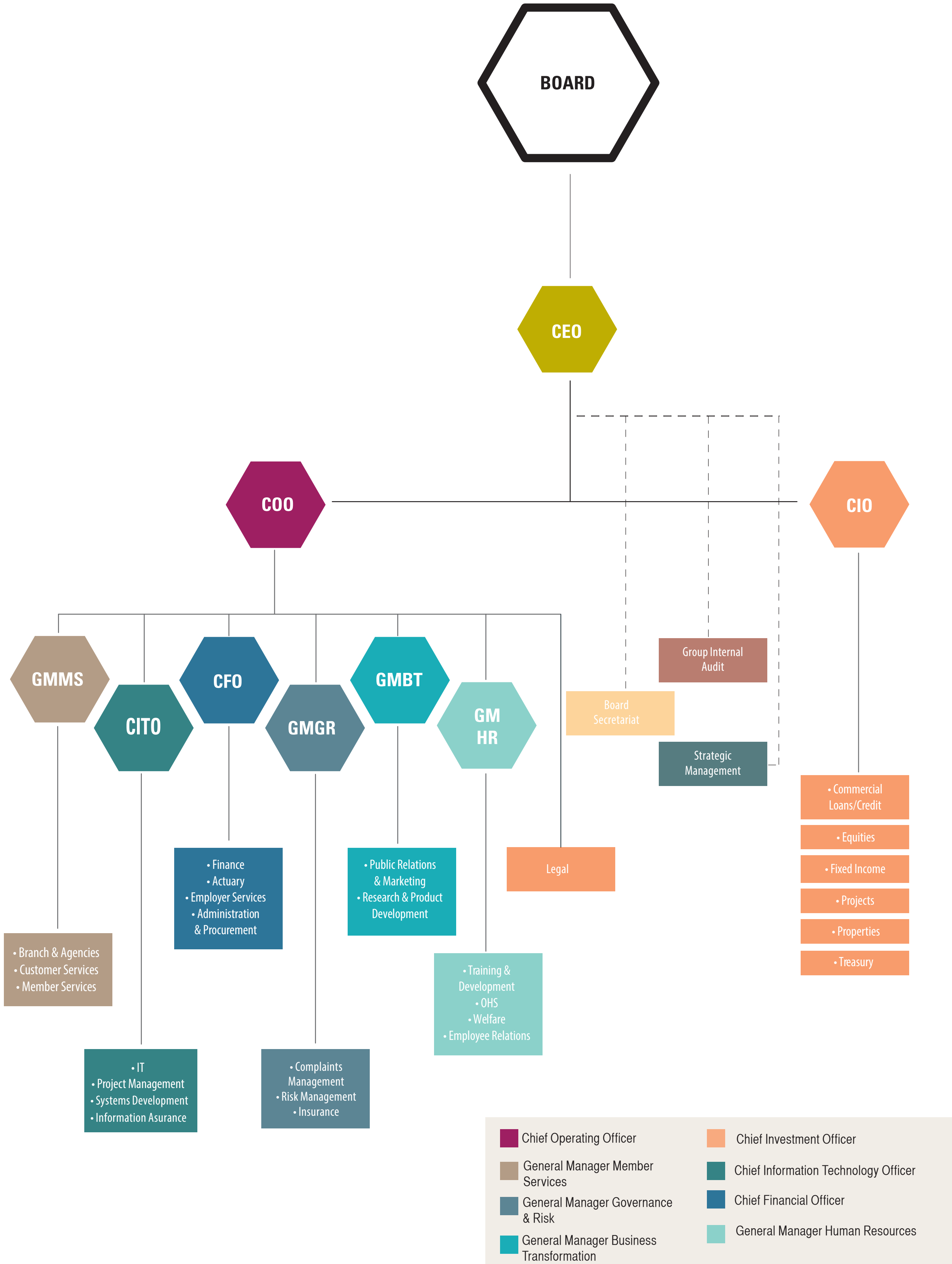
24th – FNPF Staff Gala Night at GPH

29th - New Digital Platforms for members; myFNPF app; revamped my Fund SMS *567#; member kiosks and revamped website



29th - Announcement of Interest to members of 6.35%

Organisation *Structure*



FIJI NATIONAL PROVIDENT FUND AND ITS SUBSIDIARIES

Financial **Statements**

30 June 2017

CONTENTS

Fiji National Provident Fund and its subsidiaries

Board of Members' Report

For the year ended 30 June 2017

The Board members present their report together with the financial statements of Fiji National Provident Fund ("the Fund") and the consolidated financial statements of the Fund and its subsidiaries ("the Group") for the year ended 30 June 2017 and report as follows:

Board Members

The Board members of the Fund during the year and up to the date of this report were:

Mr. Ajith Kodagoda (Chairman)
Mr. Tevita Kuruvakadua
Ms. Makereta Konrote
Ms. Bhavna Narayan
Mr. Sanjay Kaba

Operation of the Fund

The Fund is a defined contribution fund and the operation of the Fund has been carried out in accordance with the provisions of the Trustee Act, Fiji National Provident Fund Act 2011 and the Fiji National Provident Fund Transition Act 2011.

Principal Activities

The principal activity of the Fund during the financial year was the provision of superannuation services to its members.

The principal activities of the subsidiary entities during the year were those of investment, provision of telecommunication services, the ownership and operation of hotel and resort facilities, insurance agency business and the provision of comprehensive banking and related financial services.

Operating Results

The profit after tax of the Group attributable to members for the year ended 30 June 2017 was $353,646,000 (2016: $339,207,000) and for the Fund was $359,495,000 (2016: $331,578,000).

Reserves

The Board approved the allocation of profit to member's accounts from the Fund's income statement as annual interest at a rate of 6.35% (2016:6.25%).

Bad and Doubtful debts

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

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

Board of Members' Report (continued)

For the year ended 30 June 2017

Significant events during the year

Reform Project

The Fund started its Reform Project in 2010 with the overall objectives of "Delivering Excellent Services and Ensure Sustainable Returns" to the Fund Stakeholders. The Reform Project was designed under the following categories with the following major projects and objectives:

a) *Investment Rehabilitation*

(i) Momi Bay Resort Limited (MBRL) project - Construction of the two hundred and fifty (250) room five star internationally branded resort at Momi Bay completed and commenced operation in April 2017. The hotel is managed by the globally acclaimed luxury hotel chain - Marriot Hotels International.

(ii) Natadola Bay Resort Limited (NBRL) residential development – The development of Stage 1 Residential is complete. The development of the land estates is expected to complement the Resort & Golf course earnings. Lots have started selling and settlements are underway. The NBRL will review the next 8 stages in the master plan for this development and determine the best mix of developments.

b) *Structural Reform*

i) Except for Regulation 45 in relation to Special Death Benefits Fund which shall came into force on a date appointed by the Minister by notice in the Gazette, the FNPF Regulations 2014 came into effect on 22 August 2014.

Other events

a) On 20 June 2016 and 30 June 2016, additional shares of 9,375,000 and 3,125,000 were issued by Home Finance Company Limited (HFC) at $2 per share to FNPF and Unit Trust of Fiji respectively to meet Capital Adequacy requirements and strengthening of shareholders equity.

b) In 2016, MBRL issued 7,000,000 ordinary shares at $1 each to FNPF.

c) On 4 July 2016, the title of the land on which Momi Bay Resort is constructed was transferred to MBRL by FNPF for a consideration of $11.5 million.

d) Fletcher Construction (Fiji), main contractor completed construction of Momi Bay Resort on 20th January 2017. The total cost of the project was about $220 million. The hotel commenced operations on 1st April 2017.

e) HFC bank has entered into partnership agreement with Vodafone Fiji Limited (VFL) and Newman for Agency banking.

f) During the year, Natadola Land Holdings Limited (NLHL) was voluntarily wound up and the net assets of $20,099 was assigned to FNPF.

g) On 20 October 2016, ATH acquired remaining 10% shareholding in Fiji Directories Limited from Edward O' Brien for a purchase consideration of FJD 1,320,463.

h) On 27 March 2017, ATH acquired 100% shareholding in Telecom Vanuatu Limited (TVL) of Vanuatu from MT International Ventures PCC, an investment vehicle wholly owned by Mauritius Telecom for a consideration of FJD 44,107,798. TVL is incorporated and domiciled in Vanuatu, and principal activity is that of telecommunication services in the Republic of Vanuatu.

i) On 23 September 2016, ATH, Amper SA of Spain and Elandia International Inc. of United States of America (USA) entered into a Sale and Purchase Deed (SPD) where the primary transaction is for ATH's acquisition of 100% of the issued share capital in AST Telecom LLC of USA and 100% of the issued share capital in eLandia Technologies Inc. of USA for a purchase price of circa USD79 million. The principal activities of these entities are telecommunication services in Samoa, Cook Islands, New Zealand and American Samoa, through a number of subsidiary entities in the USA and these other countries (collectively referred as Bluesky Group). A number of these subsidiaries have a minority equity interest.

Board of Members' Report (continued)

For the year ended 30 June 2017

Significant events during the year (continued)

Other events (continued)

The execution of the sale is subject to obtaining appropriate consents for the (direct or indirect) change of control of various licences, permits, foreign investment approvals, waivers including non-objections from respective Government and Regulatory Authorities. ATH is still in the process of acquiring Bluesky Group interest in the South Pacific from Amper SA.

The first two payments for the transaction have been paid as refundable deposits at USD 30,000,000 (FJD 61,218,243) while the final payment and settlement is awaiting certain consents from the Federal Communication Commission of the USA and approvals and waivers from the Committee of Foreign Investments in the United States (CFIUS). As at 30 June 2017, ATH did not have control of Bluesky Group and therefore the payments have been recognised as 'Refundable Deposits' in the financial statements.

According to the SPD, ATH is entitled to receive (as holding fees in lieu of interest on refundable deposits paid) portions of any distributions, including management fees and dividends, received by the seller. In an effort to facilitate the primary transaction, ATH also acquired a number of minority shares of various classes in a number of the target entities. As at 30 June 2017, ATH had acquired 24.88% shares in Bluesky SamoaTel Investments Limited of Samoa and 4.66% in Bluesky Pacific Holdings Limited of Samoa from minority shareholders for a purchase consideration of USD 5,849,113 and USD 775,191 (FJD 12,117,493 and FJD 1,620,721), respectively. Bluesky SamoaTel Investments Limited is a holding company which has 75% interest in Bluesky Samoa Limited of Samoa. The principal activity of Bluesky SamoaTel Investments Limited is that of equity investments and the principal activity of Bluesky Samoa Limited is that of telecommunication services in Samoa. Bluesky Pacific Holdings Limited of Samoa has equity interest in Telecom Cook Islands Limited.

Events Subsequent to the Balance Date

On 11th July 2017, the directors and shareholders of HFC Bank approved that dividends payable be converted to shares.

On 4 July 2017, it was announced on the South Pacific Stock Exchange, that following the signing of the SPD on 23 September 2016, ATH received formal regulatory approval for change of control of Bluesky Samoa Limited from Amper SA to ATH. The Office of the Regulator in Samoa gave formal approval in accordance with Section 31 of the Samoan Telecommunications Act, consenting to the transfer of control to ATH. Formal regulatory approvals and consents for American Samoa and Cook Islands are still in progress and ATH is still awaiting these approvals.

Apart from the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transactions or events of a material and unusual nature likely, in the opinion of the Board members, to affect significantly the operations of the Fund and of the Group, the results of those operations or the state of affairs of the Fund and of the Group.

Basis of preparation

The financial statements of the Fund and of the Group have been drawn up in accordance with International Financial Reporting Standards and the requirements of Fiji National Provident Fund Act 2011.

Related party transactions

In the opinion of the Board members all related party transactions have been recorded in the books of the Fund and its subsidiaries and adequately disclosed in the attached financial statements.

Other circumstances

At the date of this report, the Board members 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.

Fiji National Provident Fund and its subsidiaries

Board of Members' Report (continued)

For the year ended 30 June 2017

Unusual transactions

The results of the Fund and its subsidiaries' operations during the financial year have not in the opinion of the Board members been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Board member's interest

No Board member of the Fund 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 Board members as shown in the Fund's financial statements) by reason of a contract made by the Fund or related corporation with the Board member or with a firm of which he is a member, or with an entity in which he/she has a substantial financial interest.

Dated at Suva this 22 day of August 2017.

Signed in accordance with a resolution of the Board:

Director

Director

Fiji National Provident Fund and its subsidiaries

Statement by Board of Members

For the year ended 30 June 2017

In the opinion of the Board members:

(a) The accompanying income statements are drawn up so as to give a true and fair view of the results of the Fund and the Group for the year ended 30 June 2017;

(b) The accompanying statements of financial position are drawn up so as to give a true and fair view of the state of the affairs of the Fund and the Group at 30 June 2017;

(c) The accompanying statements of changes in member benefits are drawn up so as to give a true and fair view of movement in member benefits of the Fund and the Group for the year ended 30 June 2017;

(d) The accompanying statements of changes in reserves are drawn up so as to give a true and fair view of movement in reserves of the Fund and the Group at 30 June 2017;

(e) The accompanying statements of cash flows are drawn up so as to give a true and fair view of the cash flows of the Fund and the Group for the year ended 30 June 2017;

(f) At the date of this statement there are reasonable grounds to believe that the Fund and the Group will be able to pay their debts as and when they fall due; and

(g) All related party transactions have been recorded and adequately disclosed in the attached financial statements.

Dated at Suva this 22 day of August 2017.

Signed in accordance with a resolution of the Board:

Director

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIJI NATIONAL PROVIDENT FUND

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fiji National Provident Fund (the "Fund") and the consolidated financial statements of the Fund and its subsidiaries (the "Group"), which comprise the statements of financial position of the Fund and the Group, and statement of financial position by Fund as at 30 June 2017, and the income statements, the income statement by Fund, the statements of changes in member benefits, the statements of changes in reserves and the statements of cash flows for the year then ended, and Notes 1 to 40 comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and the Group as at 30 June 2017, and of their financial performance, changes in member benefits, changes in reserves and their 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 the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the Fiji National Provident Fund Act 2011 (Act No. 52) 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIJI NATIONAL PROVIDENT FUND

Report on Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

- 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 Fund's and 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 Fund'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 Fund 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those 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.

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) The financial statements are prepared in accordance with the Fiji National Provident Fund Act 2011 and

ii) The Board, Board members and staff members have given all the information, explanations and assistance necessary for the purposes of the audit.

KPMG

KPMG
22 August, 2017
Suva, Fiji

Steve Nutley, Partner

Fiji National Provident Fund and its subsidiaries

Income statements

As at 30 June 2017

	Notes	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Superannuation activities					
Revenue					
Interest income	6	231,886	223,172	246,344	232,418
Dividends		13,180	9,941	19,452	11,919
Dividends from subsidiaries	16(a)	-	-	42,997	44,855
Property rental income		20,579	18,048	16,449	15,043
Change in fair value of investment properties	17	-	11,376	-	13,806
Net change in fair values of investments	7(a)	16,253	11,820	16,253	11,820
Net foreign exchange gain	7(b)	2,653	-	-	-
Sales revenue		471,211	419,970	-	-
Net interest income		24,639	19,288	-	-
Gain on disposal of subsidiary	16(a)	-	-	20	-
Other income	8	24,698	13,436	1,917	1,304
Total revenue		**805,099**	**727,051**	**343,432**	**331,165**
Expenses					
Airtime and PSTN charges		60,025	68,103	-	-
Investment expenses		5,300	5,801	5,300	5,801
Property expenses		5,950	5,094	5,950	5,098
Interest expenses		2,387	1,532	-	-
Equipment and ancillary charges		59,862	46,888	-	-
General administration expenses	9	246,932	184,414	24,205	17,607
Depreciation and amortization		59,465	54,543	3,091	2,882
Net foreign exchange losses	7(b)	-	10,404	831	9,508
Reversal of impairment - ATH	16(a)	-	-	(55,538)	(27,762)
Reversal of impairment of loans to subsidiaries		-	-	-	(13,547)
Impairment of investment – FNPF nominees	16(a)	-	-	98	-
Total expenses		**439,921**	**376,779**	**(16,063)**	**(413)**
Share of profit of associates, net of tax	16(b)	14,480	1,249	-	-
Profit before tax		**379,658**	**351,521**	**359,495**	**331,578**
Income tax expense	10(a)	(26,012)	(12,314)	-	-
Profit after tax		**353,646**	**339,207**	**359,495**	**331,578**
Other comprehensive expense					
Items that may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences	29(d)	552	(1,883)	-	-
Other comprehensive expense, net of tax		552	(1,883)	-	-
Total comprehensive expense		**354,198**	**337,324**	**359,495**	**331,578**
Net profit available for allocation	`	354,198	337,324	359,495	331,578
Non-controlling interest		(16,894)	(22,218)	-	-
		337,304	315,106	359,495	331,578
Net benefits allocated to member's account	31(a)(ii)	(270,049)	(239,542)	(270,049)	(239,542)
Net profit taken to reserves		**67,255**	**75,564**	**89,446**	**92,036**

The income statements are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund and its subsidiaries

Statements of financial position

As at 30 June 2017

	Notes	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Assets					
Cash and cash equivalents					
Cash and cash equivalents	19	824,863	551,417	550,396	337,005
Receivables					
Investment income receivable	25	64,313	56,864	84,052	92,207
Trade receivables	20	56,220	44,777	-	-
Other receivables	24	123,034	52,642	28,805	22,184
Investments					
Term deposits	11	633,678	610,145	678,603	634,506
Government securities	12	2,325,875	2,165,810	2,275,534	2,114,966
Other fixed interest securities	13	275,729	273,681	275,729	273,681
Equities	15	287,483	201,310	284,205	198,017
Loans and advances	14	811,756	756,298	508,449	489,521
Investment in subsidiaries	16(a)	-	-	719,694	635,668
Investment in associates and joint venture	16(b)	95,801	73,275	75,857	75,857
Investment properties	17	205,002	212,146	231,199	238,343
Property held for development	18	7,144	13,506	-	-
Other assets					
Inventories	21	31,892	15,368	-	-
Property, plant and equipment	23	714,699	579,519	10,862	12,120
Intangible assets	22	162,277	158,298	10,352	10,623
Deferred tax assets	10(d)	6,428	8,834	-	-
Total assets		**6,626,194**	**5,773,890**	**5,733,737**	**5,134,698**
Liabilities					
Creditors and borrowings	26	920,270	661,603	16,497	10,984
Other liabilities	27	71,622	67,753	3,149	2,717
Employee entitlements	28	16,521	7,215	2,261	1,014
Current tax liability	10(b)	3,961	1,542	-	-
Deferred tax liabilities	10(c)	20,478	20,001	-	-
Total liabilities		**1,032,852**	**758,114**	**21,907**	**14,715**
Net assets available for member benefits		5,593,342	5,015,776	5,711,830	5,119,983
Less: non-controlling interest	36	89,123	80,669	-	-
Net assets available to pay benefits		**5,504,219**	**4,935,107**	**5,711,830**	**5,119,983**
Member benefits					
Allocated to members		4,863,653	4,349,692	4,863,653	4,349,692
Unallocated to members		11,735	12,853	11,735	12,853
Total member benefits		**4,875,388**	**4,362,545**	**4,875,388**	**4,362,545**
Total net assets		**628,831**	**572,562**	**836,442**	**757,438**

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund and its subsidiaries

Statements of financial position (continued)

As at 30 June 2017

	Notes	Consolidated		The Fund	
		2017	2016	2017	2016
		$000	$000	$000	$000
Equity					
Investment reserve		275,977	263,800	275,977	263,800
Solvency reserve		560,465	493,638	560,465	493,638
Accumulated losses	29(a)	(40,097)	(16,638)	-	-
Other equity reserve	29	(171,996)	(171,996)	-	-
Credit loss reserve	29(c)	5,470	5,150	-	-
Foreign currency translation reserve	29(d)	(988)	(1,392)	-	-
Total equity		**628,831**	**572,562**	**836,442**	**757,438**

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

For and on behalf of the Board.

Director

Director

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund and its subsidiaries

Statements of changes in member benefits

As at 30 June 2017

	Notes	2017 $000	2016 $000
Consolidated and the Fund			
Opening balance of members' benefit		4,362,545	4,232,605
Contributions:			
Employers		298,092	266,996
Members		248,145	213,598
Total contribution	29(e)	**546,237**	**480,594**
Benefit payment to members	29(f)	(289,571)	(574,888)
Pension payment to pensioners	29(f)	(24,314)	(24,237)
Benefits allocated to members' account, comprising:			
Interest credit	31(a)(ii)	270,049	239,542
Current year investment returns			
- SDB	32	1,860	1,025
- RIF	32	24,121	23,282
Transfer to solvency reserve			
- SDB	31(b)	(4,459)	(3,868)
- RIF	31(b)	(11,080)	(11,510)
Closing balance of members' benefits		**4,875,388**	**4,362,545**

The statements of changes in members benefits are to be read in conjunction with the notes to and forming part of the financial statements.

Statements of changes in reserves

As at 30 June 2017

Consolidated

	Notes	Investment Reserve $000	Solvency Reserve $000	Accumulated losses $000	Other equity reserve $000	Credit loss reserve $000	Foreign currency translation reserve $000	Total $000
Balance at 1 July 2015		**209,307**	**465,024**	**(651)**	**(131,045)**	**4,243**	**-**	**546,878**
Net transfers to/from member benefits/reserves								
- FNPF		(13,236)	13,236	-	-	-	-	-
- SDB		-	3,868	-	-	-	-	3,868
- RIF		-	11,510	-	-	-	-	11,510
Decrease in non-controlling interest	37	-	-	-	(40,951)	-	-	(40,951)
Profit		67,729	-	(15,987)	-	907	-	52,649
Other comprehensive income		-	-	-	-	-	(1,392)	(1,392)
Balance at 30 June 2016		**263,800**	**493,638**	**(16,638)**	**(171,996)**	**5,150**	**(1,392)**	**572,562**
Net transfers to/from member benefits/reserves								
- FNPF		(51,288)	51,288	-	-	-	-	-
- SDB		-	4,459	-	-	-	-	4,459
- RIF		-	11,080	-	-	-	-	11,080
Profit		63,465	-	(23,459)	-	320	-	40,326
Other comprehensive income		-	-	-	-	-	404	404
Balance at 30 June 2017		**275,977**	**560,465**	**(40,097)**	**(171,996)**	**5,470**	**(988)**	**628,831**

The statements of changes in reserves are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund and its subsidiaries

Statements of changes in reserves (continued)

As at 30 June 2017

The Fund

	Investment Reserve $000	Solvency reserve $000	Total $000
Balance at 1 July 2015	**209,307**	**465,024**	**674,331**
Net transfers to/from member benefits/reserves			
- FNPF	(13,236)	13,236	-
- SDB	-	3,868	3,868
- RIF	-	11,510	11,510
Profit	67,729	-	67,729
Balance at 30 June 2016	**263,800**	**493,638**	**757,438**
Net transfers to/from member benefits/reserves			
- FNPF	(51,288)	51,288	-
- SDB	-	4,459	4,459
- RIF	-	11,080	11,080
Profit	63,465	-	63,465
Balance at 30 June 2017	**275,977**	**560,465**	**836,442**

The statements of changes in reserves are to be read in conjunction with the notes to and forming part of the financial statements.

Income statement by Fund

As at 30 June 2017

		FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	Notes	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Revenue									
Interest income	6	220,093	207,793	24,391	23,600	1,860	1,025	246,344	232,418
Dividends		19,452	11,919	-	-	-	-	19,452	11,919
Dividends from subsidiaries	16(a)	42,997	44,855	-	-	-	-	42,997	44,855
Property rental income		16,449	15,043	-	-	-	-	16,449	15,043
Change in fair value of investment properties	17	-	13,806	-	-	-	-	-	13,806
Net change in fair value of investments	7(a)	16,253	11,820	-	-	-	-	16,253	11,820
Gain on Disposal of NLHL		20	-	-	-	-	-	20	-
Other income	8	1,917	1,304	-	-	-	-	1,917	1,304
Total revenue		**317,181**	**306,540**	**24,391**	**23,600**	**1,860**	**1,025**	**343,432**	**331,165**
Expenses									
Investment expenses		5,300	5,801	-	-	-	-	5,300	5,801
Property expenses		5,950	5,098	-	-	-	-	5,950	5,098
General administration expenses	9	23,951	17,300	254	307	-	-	24,205	17,607
Depreciation and amortisation		3,075	2,871	16	11	-	-	3,091	2,882
Net foreign exchange losses/(gain)	7(b)	831	9,508	-	-	-	-	831	9,508
Reversal of impairment of investment in subsidiaries		(55,538)	(27,762)	-	-	-	-	(55,538)	(27,762)
Reversal of impairment of loans to related parties		-	(13,547)	-	-	-	-	-	(13,547)
Impairment of Investment – FNPF nominees		98	-	-	-	-	-	98	-
Total expenses		**(16,333)**	**(731)**	**270**	**318**	**-**	**-**	**(16,063)**	**(413)**
Net profit available for allocation		333,514	307,271	24,121	23,282	1,860	1,025	359,495	331,578
Less: net benefits allocated to member accounts		270,049	239,542	-	-	-	-	270,049	239,542
Profit before income tax		63,465	67,729	24,121	23,282	1,860	1,025	89,446	92,036
Income tax expense	10(a)	-	-	-	-	-	-	-	-
Net profit taken to reserves	**29(b)**	**63,465**	**67,729**	**24,121**	**23,282**	**1,860**	**1,025**	**89,446**	**92,036**

The income statement by Fund is to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund and its subsidiaries

Statement of financial position by Fund

As at 30 June 2017

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cash and cash equivalent								
Cash and cash equivalent	537,920	322,874	8,217	9,988	4,259	4,143	550,396	337,005
Receivables								
Investment income receivable	77,545	86,765	5,847	5,125	660	317	84,052	92,207
Other receivables	28,185	19,958	-	-	620	2,226	28,805	22,184
Investments								
Term deposits	674,603	633,506	-	1,000	4,000	-	678,603	634,506
Government securities	1,958,545	1,820,511	284,989	272,455	32,000	22,000	2,275,534	2,114,966
Other fixed interest securities	275,729	273,681	-	-	-	-	275,729	273,681
Equities	284,205	198,017	-	-	-	-	284,205	198,017
Loans and advances	508,449	489,521	-	-	-	-	508,449	489,521
Investment in subsidiaries	719,694	635,668	-	-	-	-	719,694	635,668
Investment in associates	75,857	75,857	-	-	-	-	75,857	75,857
Investment properties	231,199	238,343	-	-	-	-	231,199	238,343
Other assets								
Property, plant and equipment	10,800	12,079	62	41	-	-	10,862	12,120
Intangible assets	10,352	10,623	-	-	-	-	10,352	10,623
Total assets	**5,393,083**	**4,817,403**	**299,115**	**288,609**	**41,539**	**28,686**	**5,733,737**	**5,134,698**
Liabilities								
Creditors and borrowings	16,402	9,814	95	1,170	-	-	16,497	10,984
Other liabilities	(5,795)	2,706	25	11	8,919	-	3,149	2,717
Employee entitlements	2,261	1,014	-	-	-	-	2,261	1,014
Total liabilities	**12,868**	**13,534**	**120**	**1,181**	**8,919**	**-**	**21,907**	**14,715**
Net assets available for member benefits	**5,380,215**	**4,803,869**	**298,995**	**287,428**	**32,620**	**28,686**	**5,711,830**	**5,119,983**
Member benefits								
Allocated to members	4,632,468	4,118,994	231,185	230,698	-	-	4,863,653	4,349,692
Unallocated to members	7,748	8,341	-	-	3,987	4,512	11,735	12,853
Total member benefits	**4,640,216**	**4,127,335**	**231,185**	**230,698**	**3,987**	**4,512**	**4,875,388**	**4,362,545**
Total net assets	**739,999**	**676,534**	**67,810**	**56,730**	**28,633**	**24,174**	**836,442**	**757,438**
Equity								
Investment reserve	275,977	263,800	-	-	-	-	275,977	263,800
Solvency reserve	464,022	412,734	67,810	56,730	28,633	24,174	560,465	493,638
Total equity	**739,999**	**676,534**	**67,810**	**56,730**	**28,633**	**24,174**	**836,442**	**757,438**

The statement of financial position by Fund is to be read in conjunction with the notes to and forming part of the financial

Fiji National Provident Fund and its subsidiaries

Statements of cash flows

As at 30 June 2017

	Notes	Consolidated 2017	Consolidated 2016	The Fund 2017	The Fund 2016
Cash flows from operating activities					
Cash receipts from customers		568,118	552,905	-	-
Interest received		279,719	257,793	243,622	232,597
Dividends received		18,099	7,491	73,461	45,735
Property rentals received		12,743	10,780	14,809	12,992
Other income received		11,269	10,742	5,325	5,513
Loans and advances (provided)/repaid		(78,232)	(131,058)	-	-
Statutory reserve deposit		(9,500)	(12,160)	-	-
Payments to suppliers and employees		(318,971)	(325,353)	(34,036)	(27,564)
Interest paid		(20,197)	(13,493)	-	-
Income taxes paid	10(b)	(21,765)	(14,833)	-	-
Net cash from operating activities		441,283	342,814	303,181	269,273
Cash flows from investing activities					
Government securities matured/(acquired)		(157,768)	(116,605)	(160,548)	(130,038)
Other securities matured/(acquired)		(3,389)	(83,997)	(3,389)	(83,997)
Loans and advances (provided)/repaid		20,735	(64,689)	(17,025)	(87,771)
Term deposits matured/(invested)		(39,105)	54,943	(42,888)	53,749
Investment in associates		-	(65,516)	-	(65,516)
Shares in subsidiaries (acquired)/disposed		(45,428)	(14,638)	-	(25,750)
Proceeds from disposal of subsidiaries		-	20	-	-
Shares and units (acquired)/ disposed		(74,696)	(40,191)	(74,696)	(40,191)
Proceeds from sale of property, plant and equipment		2,589	1,036	1,790	223
Purchase of property, plant and equipment		(120,059)	(159,723)	(1,666)	(1,836)
Acquisition of intangible assets		(3,406)	(871)	(1,194)	(76)
Payment for business acquisition		(74,956)	-	-	-
Advance for relocation of telecommunication cables		-	2,377	-	-
Investment in joint venture		106	(675)	-	-
Additions to land held for development		-	(4,114)	-	-
Amount spent to acquire/develop investment properties		(21,102)	(20,151)	(21,102)	(20,151)
Net cash from investing activities		(516,479)	(512,794)	(320,718)	(401,354)
Cash flows from financing activities					
Proceeds from borrowings, net		110,813	14,945	-	-
Finance lease repayments		(2,992)	(1,783)	-	-
Contributions received from employers		296,668	269,990	296,668	269,990
Contributions received from members		248,145	215,991	248,145	215,991
Withdrawal payments to members		(289,571)	(574,888)	(289,571)	(574,888)
Pension annuity paid to members		(24,314)	(24,237)	(24,314)	(24,237)
Proceeds from share issue		-	6,250	-	-
Acquisition of non-controlling interests		-	(74,019)	-	(74,019)
Dividends paid		(8,250)	(1,063)	-	-
Net cash from financing activities		330,499	(168,814)	230,928	(187,163)
Net increase/(decrease) in cash and cash equivalents		255,303	(338,794)	213,391	(319,244)
Effect of exchange rate movement		136	(3,108)	-	-
Addition of cash and cash equivalents from acquisitio of shares in subsidiary		9,773	-	-	-
Cash and cash equivalents at beginning of the financial year		487,658	829,560	337,005	656,249
Cash and cash equivalents at end of the financial year	33(a)	752,870	487,658	550,396	337,005

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements.

1 General Information

The Fiji National Provident Fund (the "Fund") is a defined contribution superannuation fund domiciled in Fiji. The address of the Fund's registered office is at 33 Ellery Street, Suva.

The consolidated financial statements of the Fund as at and for the year ended 30 June 2017 comprise the Fund and its controlled entities ("the Group").

The financial statements of the Fund as at and for the year ended 30 June 2017 comprise of three Funds set out below:

(i) The 'FNPF' – a defined contribution superannuation scheme, including reserves for members benefits as yet unallocated;

(ii) The 'Special Death Benefit Fund' (SDBF) – a provides term life insurance for eligible FNPF members;

(iii) The 'Retirement Income Fund' (RIF) – a fund which accepts retirement benefits from FNPF members in return for a commitment to pay life or term annuities.

The Fund is constituted by the Fiji National Provident Fund ("FNPF") Act 2011, to provide superannuation benefits to employees in Fiji.

The financial statements were authorised for issue by the Board of Members on 22 August 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Statement of compliance

The financial statements of the Fund and the Group (being the Fund and its subsidiaries) are general purpose financial statements and have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board including International Accounting Standard ("IAS") 26 Accounting and Reporting by Retirement Benefit Plans and the requirements of the Fiji National Provident Fund Act 2011. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and available for sale assets that are measured at fair value.

IFRSs form the basis of International Accounting Standards adopted by the International Accounting Standards Board ("IASB"). The preparation of financial statements in accordance with IFRS requires management to exercise its judgment in the process of applying the Fund's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Changes in accounting policies and disclosures

2.2.(a) Standards issued but not yet effective

The following new standards, interpretations and amendments to standards relevant to the Group have been issued. The Group does not intend to apply these standards until their effective dates:

IFRS *9 Financial Instruments*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of evaluating the potential effect of this standard.

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

2.2.(a) Standards issued but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of evaluating the potential effect of this standard.

IFRS 16 *Leases*

IFRS 16 removes the classification of leases as either operating leases or finance leases - for the lessee - effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements.

There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual returns.

Lessor accounting remains similar to current practice - i.e. lessors continue to classify leases as finance and operating leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Group is in the process of evaluating the potential effect of this standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group or Fund in the current or future reporting periods and on foreseeable future transactions.

IAS 7 *Amendment – Disclosure Initiative*

These amendments are effective for annual reporting periods beginning on or after 1 April 2017 and aim to improve information about an entity's debt, including movements in that debt. Disclosures are required to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

IFRIC Interpretation *22 Foreign Currency Transactions and Advance Consideration*

IFRIC interpretation 22 is effective from 1 January 2018 and addresses how to determine the date of transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in circumstances when an entity pays or receives some or all of the foreign currency in advance of the recognition of the related asset, expense or income.

2.3 Basis of consolidation

Subsidiaries

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Fund. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of the purchase. 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. Investments in subsidiaries are accounted for at cost less impairment in the financial statements of the Fund.

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 or acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

Changes in ATH's ownership interest in a subsidiary company that does not result in ATH losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly reflected directly in the equity of the group.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund and the Group.

The financial statements for the subsidiary ATH has been consolidated based on 31 March 2017 results as permitted by IAS 27.

Transactions eliminated on consolidation

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

Acquisition of VFL and ATH

The acquisition of VFL and additional interest in ATH in the prior years has been accounted for as a transaction between shareholders. As a transaction between shareholders, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition. The acquisition balance sheet reflects the values for assets and liabilities acquired from the respective entity's accounting records. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as another equity reserve in the consolidated financial statements. (refer to note 37)

Loss on 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.

Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transactions costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Where an associate's accounting policies differ significantly to that of the Fund, adjustments are made to the associate's gains and losses to conform to the Fund's accounting policies before they are incorporated into the Group statement of financial position.

Non-controlling interests ("NCI")

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

2.4 Foreign currency translation

(a) Functional and presentation currency

The Fund and the Group operate principally in Fiji and hence the financial statements are presented in Fiji dollars, which is both the functional and presentation currency. Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(b) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. Foreign currency differences arising from the translation of available-for-sale equity investments are recognized in OCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

2.5 Property, plant and equipment

Freehold land is measured at cost. Hotel resort properties are measured at historical cost less depreciation and impairment and all other property is measured at cost except investment properties which are measured at valuation. All plant and equipment is measured at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Property that is being constructed for future use as investment property is accounted for as investment property until construction or development is complete, at which time it is re-measured to fair value. Any gain or loss arising on re-measurement is recognised in the profit or loss. When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Freehold land is not depreciated. The upfront cost of leasehold land is amortised on a straight line basis over the term of the lease. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Term of lease
Buildings	40 – 80 years
Exchange plant and telecommunication infrastructure	10 – 17 years
Subscriber equipment	10 – 20 years
Trunk network plant	10 - 17 years
Plant and machinery	4 – 17 years
Vehicles	4 – 7 years
Furniture, fittings and equipment	3 – 8 years
Computer equipment and software	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. 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 (Note 2.9). Upon impairment, the revised carrying value of the asset is depreciated over the remaining estimated useful life of the asset. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

2.6 Investment properties

Investment properties, principally comprising freehold and leasehold land and buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, determined by external independent valuers who have appropriate recognised professional qualification and recent experience in the location and category of property being valued. Changes in fair values are recorded in the profit or loss.

Subsequent expenditure is charged to the asset's carrying amount 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 costs are charged to the profit or loss during the financial period in which they are incurred.

2.7 Property held for development

Property held for development is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

2.8 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 acquisitions of subsidiaries is included in 'intangible assets' and is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include 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. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

(c) IRU network capacity

The IRU network capacity is recorded at cost less accumulated amortisation and impairment losses.
The IRU network capacity is amortised using the following rates:

	Australia Link	**USA Link**
- STM-1	6% - 8%	6% - 8%
- STM-4	6% - 8%	6% - 8%

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

2 Summary of significant accounting policies (continued)

2.8 Intangible assets (continued)

(d) Spectrum licences

Spectrum licences are capitalised on the basis of the costs incurred to acquire the licences. The licences are capable of being used as at the date of purchase, but cannot be used until the associated network assets necessary are available for use. Amortisation of the licences commence when the associated network assets are deployed and economic benefits are derived. The licences are amortised over the shorter period of the remaining licence rights and their estimated economic useful lives.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation 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 may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

Financial instruments comprise investments in equity, government and other fixed interest securities, term deposits, trade and other receivables, cash and cash equivalents, loans and advances, and trade and other payables. The Group classifies their financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset.

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

This category has financial assets that are designated at fair value through profit or loss at inception. This largely consists of equity investments which are managed and evaluated on a fair value basis in accordance with the Group's investment strategy and reported by key management personnel on that basis. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit or loss.

(b) Held to maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income in the profit or loss.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Held to maturity financial assets (continued)

The losses arising from impairment of such investments are recognised in the profit or loss. If the Group were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

Term deposits, government securities and other fixed interest securities are included under this category.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and advances, cash and cash equivalents and trade receivables are included under this category.

(d) 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. Certain private equity investments are included under this category.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the profit or loss.

The fair values of quoted equity investments are generally 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 and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Reclassification of financial assets

The Group is permitted to reclassify, in certain circumstances, non–derivative financial assets out of the held-for-trading category and into the available-for-sale, loans and receivables, or held-to-maturity categories. It is also permitted to reclassify, in certain circumstances, financial instruments out of the available-for-sale category and into the loans and receivables category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in other comprehensive income is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is recycled to the profit or loss.

The Group may reclassify a non–derivative trading asset out of the held-for-trading category and into the loans and receivables category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the asset have expired;
- The Group 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; and
- The Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset.

  Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

2.11 Impairment of financial assets carried at amortised cost

The Group assesses at each financial year end whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Delinquency in contractual receipts of principal or interest, cash flow difficulties experienced by the borrower, breach of loan covenants or conditions, initiation of bankruptcy proceedings, deterioration of the borrower's competitive position, and deterioration in the value of collateral are all factors which the Group considers in determining whether there is objective evidence of impairment.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's 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 the profit or loss.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

2.11 Impairment of financial assets carried at amortised cost (continued)

In respect of HFC (the bank), the following additional impairment policies apply:

(i) Renegotiated loans

Where possible, the bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(ii) Collateral valuation

The bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception, however, some collateral, for example, cash or securities relating to margining requirements, is valued on a regular basis. To the extent possible, the bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

(iii) Collateral repossessed

The bank's policy is to sell repossessed assets. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the bank's policy.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of realisation.
The cost of inventories has been determined on a weighted average cost basis and first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Allowances for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

2.13 Trade receivables

Trade receivables are carried at amortised cost less provision for impairment on the basis set out in note 2.11. Trade receivables are categorised as loans and receivables under financial assets.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows. Cash and cash equivalents are categorised as loans and receivables under financial assets.

2.15 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Group is the lessee, the lease rentals payable on operating leases are recognised in the profit or loss over the term of the lease.

2 Summary of significant accounting policies (continued)

2.16 Employee entitlements

(a) Wages and salaries and sick leave

Liabilities for wages and salaries and incentives expected to be settled within 12 months of the reporting date are recognised in other payables 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. Payments for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(b) Annual Leave, long service leave, gratuity benefits and retirement benefits

Gratuity and retirement benefits are paid in respect of services provided up to the reporting date by employees and on retirement and/or on completion of their contractual term. The liability for annual leave, long service leave, gratuity benefits and retirement benefits is recognised in employee entitlements measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(c) Termination benefits

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

(d) Bonus incentive

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

2.17 Creditors and Borrowings

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value less any directly attributable transaction costs. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.
In respect of HFC, the following additional policies apply:

Debt issued and other borrowed funds

Financial instruments issued by the bank that are not designated at fair value through profit or loss, are classified as liabilities under debt issued and other borrowed funds, where the substance of the contractual arrangement results in the bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

2 Summary of significant accounting policies (continued)

2.17 Creditors and Borrowings (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of capital assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

2.19 Income tax

The Fund is exempt from income tax under section 16 (26) of the Income Tax Act 1976. Hence income tax is not separately accounted for in the Fund's financial statements.

In the consolidated financial statements:
Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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

- temporary differences on the initial recognition of the assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which thy can be used. Future taxable profits are determined based on a business plans for individual subsidiaries in the Group and the reversal of temporary differences. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 Summary of significant accounting policies (continued)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.21 Liability for accrued benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries plus 10% for solvency as set out in the Act, and has been calculated as each Fund's net assets as stated on the statement of financial position less the investment reserve account as at reporting date.

The liability for accrued benefits in RIF is the actuarial value of future annuity payments plus amounts required to meet solvency by the regulator. The liability for accrued benefits in SDBF is a reserve for claims incurred but not yet reported plus amounts required in meeting the solvency by the regulator.

2.22 Contributions

Contributions from employers and members are recorded when control of the asset is ascertained which is upon receipt of the contribution schedule forms from the employers and the registration of the forms by the Fund. The Fund does not accrue for contributions for which no contribution schedule forms are received or received but not registered as it is not able to reliably estimate the contributions balance. Under the FNPF Act, the amount of contributions for an employee for a month is the amount equal to 18% of the total wages payable to the employee by the employer for the month. The contribution shall be paid as an 8% deduction from the total wages of the employee and a 10% contribution by the employer. The legislation allows for additional contributions to be made.

The contributions shown in the statements of changes in member benefits represents total contributions received/receivable from employers and members.

2.23 Revenue recognition

(a) Sale of telecommunication and related services

Revenue is recognised based on billing cycles through the month. Unbilled revenue from the billing cycle date to the end of each month is recognised as revenue in the month the service is provided.

Revenue from prepaid products and fixed monthly charges billed in advance is deferred and recognised as revenue either once the related service has been provided or when the product date has expired, whichever occurs earlier.

Revenue from international public and dedicated telecommunications services is recognised upon the use of service by the customer.

Revenue from the provision of data and internet services is recognised upon the use of service by the customer.

Revenue from installation, connection and associated costs are recognised upon completion of the installation or connection.

Revenue from publication of telephone directories is recognised upon dispatch of the directories for distribution. Advance billings and monies collected in advance are deferred. Costs including overhead expense incurred in relation to securing advertisements and in the publication of the directories are also deferred until the associated revenues are recognized.

Revenue from contracts in relation to on-line directory services is recognised over the term of the contract.

(b) Sale of equipment

Sale of equipment is recognised when the risks and rewards are transferred to the customer. Revenue is recognised at the point the product is dispatched from the warehouse or sold at a group retail outlet.

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

(c) Airtime and gaming revenue

Revenue from airtime and gaming services is recognised when earned.

Revenue is deferred in respect of that portion of fixed monthly charges, which have been billed in advance. Allowance is made for the amount of prepaid airtime revenue as at balance date in respect of which service has not been provided.

(d) Interest income

Interest income is earned from investments such as government securities, other fixed securities, loans and advances and term deposits. Interest income is recognised using the effective interest rate method.

In respect of HFC, the following policy applies:

Interest and similar income and expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest and similar income for financial assets and interest and similar expense for financial liabilities. However, for a reclassified financial asset for which the bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the effective interest rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) Property rentals

Property rental income from operating leases is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(f) Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

(g) Fees

Fees comprise housing application, withdrawal, voluntary contribution application, documentation, investment application, loan confirmation, commitment and computer service fees. Revenue from fees and commissions is recognised when related services have been provided.

2 Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

(g) Fees (continued)

In respect of HFC, the following policy applies:

Fee and commission income

The bank earns fee and commission income from a diverse range of services it provides to its customers.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

(h) Revenue from hotel and golf activities

Revenue from rooms, food and beverage, and golf activities is recognised when the service is provided. Revenue from the rendering of service and sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the guest or customer on provision of services or sale of goods.

(i) Movement in fair value of investments

Changes in the fair value of investments (including investment property) are recognised as income/(loss) and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at prior year end or cost (if the investment was acquired during the period).

2.24 Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

3. Financial risk management

3.1 Financial risk factors

The Group's objective is to take a strategic and consistent approach to managing risks across the Group through risk management and associated activities that assist in the safeguarding of the Group's assets and seeks to avoid potential adverse effects on the Group's financial performance.

The respective Board of Directors and Board Audit Risk Committees are responsible for the risk management, monitoring and reporting functions. At the Fund level, they are supported by:

- FNPF's Board Investment Committee;
- FNPF's Corporate Governance and Enterprise Risk Department; and
- FNPF's Internal Audit Department.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

Risk management is carried out by executive management under policies approved by the individual Group entities' Board of Directors. FNPF caters for the retirement funding of its members and invests significantly to cater for this. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

The Group has investments in foreign currencies and procures certain services from abroad and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US, Australian and NZ dollar, PGK as well as the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The individual Group entities' Treasury departments manage foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the Group is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement. In particular, MBRL manages its foreign exchange risk against the functional currency by hedging the foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward exchange contracts (FECs). Hedge accounting has not been applied. The contract value of FECs, in Fijian dollars, outstanding as at the reporting date was as follows:

	Consolidated		The Fund	
	2017	**2016**	**2017**	**2016**
	$000	$000	$000	$000
Forward exchange contracts	-	15,768	-	-

Given the short period from inception of the contracts to balance date, the fair value of these contracts is not considered material to the financial statements.

The Group's total exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

	2017	**2016**
	$000	**$000**
Assets		
AUD	206,084	188,617
USD	291,439	249,418
NZD	21,138	20,373
PGK	5,465	4,714
Liabilities		
AUD	-	7,247
USD	9,722	19,705
Euro	6,733	5,786

The Board maintains foreign investment exposures reflective of the Fiji dollar weighted basket of currencies as a natural hedge against relative movements in foreign exchange rates.

Sensitivity Analysis

Following analysis of historical data over the past 5 years and expected currency rate movements during the 2017 financial year together with consultation with the investment consultant, the Fund's Investment Department considered a 10% movement in the Fiji Dollar as reasonably possible for the 2017/18 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity Analysis (continued)

A 10% strengthening/weakening of the FJD against the AUD, USD, Euro, PGK and NZD at 30 June would have increased/(decreased) the profit or loss and equity by the amounts shown below:

Consolidated	**Impact on equity**		
	Carrying Amount $000's	-10% $000's	+10% $000's
Assets	(FJD)	(FJD)	(FJD)
30 June 2017			
USD	291,439	(29,144)	29,144
AUD	204,131	(20,413)	20,413
NZD	21,138	(2,114)	2,114
PGK	5,465	(546)	546
		(52,217)	52,217
30 June 2016			
USD	249,418	(24,942)	24,942
AUD	188,617	(18,862)	18,862
NZD			
PGK	20,373	4,714	(2,034)
	(471)	2,034	471
		(46,309)	46,309
Liabilities			
30 June 2017			
USD	9,722	(884)	884
Euro	6,733	(612)	612
		(1,496)	1,496
30 June 2016			
USD	19,705	(1,790)	1,790
AUD	7,247	(659)	659
Euro	5,786	(526)	526
		(2,975)	2,975

(ii) Price risk

The Group is significantly exposed to equity securities price risk because of investments held by the Group and classified in the Statement of financial position at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group and restrictions by Reserve Bank of Fiji ("RBF") over offshore investments. The Group's investments in equities are largely those which are publicly traded on the South Pacific Stock Exchange (for local investments) and Australian Stock Exchange (for offshore investments). The table below summarises the impact of increases / (decreases) of the above two exchanges on the Fund and Group's profit. The net profit would increase/ (decrease) as a result of gains/ (losses) on equity securities classified at fair value through profit or loss.

Assuming that the equity investments increased / (decreased) in value by 5% it would have had an equal but opposite effect. Shares in a listed subsidiary, ATH, which are not included in this analysis, are recorded by the Fund at cost less impairment.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

	Group		Fund	
	Impact on profit		Impact on profit	
Index	**2017**	**2016**	**2017**	**2016**
	$000	**$000**	**$000**	**$000**
South Pacific Stock Exchange	3,992	3,527	3,830	3,365
Australian Securities Exchange	5,589	2,260	5,589	2,260
	9,581	5,787	9,419	5,625

(iii) Cash flow interest rate risk and fair value interest rate risk

The Group has significant interest-bearing assets in the form of short and long-term cash deposits, fixed interest securities, and loans and advances. These are at fixed interest rates and hence there are no cash flow interest rate risks arising from fluctuations in market interest rates during the period of investment or loan. Consequently there is limited cash flow interest rate risk. Since these assets are measured at amortised cost, fair value interest rate risk is also very limited. Risks arising from variable rate instruments are considered not to be material.

For re-investment of short and long term cash deposits, the Group negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. For fixed interest securities, the prices and terms are usually set by the issuer and the terms are determined and agreed at the start. Terms for loans and advances are set by the Group and agreed at the start.

Apart from fixed term and at call deposits, the Group does not have any other significant interest-bearing borrowings. The fixed term deposits are at interest rates which are fixed at the time of the investment/renewal.

Given the fixed nature of interest rates described above, the cash flow interest rate risk is minimal.

(b) Credit risk

Credit risk is the potential risk of loss arising from failure of a debtor or counterparty to meet their contractual obligations. The Group is subject to credit risk through its lending and investing and provision of goods and services on credit terms. The Group's primary exposure to credit risk arises through the provision of lending facilities. The amount of credit exposure in this regard is represented by the carrying amounts of the loans and advances on the statement of financial position. In addition, the Group is exposed to off balance sheet credit risk through commitments to extend credit.

Deposits are only made with banks known to have sound financial standing. Investment in fixed interest securities with the Government of Fiji or Government related entities are guaranteed by Government. Loans and advances are made after appropriate credit and security checks and they are monitored and reviewed.

The following applies to HFC:

Impairment assessment

For accounting purposes, the bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- A breach of contract such as a default of payment;
- Where the bank grants the customer a concession due to the customer experiencing financial difficulty;
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation;
- Other observable data that suggests that there is a decrease in the estimated future cash flows from the loans.

The bank addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Individually assessed allowances

The bank determines the allowances appropriate for each significant loan or advance on an individual basis, taking into account any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more immediate attention.

(ii) Collectively assessed allowances

Allowances are assessed collectively for losses on loans that are not individually significant and for significant loans and advances that have been assessed individually and found not to be impaired.

Allowances are evaluated separately at each reporting date with each portfolio. The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired. The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period. The impairment allowance is then reviewed by credit management to ensure alignment with the bank's overall policy.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Credit quality by class of financial assets

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. The amounts presented are gross of impairment allowances.

	Neither past due nor Impaired	Past due but not impaired	Individually impaired	Total
Consolidated	$	$	$	$
2017				
Term deposits	633,678	-	-	633,678
Government securities	2,325,875	-	-	2,325,875
Other fixed interest securities	275,729	-	-	275,729
Equities	287,483	-	-	287,483
Loans and advances	745,249	60,072	13,864	819,185
Cash and cash equivalents	824,863	-	-	824,863
Trade receivables	46,449	9,120	19,809	75,378
	5,139,326	69,192	33,673	5,242,191
2016				
Term deposits	610,145	-	-	610,145
Government securities	2,165,810	-	-	2,165,810
Other fixed interest securities	273,681	-	-	273,681
Equities	201,310	-	1,035	202,345
Loans and advances	729,995	22,521	9,132	761,648
Cash and cash equivalents	551,417	-	-	551,417
Trade receivables	34,285	10,492	17,431	62,208
	4,566,643	33,013	27,598	4,627,254
The Fund				
2017				
Term deposits	678,603	-	-	678,603
Government securities	2,275,534	-	-	2,275,534
Other fixed interest securities	275,729	-	-	275,729
Equities	284,205	-	-	284,205
Loans and advances	331,751	20,424	304,351	656,526
Cash and cash equivalents	550,396	-	-	550,396
	4,396,218	20,424	304,351	4,720,993
2016				
Term deposits	634,506	-	-	634,506
Government securities	2,114,966	-	-	2,114,966
Other fixed interest securities	273,681	-	-	273,681
Equities	198,017	-	1,035	199,052
Loans and advances	327,853	3,079	301,486	632,418
Cash and cash equivalents	337,005	-	-	337,005
	3,886,028	3,079	302,521	4,191,628

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Credit risk concentration in loans and advances disclosed in note 14 are as follows:

	Consolidated				The Fund			
	2017		2016		2017		2016	
	$000	%	$000	%	$000	%	$000	%
Agriculture	24,469	3	26,434	4	5,488	1	6,288	1
Construction	70,629	9	67,979	9	-	-	-	-
Financial institutions	-	-	-	-	7,770	1	12,001	2
Government and statutory bodies	62,344	8	68,591	9	62,344	10	67,604	11
Telecommunications	-	-	-	-	2,388	-	9,131	1
Manufacturing	28,046	3	28,694	4	-	-	-	-
Mining	11,689	1	9,794	1	-	-	-	-
Private others (includes staff loans)	165,162	20	146,888	19	191	-	314	-
Professional and business services	30,900	4	25,223	3	1,763	-	1,763	-
Real estate development	109,249	13	81,230	11	17,498	3	17,940	3
Education	2,864	-	3,058	-	2,864	-	3,058	-
Transport and storage	210,613	26	216,858	29	124,244	19	136,384	22
Wholesale and retail	103,220	13	85,162	11		-	-	-
Other (Hotels & Restaurants)	-	-	1,737	-	431,976	66	377,935	60
Total	**819,185**	**100**	**761,648**	**100**	**656,526**	**100**	**632,418**	**100**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		Consolidated		The Fund	
	Notes	2017	2016	2017	2016
		$000	$000	$000	$000
Term deposits	11	633,678	610,145	678,603	634,506
Government securities	12	2,325,875	2,165,810	2,275,534	2,114,966
Other fixed interest securities	13	275,729	273,681	275,729	273,681
Equities	15	287,483	201,310	284,205	198,017
Loans and advances	14	811,756	756,298	508,449	489,521
Cash and cash equivalents	19	824,863	551,417	550,396	337,005
Trade receivables	20	56,220	44,777	-	-
		5,215,604	4,603,438	4,572,916	4,047,696

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace member funds when they are withdrawn. The consequence may be the failure to meet obligations to repay members and fulfill commitments to lend.

The Group is restricted by the exchange controls of RBF in terms of offshore investments (RBF has imposed limits on amounts that can be invested offshore). As Fiji's capital market is not mature, the majority of the Group's local investments do not have any significant sizable trading activities. These investments include Fiji Government and quasi government securities which are held to maturity and there is very little opportunity for the Group to dispose or trade these investments.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The Group also engages in commercial mortgages and property investments. These investments have limited liquidity within the local markets and significant sell down of positions may not be practicable. Additionally, these investments also have different maturity horizons which may not be in line with the timing of member withdrawals which are allowed under the circumstance of retirement, death or incapacitation.

As a result, the Group is susceptible to a risk that these investments may not be readily liquidated as the capital market in Fiji is not developed enough due to the limited number of major financial market players (inadequate volume for an active market for these instruments). Also, the sale of large blocks of investments may be difficult or may result in the sale of these investments at a price which is a discount to the perceived market price.

The individual Group entities' Treasury departments manage the above liquidity risk through:

- monthly reporting on the position of these investments to the Board and Board Investment Committee ("BIC");
- an established prudent asset allocation strategy which has been approved by the Board; and
- monitoring of maturities of investments and investment outflows including the forecasting of the availability of funds.

For maturity analysis on Creditors and Borrowings, refer Note 26.

The following applies to HFC:
Liquidity risk is defined as the risk that the bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. Normal business conditions are over a 30 day period with stress conditions over an 8 day period. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the various institution specific sources which could be used to secure additional funding if required.

The bank maintains a portfolio of marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the bank maintains a statutory reserve deposit with the Reserve Bank of Fiji equal to 10% of customer deposits. In accordance with the bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the bank. The bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the bank maintains a statutory reserve deposit with the Reserve Bank of Fiji equal to 10% of customer deposits. In accordance with the bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions. Net liquid assets consist of cash, short-term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month. The ratios during the year were, as follows:

	2017	**2016**	**Satisfactory position**	**Marginal position**
1. Loan to Total Funding Ratio	84.9%	87.6%	70.0%	80.0%
2. Liquid Assets to Total Assets Ratio	17.7%	23.7%	30.0%	20.0%
3. Liquid Assets to Total Funding Ratio	20.5%	37.8%	30.0%	25.0%

The bank stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year.

3. Financial risk management (continued)

3.2 Capital risk mangement

The capital of the Fund is represented by the net assets available to pay benefits to its members. The amount of net assets available to pay benefits to its members can change significantly as the Fund receives contributions and pays benefits to members on a daily basis. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns and benefits to its members and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to monitor the level of monthly contributions income and benefits payable relative to the assets it expects to be able to liquidate and adjust the amount for investments and interest credited to the members account at the end of each reporting period. The Board members and executive management monitor capital on the basis of the value of net assets available to pay benefits.

The following applies to HFC:
The primary objectives of the bank's capital management policy are to ensure that the bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment of trade receivables and loans and advances

Impairment of trade receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors aged in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly fully provided for.

The following applies to HFC:
The bank reviews its individually significant loans and advances at each balance date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.).

(b) Impairment of property, plant and equipment, other non-financial assets and goodwill

The Group assesses whether there are indicators of impairment of all property, plant and equipment and other non-financial assets at each reporting date. Where there are indicators of impairment an impairment test is performed. If the carrying amounts exceeds recoverable amount an impairment provision is recognised. Goodwill is tested annually for impairment. Refer to Note 22 for impairment of Goodwill on consolidation.

4. Critical accounting estimates and judgments (continued)

(c) Deferred tax assets

Deferred tax assets are recognised on deductible temporary differences and for tax losses to the extent it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely level of future taxable profits together with future planning strategies. The director's and management's assessment of taxable profit forecast involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(d) Actuarial present value of accrued benefits

The Fund determines the actuarial present value of the accrued benefits in Retirement Income Fund ("RIF") using economic and demographic assumptions, and taking into account likely future macroeconomic conditions and the recent experience of the Fund (if applicable).

The demographic assumptions are applied to project benefit payments up to the date of the cessation of the last annuity, and then discounted by the assumed return on assets held in RIF after allowance for expenses.
Future investment return is assumed to be 6.25% (2016: 6.25%) and the discount rate used after the allowance for expenses is 5.75 % (2016: 5.75%).

For the valuation as at 30 June 2017, the determination was carried out by Mr. Geoffrey Rashbrooke, Associate of the Institute of Actuaries of Australia, in accordance with the International Standard of Actuarial Practice #2 issued by the International Association of Actuaries. Determination of the SDBF reserve for claims incurred but not reported was also carried out by Mr. Rashbrooke, applying the chain ladder method to reported run-off data.

5. Fair value estimation

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.

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 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 transactions price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

5. Fair value estimation (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			
	Designated at fair value $000	Held to maturity $000	Available for sale $000	Total $000	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Consolidated								
Balance as at 30 June 2017								
Financial assets measured at fair value								
Equities	287,483	-	-	287,483	266,127	21,356	-	287,483
Financial assets not measured at fair value								
Government securities	-	2,325,875	-	2,325,875	-	2,447,155	-	2,447,155
Fiji Bonds	-	139,300	-	139,300	-	156,343	-	156,343
	-	2,465,175	-	2,465,175				
Balance as at 30 June 2016								
Financial assets measured at fair value								
Equities	202,345	-	-	202,345	179,138	23,109	98	202,345
Financial assets not measured at fair value								
Government securities	-	2,165,810	-	2,165,810	-	2,530,810	-	2,530,810
Fiji Bonds	-	137,300	-	137,300	-	162,247	-	162,247
	-	2,303,110	-	2,303,110				
The Fund								
Balance as at 30 June 2017								
Financial assets measured at fair value								
Equities	284,205	-	-	284,205	262,834	21,356	15	284,205
Financial assets not measured at fair value								
Government securities	-	2,275,534	-	2,275,534	-	2,415,287	-	2,415,287
Fiji Bonds	-	139,300	-	139,300	-	156,343	-	156,343
	-	2,414,834	-	2,414,834				
Balance as at 30 June 2016								
Financial assets measured at fair value								
Equities	199,052	-	-	199,052	175,928	23,109	15	199,052
Financial assets not measured at fair value								
Government securities	-	2,114,966	-	2,114,966	-	2,479,966	-	2,479,966
Fiji Bonds	-	137,300	-	137,300	-	162,247	-	162,247
	-	2,252,266	-	2,252,266				

5. Fair value estimation (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Balance at 1 July	98	98	15	15
Gains (loss) included in profit or loss	(98)	-	-	-
Balance at 30 June	-	98	15	15

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant inputs and unobservable fair value measurement
Equity securities	*Market comparison:* The fair values of equity securities are based on broker quotes and for units held in Trusts based on the value of the Trust's net assets.	Not applicable	Not applicable
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

	Consolidated		The Fund	
	2017	2016	2017	2016
6. Interest income	$000	$000	$000	$000
Fixed interest securities				
- Government	169,632	156,875	169,632	156,875
- Other	17,808	20,565	17,808	20,565
Loans and advances	9,292	6,988	24,941	18,263
Term deposits	19,729	21,495	18,296	19,449
Other interest income	15,425	17,249	15,667	17,266
	231,886	223,172	246,344	232,418
7 (a). Net change in fair values of investments				
Unrealised gains/(losses) on investments	11,445	5,709	11,445	5,709
Realised gains on investments	4,808	6,111	4,808	6,111
	16,253	11,820	16,253	11,820
(b). Net foreign exchange gain/(loss)				
Unrealised exchange gains/(losses)	1,536	(8,470)	(132)	(7,472)
Realised exchange gains/(losses)	1,117	(1,934)	(699)	(2,036)
	2,653	(10,404)	(831)	(9,508)
8. Other income				
Other income includes the following specific items:				
Gain on sale of fixed assets and investment property	1,169	401	668	214
Insurance claims	6,435	-	-	-
Fees and commissions	4,969	5,020	702	876
Surcharge income	160	48	160	48
Gain on disposal of subsidiary	-	156	-	-

	Notes	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
9. General administration expenses					
Auditors' remuneration:					
- Audit – KPMG		139	123	75	75
- Other firms		239	280	-	-
- Other services - KPMG		102	29	102	27
- Other firms		146	158	-	-
Directors fees		377	395	59	47
Electricity		12,416	11,696	524	525
Hotel operating expenses		26,690	20,213	-	-
Insurance		7,781	5,916	53	50
Impairment expenses:					
- Impairment/(reversal) of property, plant and equipment	23	696	(11,448)	-	-
- (Reversal)Impairment of property held for development	18	(408)	344	-	-
- Impairment/(reversal) of loans and advances, trade and other receivables		5,239	(7,973)	(851)	(8,817)
- (Reversal)/impairment of investment in associates	16(b)	-	(59)	-	(59)
- Impairment of investment in Kula Fund	15	-	1,035	-	1,035
Licence fees		15,896	16,124	-	-
Loss on sale of fixed assets and investment property		70	1,716	-	419
Marketing and promotion		16,681	13,447	-	-
Operating leases		4,089	3,070	-	-
(Reversal)/provision for stock obsolescence	21	(142)	690	-	-
Personnel expenses:					
- Salaries and wages		72,272	66,619	16,066	14,586
- Other staff benefits and expenses		15,867	15,156	1,910	2,578
Repairs and maintenance		5,226	5,307	175	172
Reform expenses		418	25	418	25
Other operating and general expenses		63,138	41,551	5,674	6,944
		246,932	184,414	24,205	17,607
10. Income tax					
(a) Income tax expense					
Prima facie income tax expense calculated at 20% (2016:20%) on profit		73,036	70,054	71,899	66,316
add/(deduct):					
Fund income not subject to tax		(43,223)	(51,399)	(71,899)	(66,316)
Impact of difference in tax rate		(4,295)	(3,442)	-	-
Expenses not deductible		898	5,630	-	-
Export income allowances		(84)	(83)	-	-
Investment allowances		(452)	(292)	-	-
Amortisation of Government Grant		(9)	(9)	-	-
Recognition of deferred tax asset on prior year tax losses		-	(2,578)	-	-
Recoupment of prior year unrecognised tax losses		-	(4,736)	-	-
Temporary differences recognized		(15)	(413)	-	-
Other		-	(1,614)	-	-
Transitional dividend tax at 1%		118	852	-	-
Under provision in prior year		38	344	-	-
		26,012	12,314	-	-

10. Income tax (continued)

(a) Income tax expense (continued)

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Income tax expense is made up of:				
Current tax expense	23,037	16,052	-	-
Deferred tax (income)/expense	2,819	(4,934)	-	-
Transitional dividend tax at 1%	118	852	-	-
Under provision in prior years	38	344	-	-
	26,012	12,314	-	-

Tax expense excludes the Group's share of the tax expense of equity-accounted investees of $2,850,000 (2016: $2,776,000), which has been included in share of profit of equity-accounted investees, net of tax.

(b) Current tax liability/(asset)

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Movements during the year were as follows:				
Balance at the beginning of the year	1,542	(172)	-	-
Current income tax expense	23,037	16,052	-	-
Income taxes paid	(21,765)	(14,833)	-	-
Withholding taxes paid	-	(16)	-	-
Transitional dividend tax at 1%	1,109	167	-	-
Under provision in prior years	38	344	-	-
Balance at the end of the year	3,961	1,542	-	-

(c) Deferred tax liabilities

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Deferred tax liabilities comprises the following at 10% (2016:10%) for ATH and 20% (2016:20%) for other subsidiaries:				
Deferred expenses	14	21	-	-
Property, plant and equipment	20,454	19,730	-	-
Unrealised exchange gain	10	250	-	-
	20,478	20,001	-	-

(d) Deferred tax assets

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Deferred tax assets comprises the following at 10% (2016:10%) for ATH and 10% (2016:20%) for other subsidiaries:				
Provision for inventory obsolescence	612	496	-	-
Provision for dealer and distributor incentive	-	536	-	-
Deferred revenue	252	197		-
Employee entitlements	1,121	1,174	-	-
Provisions for impairment and doubtful debts	4,458	3,779	-	-
Tax losses	50	2,578	-	-
Other	(65)	74	-	-
	6,428	8,834	-	-

All movements in temporary differences relating to deferred tax assets and liabilities are recorded through the profit or loss.

10. Income tax (continued)

(e) Short Life Investment Package ("SLIP")

Pursuant to a letter from the Minister of Finance dated 16 September 2010 approving full SLIP to NBRL, the subsidiary is exempt from income tax on profits derived from its resort operations for a period of 20 years. The final approval took effect from 18 May 2009 which was the first day of the commercial operations for the resort.

Pursuant to section 17(81) of the Income Tax Act the income of MBRL, the subsidiary is exempt from income tax for a period of 13 years effective from 2 October 2013.

Given that the two subsidiaries above are exempt from income tax for a period of 20 and 13 years respectively, no deferred tax assets in relation to accumulated tax losses have been brought to account relating to those entities. Under the existing income tax laws tax losses may only be carried forward for 4 years in succession in accordance with the amendments to the Income Tax Act. The Directors of the subsidiaries believe that by virtue of the resort profits being exempt from income tax for the above period, the above losses would expire before the end of the tax exemption period.

	Consolidated		The Fund	
	2017 $000	2016 $000	2017 $000	2016 $000
11. Term deposits				
Local banks and financial institutions– local currency	415,975	388,539	460,900	412,900
Local and other banks – foreign currency	217,703	221,606	217,703	221,606
	633,678	610,145	678,603	634,506
Maturity represented as:				
Less than or equal to 3 months	259,780	359,101	300,809	358,350
3 to 12 months	368,898	246,044	372,794	271,156
1 to 5 years	5,000	5,000	5,000	5,000
Greater than 5 years	-	-	-	-
	633,678	610,145	678,603	634,506
12. Government securities				
Fiji Government Registered Stock	2,322,575	2,156,020	2,275,534	2,105,176
Treasury Bills	3,300	9,790	-	9,790
	2,325,875	2,165,810	2,275,534	2,114,966
Maturity represented as:				
Less than or equal to 3 months	15,930	25,427	15,930	25,427
3 to 12 months	68,770	31,640	64,170	31,640
1 to 5 years	682,222	535,540	645,061	497,451
Greater than 5 years	1,558,953	1,573,203	1,550,373	1,560,448
	2,325,875	2,165,810	2,275,534	2,114,966

The above investments are accounted for as held-to-maturity and measured in accordance with note 2.10 to the financial statements. ATH has pledged government bonds amounting to $5,000,000 (2016:$14,000,000) as security for the loan obtained from the Fund.

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
13. Other fixed interest securities				
Promissory notes	14,889	13,501	14,889	13,501
Fiji Bonds	139,300	137,300	139,300	137,300
Foreign Bonds	121,540	122,880	121,540	122,880
	275,729	273,681	275,729	273,681
Maturity represented as:				
Less than 3 months	7,762	19,440	7,762	19,440
3 to 12 months	14,127	13,667	14,127	13,667
1 to 5 years	234,540	195,274	234,540	195,274
Greater than 5 years	19,300	45,300	19,300	45,300
	275,729	273,681	275,729	273,681

Promissory notes and Fiji bonds are guaranteed by the Government of Fiji. The above investments are accounted for as held-to-maturity and measured at amortised cost as they are considered likely to be held to maturity in line with the fixed investment objectives of the Fund and the fixed price nature of the investments.

14. Loans and advances

	Consolidated		The Fund	
	2017 $000	2016 $000	2017 $000	2016 $000
Loans and advances (quasi-government)	67,831	73,892	67,831	73,892
Loans to subsidiaries (Note 35(b))	-	-	442,134	397,330
Customer term loans	745,637	681,971	146,370	160,910
Staff loans	5,717	5,785	191	286
	819,185	761,648	656,526	632,418
Provision for impairment	(7,429)	(5,350)	(148,077)	(142,897)
	811,756	756,298	508,449	489,521
Maturity represented as:				
Less than or equal to 3 months	29,746	16,531	14,290	6,888
3 to 12 months	55,168	39,035	23,971	23,956
1 to 5 years	246,254	168,365	111,030	317,878
Greater than 5 years	488,017	537,717	507,235	283,696
	819,185	761,648	656,526	632,418

The maximum exposure to credit risk at the reporting date before collateral held or other credit enhancements is the carrying amount of each class of asset above. Collateral held against each of the above categories of loans and advances are as follows:

- Quasi government loans - a government guarantee or a debenture over all the assets.
- Loans to subsidiaries – usually a first charge over the mortgage is obtained, however other forms of security such as debentures, guarantees and liens are also accepted. For NBRL, the loan is largely unsecured. During the year, MBRL drew additional funds of $44,570,000 for the construction of the Resort, while ATH arranged a short –term bridging finance for USD$26,000,000 for a term of 3 months.
- Customer term loans – The head security is a registered first mortgage over property and improvements. A loan of $3,387,872 was approved to the University of the South Pacific but remained undrawn at balance date.

A loan is assessed as impaired if the loan is non-performing and the loan balance is greater than the security value. An impairment provision is created for the difference between the loan amount outstanding and the security value.

NBRL

The carrying value of the loan provided to NBRL by FNPF is $295,546,000 (2016: $297,492,000). Further details of the loan are in Note 35(b). As at year end, the Fund is carrying a provision for impairment against the loan of $139,078,000 (2016: $139,078,000).

MBRL

The carrying value of the loan provided to MBRL for the Momi Resort development is $118,975,000 (2016: $67,352,000). The loan is secured by:

- First registered Debenture over the assets of the company
- First registered mortgage over Development lease LD Ref 60/782-3, and portion of freehold land described as DP 10698
- Assignment of Income
- Assignment of Bank Accounts BSP A/c & HFC A/c

14. Loans and advances (continued)

Movements in the provision for impairment – **Consolidated** are as follows:

	Loans & advances $000	Customer term loans $000	Staff loans $000	Total $000
Collectively Assessed Provisions				
Balance as at 1 July 2015	-	111	413	524
New and increased provisioning	-	(21)	(138)	(159)
Balance as at 30 June 2016	-	90	275	365
New and increase provisioning	-	-	28	28
Provisions released as no longer required	-	(90)	(124)	(214)
Balance as at 30 June 2017	-	-	179	179
Individually Assessed Provisions				
Balance as at 1 July 2015	1,006	5,042	-	6,048
New and increased provisioning	-	1,133	-	1,133
Bad debt written off	-	(188)	-	(188)
Provisions released as no longer required	(1,006)	(1,002)	-	(2,008)
Balance as at 30 June 2016	-	4,985	-	4,985
New and increased provisioning	-	4,045	-	4,045
Provisions released as no longer required	-	(1,780)	-	(1,780)
Balance as at 30 June 2017	-	7,250	-	7,250
Total provision for impairment at 1 July 2015	1,006	5,153	413	6,572
Total provision for impairment at 30 June 2016	-	5,075	275	5,350
Total provision for impairment at 30 June 2017	-	7,250	179	7,429

14. Loans and advances (continued)

Movements in the provision for impairment – **The Fund** are as follows:

	Loans & advances $000	Loans to subsidiaries $000	Customer term loans $000	Staff loans $000	Total $000
Collectively Assessed Provisions					
Balance as at 1 July 2015	-	-	-	413	413
New and increased provisioning	-	-	-	-	-
Provisions no longer required	-	-	-	(138)	(138)
Balance as at 30 June 2016	-	-	-	275	275
New and increased provisioning	-	-	-	28	28
Provisions no longer required	-	-	-	(124)	(124)
Balance as at 30 June 2017	-	-	-	179	179
Individually Assessed Provisions					
Balance as at 1 July 2015	1,006	152,625	3,590	-	157,221
Assignment from FNPF Investments Limited	-	-	-	-	-
Provisions no longer required	(1,006)	(13,547)	(46)	-	(14,599)
Balance as at 30 June 2016	-	139,078	3,544	-	142,622
Assignment from NLHL	-	6,891	165	-	7,056
Provisions no longer required	-	-	(1,780)	-	(1,780)
Balance as at 30 June 2017	-	145,969	1,929	-	147,898
Total provision for impairment at 1 July 2015	1,006	152,625	3,590	413	157,634
Total provision for impairment at 30 June 2016	-	139,078	3,544	275	142,897
Total provision for impairment at 30 June 2017	-	145,969	1,929	179	148,077

Total impairment provisions as at balance date are:

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Collectively assessed provisions	179	365	179	275
Individually assessed provisions	7,250	4,985	147,898	142,622
	7,429	5,350	148,077	142,897

15. Equities

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Local listed equities	83,152	70,921	79,957	67,711
Local unlisted equities	98	98	15	15
Local unit trusts	21,356	23,109	21,356	23,109
Overseas equities	182,877	107,182	182,877	107,182
Kula Fund – foreign currency	-	1,035	-	1,035
Accumulated impairment provision	-	(1,035)	-	(1,035)
	287,483	201,310	284,205	198,017

Equity investments are valued in accordance with Note 2.10 to the financial statements, that is, fair value through profit or loss.

Local equities amounting to $3,225,000 (2016: $3,225,000) are held by FNPF Nominees Limited on behalf of members and therefore are not available to the Group.

Notes to and forming part of the financial statements

As at 30 June 2017

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
16. Investments in subsidiaries, associates and joint ventures				
(a) Investment in subsidiaries - cost				
Investments in subsidiaries	-	-	767,792	759,206
Accumulated impairment provision	-	-	(48,098)	(123,538)
	-	-	719,694	635,668

Investment in subsidiaries consists of the following:

Name	Principal activities	Balance Date	2017 Cost $000	2017 Impairment $000	2016 Cost $00	2016 Impairment $000
Amalgamated Telecom Holdings Limited	Telecommunications	31 March	369,842	-	369,842	55,538
Home Finance Company Limited	Financial services	30 June	54,134	-	54,134	-
FNPF Nominees Limited	Nominee services	30 June	98	98	98	-
FNPF Holdings (PNG) Limited	Investments	30 June	53	-	68	-
Yatule Beach Resort Limited	Resort operations	30 June	13	-	13	-
FNPF Hotel Resorts Limited	Resort operations	30 June	23,317	-	23,317	-
Natadola Bay Resort Limited	Resort operations and development	30 June	48,000	48,000	48,000	48,000
Natadola Land Holdings Limited	Property investments	30 June	-	-	20,000	20,000
Vodafone Fiji Limited	Telecommunications	31 March	160,000	-	160,000	-
Momi Bay Resort Limited	Resort development	30 June	110,601	-	82,000	-
Dareton Limited	Land development	30 June	1,734	-	1,734	-
			767,792	48,098	759,206	123,538

Refer to note 35(c) for details on ownership interest for the above subsidiaries.
Dividends income from the above entities for the year ended 30 June 2017 amounted to $42,997,000 (2016: $44,855,000).

Impairment reversal of investment in ATH

During the financial year, impairment reversal amounting to $55,538,000 (2016: $27,762,000), reflecting an increase from the carrying value of share price to $1.21 was recognised. The ATH impairment has now been fully reversed and booked into the profit and loss.

Impairment of investment in FNPF Nominees Limited

During the financial year, investment in FNPF Nominees Limited was fully impaired.

Acquisitions during the year

During the year, the Fund acquired further equity worth $28,601,000 in MBRL which includes transfer of land valued at $11,500,000.

Voluntarily wound up of NLHL

During the year, NLHL was voluntarily wound up and the net assets valued at $20,099 was assigned to FNPF.

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
(b) Investment in associates and joint venture				
Investment in associates - at cost	103,975	82,030	85,252	85,252
allowance for impairment	(9,395)	(9,395)	(9,395)	(9,395)
Interest in joint venture	1,221	640	-	-
	95,801	73,275	75,857	75,857
Movements in the allowance for impairment are as follows:				
Balance at the beginning of the year	9,395	9,454	9,395	9,454
New and increased provisions	-	-	-	-
Provisions released	-	(59)	-	(59)
Balance at the end of the year	9,395	9,395	9,395	9,395

16 (b) Investment in associates and joint ventures (continued)

Investments in associates are those equity investments in which the Group has significant influence. This is typically where the Group has more than 20% ownership and some Board representation. The Group is directly involved in the investments through director appointments thus allowing for greater influence over these investees. Share of profit of associates of $14,480,000 (2016: share of profit of $1,249,000) has been recorded in the Group's income statement, relating to the investment in Grand Pacific Hotel Limited and Fiji Ports Corporation Limited.

Investment in associates consists of the following:

Consolidated

Name	Interest	2017 Cost $000	2017 Impairment $000	2017 Carrying value $000	2016 Cost $000	2016 Impairment $000	2016 Carrying value $000
Grand Pacific Hotel Limited	25%	11,462	4,652	6,810	11,232	4,652	6,580
Tropic Health Incorporated (Fiji) Limited	46%	1,090	1,090	-	1,090	1,090	-
Active (Fiji) Co. Limited	23%	750	750	-	750	750	-
Halabe Investments Limited	25%	884	-	884	884	-	884
Fiji Ports Corporation Limited	39%	73,007	-	73,007	65,171	-	65,171
Bluesky SamoaTel Investments Limited	25%	13,879	-	13,879	-	-	-
Bligh Water Shipping Limited	26%	2,903	2,903	-	2,903	2,903	-
		103,975	9,395	94,580	82,030	9,395	72,635

The Fund

Name	Interest	2017 Cost $000	2017 Impairment $000	2017 Carrying value $000	2016 Cost $000	2016 Impairment $000	2016 Carrying value $000Grand
Pacific Hotel Limited	25%	14,109	4,652	9,457	14,109	4,652	9,457
Tropic Health Incorporated (Fiji) Limited	46%	1,090	1,090	-	1,090	1,090	-
Active (Fiji) Co. Limited	23%	750	750	-	750	750	-
Halabe Investments Limited	25%	884	-	884	884	-	884
Fiji Ports Corporation Limited	39%	65,515	-	65,515	65,516	-	65,516
Bligh Water Shipping Limited	26%	2,903	2,903	-	2,903	2,903	-
		85,251	9,395	75,856	85,252	9,395	75,857

A number of associates have been fully or substantially written down as they are making losses and have negative net assets positions. The investee companies have different financial year ends compared to the Fund and a number of them do not have financial statements as at 30 June or if available, are not reliable, as they are not audited. The Directors have therefore not shown the aggregate amounts of assets, liabilities and profit or loss pertaining to these associates as they believe it would not be meaningful disclosure.

For the reasons noted above, other than Grand Pacific Hotel Limited and Fiji Ports Corporation Limited, the Group has not equity accounted its investments in associates and the Board believes that the impact of not equity accounting these associates is not material to the current year Group results.

HFC has a 50% interest, equivalent to $1,221,000 (2016: $640,000) after share of profits/(losses)) in the Banking Concession business at Nadi International Airport. The other party to the venture is Westpac Banking Corporation. The bank's interest is in the net assets of the unincorporated joint venture. The term of the airport concession business is 7 years.

	Consolidated		The Fund	
	2017	2016	2017	2016
17. Investment properties	$000	$000	$000	$000
Balance as at 1 July	212,146	182,271	238,343	206,038
Transfer (to)/from property, plant and equipment	-	(7)	-	(7)
Transfer to subsidiary – MBRL	(28,600)	-	(28,600)	-
Change in fair value	-	11,376	-	13,806
Acquisitions	15,525	4,050	15,525	4,050
Work in progress	5,937	16,101	5,937	16,101
Disposals	(6)	(1,645)	(6)	(1,645)
Balance as at 30 June	205,002	212,146	231,199	238,343

Changes in fair values are recognised as gains in profit or loss.
Investment properties for the Fund includes $50,800,000 related to Momi Bay residential development costs of the foreclosed assets and has been approved by the Board to be retained by the Fund for future development. As at reporting date, land and improvements relating to the Hotel worth $11,500,000 and Work In Progress worth $17,100,000 has been transferred to MBRL (MBRL), which resulted in increased equity investment in MBRL.

Fair value hierarchy

The fair value of investment property was determined by external independent property valuers in the prior year, having appropriate recognised professional qualifications and experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property every 3 years. In the intervening years the Directors review the carrying value of the investment properties and as per the Directors assessment the fair value as at 30 June 2017 is appropriate.

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
Income capitalization approach: Discounted cash flows and Direct Capitalisation: The valuation model considers the present value of net operating income (NOI) to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The net income is converted into a value indicator using a direct and or yield capitalization model. The capitalisation rate has been developed using three techniques: extracted from comparable sale, debt coverage method and a band of investment method.	• Expected market rental growth 2.5% • Annualised vacancy and credit loss allowance, 2.5% - 10% • Market based management fee 2.5% - 4.5% • Operating expense increases, 3%- 5% • Capitalisation rates – 8% - 11%	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • the capitalisation rates were lower (higher).

18. Property held for development

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Opening carrying value	13,506	9,736	-	-
Transfer to land for resale*	(6,770)	-	-	-
Additions	-	4,114	-	-
Impairment recorded during the year	-	(344)	-	-
Reversal of impairment	408	-	-	-
	7,144	13,506	-	-

As at 30 June 2016, an independent valuation of the NBRL's land held for development was carried out by Mr. Allen Beagley (ANZIV), of Knight Frank NZ Ltd and as a result, an impairment loss of $344,000 was recognized in the prior year.

*During the year, NBRL completed its stage 1 of land development which comprises of 44 residential lots that has been transferred to inventories as "land held for resale".

19. Cash

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Cash at bank	604,311	368,415	532,935	306,697
Cash on hand and with agents	24,653	38,713	15,106	27,899
Cash at bank – restricted*	2,355	2,409	2,355	2,409
Statutory reserve deposit with RBF**	70,280	60,780	-	-
Exchange settlement account	117,084	69,049	-	-
Short term deposits	6,180	12,051	-	-
	824,863	551,417	550,396	337,005

* Restricted cash account relates to a joint account between the Fund and Raghwan Neo Joint Venture which has been frozen by a court order due to a pending litigation claim. It also includes grant money received by the Fund from the United Nations Capital Development Fund to fund research into development of strategies and business plans for extending pension benefits to the informal sector.

** Statutory Reserve Deposits with the Reserve Bank of Fiji represent mandatory reserve deposits and are not available for use in HFC's day to day operations.

20. Trade receivables

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Trade receivables	76,998	63,908	-	-
Unearned income	(1,620)	(1,700)	-	-
Impairment provision	(19,158)	(17,431)	-	-
	56,220	44,777	-	-
Movements on the allowance for impairment are as follows:				
Balance at the beginning of the year	17,431	17,055	-	-
New and increased provisioning	2,098	849	-	-
Bad debts written off	(323)	(416)	-	-
Provisions released	(48)	(57)	-	-
	19,158	17,431	-	-

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Group generally obtains security deposits for all new land line and internet connections. Apart from these, it does not hold any collateral as security. The total carrying amount of security deposits in relation to the above trade receivables carried by the Group is $5,949,000 (2016: $5,924,000)

	Consolidated		The Fund	
	2017	2016	2017	2016
21. Inventories	$000	$000	$000	$000
Consumables and finished goods	24,473	18,112	-	-
Allowances for obsolescence	(2,529)	(3,229)	-	-
	21,944	14,883	-	-
Land held for sale*	9,557	-	-	-
Bus consoles transferred from capital work in progress	558	-	-	-
Provision for stock obsolescence	(558)	-	-	-
Goods in transit	391	485	-	-
	31,892	15,368	-	-

*Land held for sale comprises of NBRL's completed stage 1 of development comprising of 44 residential lots which has been transferred from "property held for development" during the year and available for sale in the ordinary course of business.

22. Intangible assets

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Software costs	17,053	16,874	10,352	10,623
Goodwill on consolidation	124,972	119,261	-	-
Indefeasible rights of use capacity	14,476	16,068	-	-
Spectrum licences	5,776	6,095	-	-
	162,277	158,298	10,352	10,623
Represented by:				
Software costs				
Cost				
Balance at the beginning of the year	55,613	54,152	16,102	14,826
Additions during the year	2,250	267	1,023	76
Transfer from property, plant and equipment	709	1,211	-	1,200
Disposals	(769)	-	-	-
Other	-	(17)	-	-
Balance at the end of the year	57,803	55,613	17,125	16,102
Amortisation and impairment				
Balance at the beginning of the year	38,739	36,039	5,479	4,244
Amortisation charge for the year	2,776	2,700	1,294	1,235
Disposals	(765)	-	-	-
Balance at the end of the year	40,750	38,739	6,773	5,479
Carrying amount				
At the beginning of the year	16,874	18,113	10,623	10,582
At the end of the year	17,053	16,874	10,352	10,623

22. Intangible assets (continued)

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Goodwill on consolidation				
Cost				
Balance at the beginning of the year	208,517	205,116	-	-
Additions on business acquisition	5,711	3,401	-	-
Balance at the end of the year	214,228	208,517	-	-
Accumulated impairment allowance				
Balance at the beginning of the year	89,256	89,256	-	-
Balance at the end of the year	89,256	89,256	-	-
Carrying Value				
At the beginning of the year	119,261	115,860	-	-
At the end of the year	124,972	119,261	-	-

The carrying value of the goodwill comprises of $110,637,000 (net of $89,256,000 of impairment) in relation to the Fund's investment in ATH, $5,223,000 in relation to FNPF Hotel Resorts Limited (FHRL), $3,401,000 in relation to VFLs investment in Datec (Fiji) Limited and its Subsidiary Company and $5,711,000 in relation to TVL (TVL).

On 27 March 2017, ATH acquired 100% shareholding in TVL for a purchase consideration of $44,108,000. Goodwill of $5,711,000 was recognised as the excess of the consideration transferred over the fair value of net assets of $38,397,000.

Goodwill in respect of ATH and FHRL has been tested for impairment by management based on fair value less cost of disposal.

Fair value for ATH has been determined based on the quoted price of shares traded on the South Pacific Stock Exchange at 30 June 2017 of $1.50 (2016: $1.08) less estimated cost to sell. A decrease in ATH's share price by 13 cents 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 2017 was determined to be lower than its recoverable amount of $ 368,000,000 (2016: $326,000,000).

Fair value for FHRL has been determined based on an independent valuation by Colliers International dated 30 June 2017 less estimated cost to sell. The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The carrying amount of the CGU in 2017 was determined to be lower than its recoverable amount of $45,000,000 (2016: $26,000,000).
Based on the impairment assessment made by management, no provision for impairment has been made on Goodwill in respect of Datec (Fiji) Limited and its subsidiary company and TVL as management reasonably believes that no indicators of impairment

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Indefeasible rights of use capacity				
Cost				
Balance at the beginning of the year	78,969	78,337	-	-
Adjustments	(240)	-	-	-
Additions	428	632	-	-
Balance at the end of the year	79,157	78,969	-	-
Amortisation				
Balance at the beginning of the year	62,901	61,088	-	-
Amortisation charge for the year	1,780	1,813	-	-
Balance at the end of the year	64,681	62,901	-	-
Carrying value				
At the beginning of the year	16,068	17,249	-	-
At the end of the year	14,476	16,068	-	-

22. Intangible assets (continued)

Indefeasible rights of use capacity (continued)

Indefeasible Rights of Use ("IRU") capacity relates to the lease of IRU network capacities by subsidiaries, Telecom Fiji Limited (TFL) and Fiji International Telecommunications Limited. The IRU network capacity consideration is capitalised to intangible assets, and is amortised over its estimated economic useful life.

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

	Consolidated		The Fund	
	2017	**2016**	**2017**	**2016**
	$000	**$000**	**$000**	**$000**
Spectrum licences				
Cost				
Balance at the beginning of the year	6,392	3,063	-	-
Addition	-	3,329	-	-
Adjustment	(22)	-	-	-
Balance at the end of the year	6,370	6,392	-	-
Amortisation				
Balance at the beginning of the year	297	96	-	-
Amortisation charge for the year	297	201	-	-
Balance at the end of the year	594	297	-	-
Carrying value				
At the beginning of the year	6,095	2,967	-	-
At the end of the year	5,776	6,095	-	-

Spectrum licences include licenses acquired by the subsidiaries, Telecom Fiji Limited and VFL on 2 September 2013 from Department of Communications. Spectrum licences also includes the licence acquired by Amalgamated Telecom Holdings (Kiribati) Limited on 27 May 2016 from Communications Commission of Kiribati.

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

The licence of Amalgamated Telecom Holdings (Kiribati) Limited has an initial 15 year term starting from 27 May 2015, then extending to a further 5 years conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets. All conditional requirements had been fulfilled.

23. Property, plant and equipment – Consolidated

	Freehold Land	Leasehold Land	Buildings	Resort buildings at cost	Telecom-munication equipment & plant	Capital spares	Plant and machinery	Office equipment	Motor vehicles	Furniture & fittings	Work in progress	Linen	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Cost													
Balance at the beginning of the year	820	41,696	63,402	243,816	674,096	1,551	6,366	68,784	18,946	45,818	161,988	-	1,327,283
Disposals	-	(38)	(1,343)	-	(480)	-	(7)	(2,226)	(956)	(434)	-	-	(5,484)
Acquisition through business combination	-	-	19,191	-	31,943	-	-	190	679	904	2,849	-	55,756
Acquisitions	-	20	450	2,903	29,736	451	495	4,803	4,203	14,548	53,061	337	111,007
Reclassification	-	-	-	-	-	-	-	(650)	-	8	(696)	-	(1,338)
Transfers	-	11,500	-	188,663	24,883	-	-	725	-	101	(200,801)	1,235	26,306
Net foreign exchange movement	-	(59)	-	-	475	-	-	10	-	-	29	-	455
Balance at the end of the year	820	53,119	81,700	435,382	760,653	2,002	6,854	71,636	22,872	60,945	16,430	1,572	1,513,985
Accumulated impairment													
Balance at the beginning of the year	-	9,411	233	116,943	11,431	148	-	19	-	7,133	650	-	145,968
Impairment for the year	-	-	-	-	367	329	-	-	-	-	-	-	696
Balance at the end of the year	-	9,411	233	116,943	11,798	477	-	19	-	7,133	650	-	146,664
Accumulated depreciation													
Balance at the beginning of the year	-	1,148	21,666	23,287	445,926	-	4,525	61,728	15,292	28,224	-	-	601,796
Depreciation charge for the year	-	418	1,541	5,514	37,814	-	400	2,628	2,061	3,606	-	630	54,612
Disposals	-	(20)	(278)	-	-	-	(5)	(2,209)	(863)	(411)	-	-	(3,786)
Balance at the end of the year	-	1,546	22,929	28,801	483,740	-	4,920	62,147	16,490	31,419	-	630	652,622
Carrying amount													
At the beginning of the year	820	31,137	41,503	103,586	216,739	1,403	1,841	7,037	3,654	10,461	161,338	-	579,519
At the end of the year	820	42,162	58,538	289,638	265,115	1,525	1,934	9,470	6,382	22,393	15,780	942	714,699

Impairment expense for the year amounting to $696,000 is included in General administration expense (note 9).

23. Property, plant and equipment – Consolidated (continued)

(a) NBRL

As at 30 June 2016, an independent valuation of the Intercontinental Fiji Golf Resort and Spa and Golf Course and Residential Development was carried out by Mr. Allen Beagley of Knight Frank NZ Ltd. An impairment reversal of $11,422,000 was booked to bring the carrying amount of land and buildings to $138,500,000 in the prior year.

(b) ATH

Based on the impairment assessment performed by TFL and Fiji International Telecommunications Limited an impairment amounting to $696,000 has been booked during the year ended 31 March 2017 (2016: reversal of impairment allowance of $25,000).

In accordance with the security arrangements for borrowings from Fiji National Provident Fund, all properties, plant and equipment of TFL (except for TFL New Wing building in Suva) have been pledged to FNPF as security. Furthermore, all properties, plant and equipment of Amalgamated Telecom Holdings (Kiribati) Limited and TVL have been pledged to ANZ Bank (Kiribati) Limited and ANZ Bank (Vanuatu) Limited, respectively as security in accordance with the security arrangements for term loan facilities.

Notes to and forming part of the financial statements

As at 30 June 2017

23. Property, plant and equipment – The Fund

	Freehold Land	Leasehold Land	Buildings at valuation	Office Equipment FNPF	RIF	Motor vehicles	Furniture & fittings FNPF	RIF	Work in Progress	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Cost										
Balance at the beginning of the year	371	119	11,239	9,246	121	1,855	2,520	44	(3)	25,512
Additions	-	16	21	486	37	728	160	-	219	1,667
Disposals	-	(38)	(1,342)	(1,916)	(16)	(445)	(182)	-	-	(3,939)
Balance at the end of the year	371	97	9,918	7,816	142	2,138	2,498	44	216	23,240
Accumulated depreciation										
Balance at the beginning of the year	-	106	3,518	6,827	81	1,105	1,711	44	-	13,392
Depreciation charge for the year	-	1	172	912	16	375	321	-	-	1,797
Disposals	-	(20)	(278)	(1,912)	(16)	(403)	(182)	-	-	(2,811)
Balance at the end of the year	-	87	3,412	5,827	81	1,077	1,850	44	-	12,378
Carrying amount										
At the beginning of the year	371	13	7,721	2,419	40	750	809	-	(3)	12,120
At the end of the year	371	10	6,506	1,989	61	1,061	648	-	216	10,862

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
24. Other receivables				
Contributions receivable	6,226	4,802	6,226	4,802
Provision for impairment	(1,792)	(938)	(1,792)	(938)
	4,434	3,864	4,434	3,864
Other deposits and receivables	117,959	47,243	24,442	18,345
Provision for impairment	(1,180)	(1,139)	(71)	(25)
	116,779	46,104	24,371	18,320
Accrued revenue	1,821	2,572	-	-
Deferred expense	-	102	-	-
	123,034	52,642	28,805	22,184

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the asset above. There is no collateral held as security against any of the above receivable balances.

During the year ATH paid Amper SA of Spain and Elandia International Inc. of USA a refundable deposits of USD 30,000,000 (FJD 61,218,243) while the final payment and settlement is awaiting certain consents from the Federal Communication Commission of USA and approvals and waivers from the Committee of Foreign Investments in the United States (CFIUS). As at 30 June 2017, ATH did not have control of Bluesky Group and therefore the payments have been recognised as 'Refundable Deposit' in the financial statements. Upon completion of the transaction, the deposit amount is expected to be transferred to investment in subsidiaries.

Maturity represented as:

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
1 to 12 months	59,301	54,719	30,668	23,147
1 to 5 years	66,705	-	-	-
	126,006	54,719	30,668	23,147

Movements in the provisions for impairment are as follows:

	Consolidated		The Fund	
	Contributions receivable	Other	Contributions receivable	Other
	$000	$000	$000	$000
Balance as at 1 July 2015	7,768	1,939	7,768	825
New and increased provisioning	-	-	-	-
Provisions reversed	(6,830)	(800)	(6,830)	(800)
Balance as at 30 June 2016	938	1,139	938	25
New and increased provisioning	854	41	854	46
Provisions reversed	-	-	-	-
Balance as at 30 June 2017	1,792	1,180	1,792	71

25. Investment income receivable

		Consolidated		The Fund	
	Notes	2017 $000	2016 $000	2017 $000	2016 $000
Interest receivable		55,837	53,141	55,503	52,781
Dividends receivable		7,167	2,944	7,167	2,944
Rent receivable		1,058	840	1,058	840
Provision for impairment		(96)	(67)	(96)	(67)
		962	773	962	773
Receivable from related parties	35(b)	347	171	20,420	35,709
Provision for impairment	35(b)	-	(165)	-	-
		347	6	20,420	35,709
		64,313	56,864	84,052	92,207

Movements in the provisions for impairment are as follows:

	Consolidated Receivable from related parties $000	Rent receivable $000	Fund Rent receivable $000
Balance as at 1 July 2015	269	64	64
New and increased provisioning	-	3	3
Provisions reversed	(104)	-	-
Balance as at 30 June 2016	165	67	67
New and increased provisioning		36	36
Transfer to customer loans	(165)	-	-
Provisions reversed	-	(7)	(7)
Balance as at 30 June 2017	-	96	96

26. Creditors and borrowings

	Consolidated		The Fund	
	2017 $000	2016 $000	2017 $000	2016 $000
Sundry creditors and accruals	113,192	104,631	16,497	10,984
Bank overdraft	1,713	2,979	-	-
Borrowings	187,348	42,805	-	-
Customer deposits – unsecured	618,017	511,188	-	-
	920,270	661,603	16,497	10,984
Maturity represented as:				
At call	377,785	158,376	-	-
Less than or equal to 3 months	76,907	209,281	16,497	10,984
3 to 12 months	380,167	226,374	-	-
1 to 5 years	96,213	74,437	-	-
Greater than 5 years	100	1,204	-	-
	931,172	669,672	16,497	10,984

The above maturity analysis includes future interest payable. Customer deposits are fixed term and at call deposits with HFC.

26. Creditors and borrowings (continued)

Borrowings

ATH Group has the following borrowings:

a) Term loan – Bank of South Pacific Limited

The loan from Bank of South Pacific Limited is unsecured and subject to a competitive interest rate per annum with monthly repayments of $52,000.

b) Term loan – Westpac Banking Corporation

The loan facilities from WBC are unsecured and subject to a competitive interest rate per annum with monthly repayments of $150,800.

c) Term loan – ANZ Banking Group Limited

During the year, ATH obtained a loan from ANZ Banking Group Limited (ANZ) to finance acquisition of TVL and to fund the transaction to acquire Amper SA interest in certain subsidiaries of Bluesky Group.

The loan facility from ANZ Banking Group Limited are secured and subject to competitive interest rates. The term loan is secured by the following:

(i) First registered mortgage debentures over all assets and undertakings including uncalled capital and unpaid premiums.

(ii) Scrip lien over Government bonds of $16,980,000.

(iii) Deed of Assignment reassigning of ATH's 2nd registered charge over certain assets and undertakings of AST Telecom LLC.

Loan is payable at Interest only payment for the committed term of 12 months, with extension for a further 6 months available subject to formal confirmation on a takeout of debt at end of 18 months (or earlier if Federal Communication Commission of USA approval is granted).

Given that the loan has been obtained as a bridging finance, the drawdown amount of $118,727,173 is classified as current liabilities as at 31 March 2017.

d) Bank loan – ANZ Bank (Vanuatu Limited)

The term loan from ANZ Bank (Vanuatu) Limited is subject to competitive interest rate per annum with monthly repayments of VUV153,064,038. The term loan is secured over the subsidiary company's assets.

e) Bank Loan and Finance Lease – ANZ BANK (Kiribati) Limited

Finance lease is for a short term (period of 12 months), subject to competitive interest rate and repayable by monthly instalments of AUD300,289 (inclusive of interest).

The term loan and finance lease are secured by the following:

a) Limited Guarantee given by ATH to the amount of AUD9,577,000 plus interest and costs.

b) First registered mortgage debentures given by Amalgamated Telecom Holdings (Kiribati) Limited being a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of that security provider.

c) Deed of Subordination with ATH (Postponer). Amalgamated Telecom Holdings (Kiribati) Limited and ANZ Banking Group Limited (Bank), covenanting that the loan from Postponer to the subsidiary company will not reduce without prior written consent of the Bank and the Bank has priority to extend the facilities provided.

f) Bank Facilities – ANZ Banking Group Limited

TFL, has indemnity guarantee and visa business credit card facilities with ANZ Banking Group Limited. These facilities are secured by letter of charge over term deposits funds. TFL also has given negative pledge to ANZ Banking Group Limited.

26. Creditors and borrowings (continued)

Borrowings (continued)

ATH Group has the following borrowings (continued):

g) Bank overdraft and Finance Lease – Westpac Banking Cooperation
VFL, has a bank overdraft facility of $20,000,000 with Westpac Banking Corporation which is unsecured, and is subject to maintaining certain financial covenants.

Datec (Fiji) Limited, has a bank overdraft facility and finance lease facility with Westpac Banking Corporation which is secured by:

a) Registered first fixed and floating charge by Datec (Fiji) Limited over all its assets.

b) Undertakings including its Uncalled and Called but Unpaid Capital.

c) Letter of Support from VFL.

HFC

Following the commencement of the commercial banking operation of HFC, it is a regulatory requirement for the bank to hold a certain amount of funds with Reserve Bank of Fiji ("RBF") to act as a statutory reserve deposit. This resulted in a further injection of $21m being placed as a debenture at a rate of 3.50% with a repayment term of 5 years.

HFC has an EXIM loan, which is a back to back loan from RBF at an interest rate of 1% with a term of 5 years. HFC may obtain this loan from RBF and on-lend to businesses that meet the criteria at a maximum margin of 4%.

	Consolidated		The Fund	
	2017	**2016**	**2017**	**2016**
	$000	**$000**	**$000**	**$000**
27. Other liabilities				
Advance for relocation of telecommunications cable	4,014	4,546	-	-
Deposits	4,256	3,426	1,701	1,429
Government Grant	6,459	-	-	-
Provision for amortisation	(6,334)	-	-	-
Deferred revenue	20,953	17,843	500	516
Dividends payable	26,435	15,072	-	-
Finance lease liabilities	273	-	-	-
Indefeasible Right of Use (IRU) - lease liabilities	-	3,256	-	-
Other payables	15,566	23,610	948	772
	71,622	67,753	3,149	2,717

TFL had received $6,273,091 (VEP) during the 2016 financial year for relocation of underground and overhead telecommunication cables for the Nadi and Suva road upgrading project. As at balance date, the relocation of underground and overhead telecommunication cables work is currently in progress and the subsidiary company has incurred costs of $2,259,138 (2016: $1,727,435) which have been offset against the advance received.

In accordance with the agreement with Optus Networks Pty Limited for the purchase of IRU network capacity, the repayment term consists of monthly repayments over 2 to 5 years. In the opinion of the management of TFL the fair value of the liability equals to the carrying amount, and accordingly the payable has not been discounted to its present value.

The non-current portion of other liabilities amounts to $123,000 which relates to deferred government grants. The remaining liabilities have a contractual maturity of less than 12 months.

28. Employee entitlements

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Annual leave	2,062	1,927	731	778
Long service leave and gratuity	361	358	237	236
Redundancy	1,293	-	1,293	-
Retirement benefit	8,315	61	-	-
Bonus	4,490	4,869	-	-
	16,521	7,215	2,261	1,014
As at 1 July	7,215	7,252	1,014	804
Additional provisions recognised	15,873	5,905	2,577	502
Paid during the year	(6,606)	(5,942)	(1,330)	(292)
Provisions no longer required	39	-	-	-
Carrying amount as at 30 June	16,521	7,215	2,261	1,014
Current	13,926	6,857	2,024	778
Non-current	2,595	358	237	236
Total	16,521	7,215	2,261	1,014

(a) Annual leave – generally annual leave is taken within one year of entitlement and accordingly it is expected that a significant portion of the total annual leave balance will be utilised within the next financial year.

(b) Long service leave, retirement benefit and gratuity – accrued in accordance with the accounting policy as outlined in Note 2.16. The Group expects a significant portion of the above balance to be settled in the next 5 years.

29. Net assets available to pay benefits

		Consolidated		The Fund	
	Notes	2017	2016	2017	2016
		$000	$000	$000	$000
Net assets available to pay benefits		5,504,219	4,935,107	5,711,830	5,119,983
Represented by:					
Liability for accrued benefits	31(a)	4,640,216	4,127,335	4,640,216	4,127,335
Accumulated losses	29 (a)	(40,097)	(16,638)	-	-
Reserves	29 (b)	1,071,614	992,648	1,071,614	992,648
Credit loss reserve	29 (c)	5,470	5,150	-	-
Foreign currency translation reserve	29 (d)	(988)	(1,392)	-	-
Other equity reserve	37	(171,996)	(171,996)	-	-
		5,504,219	4,935,107	5,711,830	5,119,983
(a) Accumulated losses					
Balance at the beginning of the year		(16,638)	(651)	-	-
Add transfers from income statement		(23,459)	(15,987)	-	-
Balance at the end of the year		(40,097)	(16,638)	-	-

29. Net assets available to pay benefits (continued)

b) Reserves

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Balance at the end of the year	1,071,614	992,648	1,071,614	992,648
Reserves comprise the following:				
Special death benefit fund reserve	32,620	28,686	32,620	28,686
Retirement income fund reserve	298,995	287,428	298,995	287,428
FNPF reserve	739,999	676,534	739,999	676,534
	1,071,614	992,648	1,071,614	992,648

SDBF,RIF and FNPF reserves include investment and solvency reserves.

The movements in the reserves are as follows:

Special death benefit fund reserve		Consolidated		The Fund	
	Notes	2017	2016	2017	2016
		$000	$000	$000	$000
Balance at the beginning of the year		28,686	25,435	28,686	25,435
Add/(less) transfers from/(to) member benefits:					
Transfer from		10,993	11,029	10,993	11,029
Transfer to		(8,919)	(8,803)	(8,919)	(8,803)
Transfer from income statement - current year investment returns	32	1,860	1,025	1,860	1,025
Balance at the end of the year		32,620	28,686	32,620	28,686

The amounts transferred to the SDBF Reserve of $10,993,000 (2016: $11,029,000) represent deductions of $35 (2016: $35) or less from the accounts of each entitled member.

The amounts transferred from the SDBF Reserve of $8,919,000 (2016: $8,803,000) represent disbursements to the nominees of those members who died during the year of $8,500 (2016: $8,500) per member. These disbursements are in addition to the amounts standing to the deceased member's credit.

		Consolidated		The Fund	
	Notes	2017	2016	2017	2016
		$000	$000	$000	$000
Retirement income fund reserve					
Balance at the beginning of the year		287,428	277,720	287,428	277,720
Add/(less) transfers from/(to) member benefits:					
Transfer from		11,760	10,663	11,760	10,663
Transfer to		(24,314)	(24,237)	(24,314)	(24,237)
Transfer from income statement - current year investment returns	32	24,121	23,282	24,121	23,282
Balance at the end of the year		298,995	287,428	298,995	287,428

The amount transferred to the RIF Reserve of $11,760,000 (2016: $10,663,000) represents pension income during the year. The amounts transferred from the RIF Reserve of $24,314,000 (2016: $24,237,000) represent pension annuities to pensioners whilst amounts transferred to the RIF Reserve during the year of $24,121,000 (2016: $23,282,000) represents investment returns after allowing for operating expenses of $270,000 (2016: $318,000).

29. Net assets available to pay benefits (continued)

b) Reserves (continued)

	Notes	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
FNPF reserve					
Balance at the beginning of the year		676,534	608,805	676,534	608,805
Add transfers from income statement	32	63,465	67,729	63,465	67,729
Add transfer from supplementary fund reserve		-	-	-	-
Balance at the end of the year	31(a)i	739,999	676,534	739,999	676,534
(c) Credit loss reserve					
Balance at the beginning of the year		5,150	4,243	-	-
Movements during the year		320	907	-	-
Balance at the end of the year		5,470	5,150	-	-
(d) Foreign currency translation reserve					
Balance at the beginning of the year		(1,392)	-	-	-
Currency translation differences arising during the year		552	(1,883)	-	-
Less non-controlling interests		(148)	491	-	-
Balance at the end of the year		(988)	(1,392)	-	-

(e) Contributions to the Fund for benefits (immediate, contingent or deferred)

The Fund receives contributions from members. These are used to invest and become available upon retirement, or if earlier; death, permanent migration or incapacity. The premium for the Special Death Benefit (SDB) is deducted and paid to SDBF, with benefit payable upon death of the member while still a member of the Fund.

Members purchase annuities by transferring part or all of their FNPF balance upon retirement or incapacity (or if a sole nominee, a member's FNPF balance on his or her death) into RIF.

The allocation of contributions is set out below:

	SDBF $000	RIF $000	FNPF $000	All funds $000
2017				
Member contributions, net	-	-	535,244	535,244
SDB premiums	10,993	-	-	10,993
	10,993	-	535,244	546,237
Purchase of annuities	-	11,760	-	11,760
TOTAL	10,993	11,760	535,244	557,997

	SDBF $000	RIF $000	FNPF $000	All funds $000
2016				
Member contributions, net	-	-	469,565	469,565
SDB premiums	11,029	-	-	11,029
	11,029	-	469,565	480,594
Purchase of annuities	-	10,663	-	10,663
TOTAL	11,029	10,663	469,565	491,257

29. Net assets available to pay benefits (continued)

(f) Payments to beneficiaries

	SDBF	RIF	FNPF	All funds
	$000	$000	$000	$000
2017	8,919	24,314	280,652	313,885
2016	8,803	24,237	566,085	599,125

Total benefits paid, excluding pension annuity relating to RIF, amounted to $289,571,000 (2016:$ 574,888,000). The breakdown of payments is as follows.

		2017	2016
Benefit type		**$000**	**$000**
1	55 years and over	137,306	136,000
2	Death	21,962	17,593
3	Disability	4,555	4,754
4	Migration	28,223	28,016
6	Non-Citizens migrating	7,956	6,317
	Small accounts	302	341
7-8	Partial	47,500	52,613
9	Housing transfers	32,848	44,853
	TC Winston assistance	-	275,492
	Unclaimed – Over 65 years	-	106
	Total	280,652	566,085

Total benefits exclude $11,760,000 (2016: $10,663,000) being the amount transferred from FNPF to RIF in respect of FNPF members purchasing annuities.

	2017	2016
	$000	**$000**
The breakdown of payments from RIF is:		
1 - Sole life annuity	11,456	11,351
2 - Joint life annuity	5,717	5,397
3 - Term annuity	1,775	1,755
4 - Top up pension (in respect of pre-March 2012 pensioners)	5,022	5,162
5 - Commutation	344	572
	24,314	24,237

Commutation refers to the lump sum paid in respect of the unexpired portion of the guarantee period for which a deceased annuitant would otherwise have received payment. The commuted sum is payable to the pensioner's nominee on death.

30 Transfers between funds under the Act

Amounts may be transferred between funds only in accordance with the Act. Provisions include:

- Transfers from FNPF to RIF for purchase of annuities
- Deductions from FNPF for premiums due to SDBF
- Transfers from RIF and SDBF to FNPF to meet expenses incurred in managing RIF and SDBF respectively
- Repaying amounts paid in error or recovering overpayments

The Board may transfer a surplus in RIF or SDBF to FNPF in accordance with the regulations. These regulations require that any such transfer be recommended by the Fund Actuary and approved by the Reserve Bank of Fiji.

The Act also provides that the Board must allocate to RIF and SDBF sufficient assets of FNPF as it will ensure that an actuary is able to issue a funding and solvency certificate in each case. Funding and solvency certificates for each of RIF and SDBF are currently in force and no transfer from FNPF is envisaged in the foreseeable future.

31. Net assets at balance date and liability for accrued benefits

	Notes	2017 $000	2016 $000
(a) FNPF			
Balance at the beginning of the year		4,127,335	3,994,976
Net movement during the year	31(a)ii	512,881	132,259
Balance at the end of the year		4,640,216	4,127,335
(i) Allocation of Benefits			
Allocated to Members' Accounts		4,632,468	4,118,994
Unallocated to Members' Accounts		7,748	8,341
		4,640,216	4,127,335
Solvency requirement of 10% of member accounts		464,022	412,734
Other		275,977	263,800
FNPF reserve	29(b)	739,999	676,534
Net assets at end of year		5,380,215	4,803,869

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated in accordance with Note 2.22.

	Notes	2017 $000	2016 $000
(ii) Benefits accrued during the year			
Contributions received		546,237	480,594
Benefits paid	29(f)	(289,571)	(574,888)
Interest credited on members' accounts		270,049	239,542
Net amounts transferred from:			
Special Death Benefit Reserve			
	29(b)	(2,074)	(2,226)
Transfer to Retirement Income Fund	29(b)	(11,760)	(10,663)
		512,881	132,359

The Board declared an annual interest rate for 2017 of 6.35% to be credited to members' accounts as at the reporting date (2016: 6.25%).

	Notes	2017 $000	2016 $000
(iii) Movement in liability:			
Liability at beginning of year		4,127,335	3,994,976
Net contributions	29(e)	535,244	469,565
Benefits paid (including annuity purchase)	29(f)	(292,412)	(576,748)
Interest allocated to members		270,049	239,542
Liability at end of year		4,640,216	4,127,335

31. Net assets at balance date and liability for accrued benefits (continued)

(b) RIF

	2017 $000	2016 $000
Liability for future annuity payments	231,185	230,698
Solvency reserve	67,810	56,730
Net assets	298,995	287,428
Movement in liability		
Liability at start of year	230,698	232,500
New purchases	11,760	10,663
Expected reduction for year	(12,064)	(11,144)
Variation in experience	791	(1,321)
Liability at end of year	231,185	230,698

The actuarial present value of the RIF annuitant liabilities determined on a basis consistent with Government Bond values being recorded at face value has been calculated as $231,185,000 (2016: $230,698,000). The valuation was carried out by Mr. Geoffrey David Rashbrooke, Associate of the Institute of Actuaries of Australia, in compliance with International Standard of Actuarial Practice No. 2 issued by the International Actuarial Association. The annual benefits payable from RIF are projected year by year, allowing for expected life annuitant deaths and completion of the term of term annuities and guaranteed payments, until all benefits in respect of annuitants in force at the valuation date have been paid. The projected payments are then discounted to the valuation date at the net rate of return assumed after expenses.

The assumptions made for the purpose of the calculation are as follows:
(a) Life Annuities

- Mortality for life annuitants in accordance with World Health Organisation 2008 Fiji population life tables, assuming a 1% per annum reduction in both male and female rates continuously from 2011, and set back one year (2016: 1% from 2010);
- An average long term return on the face value of RIF assets of 6.25% gross per annum over the term of the current annuities (2016: 6.25%);
- An allowance for RIF expenses of 0.5% of assets allocated to liabilities of 0.5% per annum (2016: 0.5%).
- The liability assuming a long term return lower by 50 bps (a reduction of 0.5% in the assumed discount rate) is calculated as $240,508,000; an increase of 50 bps results in a liability of $221,516,000.
- The solvency reserve is held to ensure solvency, and includes an amount to allow for lower return on the assets used to support term annuities on the basis that these may be matched to projected monthly payments.

(b) Term Annuities and Guaranteed Instalments
As term and guaranteed installments are implicitly matched to assets of the same period, the payments are discounted at rates determined from the yield curve for government bonds as at 30 June 2017 published by the Reserve Bank of Fiji (2016: yield curve as at 30 June 2016), subject to an allowance for RIF expenses of 0.5% of assets per annum (2016: 0.5%).

(c) SDBF

	2017 $000	2016 $000
Liability for claims incurred but not reported (IBNR)	3,987	4,512
Provision for mortality fluctuation	4,905	4,842
Catastrophe reserve	23,728	19,332
Net assets	32,620	28,686

The IBNR has been calculated by the actuary using the chain ladder method applied to a run-off triangle of SDB claims by financial year of death and year of payment. The provision for mortality fluctuation is based on 6 months claim with an additional 10% of that amount. The balance in the fund is held against the possibility of major catastrophic loss of life amongst those eligible for SDB.

32. Net profit for the year

The net profit for the year has been appropriated to accrued benefits, reserves and retained earnings as follows:

	2017 $000	2016 $000
Profit for the year attributable to members of the Fund	359,495	331,578
Allocated to:		
Liability for accrued benefits	(270,049)	(239,542)
Special death benefit fund reserve	(1,860)	(1,025)
FNPF reserve	(63,465)	(67,729)
Retirement income fund reserve	(24,121)	(23,282)
	(89,446)	(92,036)
	(359,495)	(331,578)

33. Notes to the statements of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes cash on hand and 'at call' deposits with other financial institutions. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows is reconciled to the related items in the statements of net assets as follows:

	Notes	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Cash	19	754,583	490,637	550,396	337,005
Bank overdraft	26	(1,713)	(2,979)	-	-
Cash and cash equivalents at end of financial year		752,870	487,658	550,396	337,005

Statutory Reserve Deposits with the Reserve Bank of Fiji amounting to $70,280,000 (2016: $60,780,000) (Note 19) represents mandatory reserve deposits and are not available for use in the HFC Bank's day to day operations and therefore are not part of cash and cash equivalents.

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the statements of cash flows:

(i) sales and purchases of maturing fixed interest securities; and
(ii) Investment and maturity of term deposits.

34. Commitments and contingent liabilities

(a) Commitments

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
Capital expenditure commitments	61,370	118,585	-	5,722
Undrawn facilities in relation to mortgage loans	11,906	59,091	3,456	44,639
	73,276	177,676	3,456	50,361
(b) Contingent liabilities				
Performance bonds	2,940	4,030	-	-
Litigation	456	399	456	399
Guarantees	1,373	357	-	357
	4,769	4,786	456	756

34. Commitments and contingent liabilities (continued)

	Consolidated 2017 $000	Consolidated 2016 $000	The Fund 2017 $000	The Fund 2016 $000
(c) Operating lease commitments				
Total commitments for non-cancellable future lease rentals are payable as follows:				
Not later than 1 year	9,882	8,466	-	-
Later than 1 years but not later than 5 years	14,521	15,538	-	-
Greater than 5 years	54,500	51,036	-	-
	78,903	75,040	-	-
(d) Finance lease commitments				
Total finance lease commitments contracted are payable as follows:				
Not later than 1 year	2,901	-	-	-
Later than 1 years but not later than 5 years	370	-	-	-
Future finance charges	(47)	-	-	-
	3,224	-	-	-
(e) Operating lease revenue				
Non cancellable operating lease rentals are receivable as follows:				
Not later than 1 year	13,212	10,978	12,458	10,119
Later than 1 years but not later than 5 years	19,203	16,397	18,587	15,591
Greater than 5 years	2,476	1,797	2,476	1,797
	34,891	29,172	33,521	27,507

(f) Sponsorship agreement with Fiji Rugby Union (FRU)

On 2 February 2014, VFL entered into a sponsorship agreement with FRU.

As per the terms of the agreement, FRU has granted sponsorship rights in respect to its rugby teams and tournaments on an exclusive basis to the VFL. VFL has agreed to the acquisition of such sponsorship rights to be solely for them and its Consortium sponsors, which include corporate entities outside the group, for sponsorship in cash in kind for a period of 5 years.

(g) Sponsorship agreement with Fiji Football Association (FFA)

On 6 December 2013, VFL entered into a sponsorship agreement with FFA.

As per the terms of the agreement, FFA has granted sponsorship rights in respect to its competitions, the FFA and the district affiliate teams on an exclusive basis to VFL. VFL has agreed to the acquisition of such sponsorship rights to be solely for them and its Consortium sponsor for sponsorship in cash and in kind for a period of 5 years.

(h) Sponsorship agreement with Fiji National Rugby League Limited(FNRL)

On 25 September 2013, VFL entered into a sponsorship agreement with FNRL.

As per the terms of the agreement, FNRL has granted sponsorship rights in respect to its events, the Fiji Bati team, the FNRL and, the district affiliate teams on an exclusive basis to VFL. VFL has agreed to the acquisition of such sponsorship rights to be solely for them for sponsorship in cash and in kind for a period of 4 years.

34. Commitments and contingent liabilities (continued)

(i) Consortium Sponsorship Participation Agreement

TFL is committed to pay a sum of $174,000 per annum for 5 years effective from February 2014 to the Government's Sports Fund for rugby sponsorship under the Consortium Sponsorship Participation Agreement with its fellow subsidiary, VFL.

(j) Licence fees

Certain subsidiaries within the ATH group are committed to pay licence fees to the Government of Fiji and the Government of Kiribati (for Amalgamated Telecom Holdings (Kiribati) Limited) based on the audited annual gross revenue which arises directly from the provision of services under the respective licences in the preceding year and such annual gross revenue shall be calculated net of settlement with other licences in Fiji.

Certain subsidiaries of the ATH group are also committed to pay Universal Service Levies to the Government of Fiji based on the audited annual gross revenue which arises directly from the provision of services under the respective licence in the current year and such annual gross revenue shall be calculated net of settlements with other licences in Fiji.

35. Related parties

(a) Board members

The Board members of the Fund during the year were:

Mr Ajith Kodagoda (Chairman)
Mr Tevita Kuruvakadua
Ms. Makereta Konrote
Ms. Bhavna Narayan
Mr. Sanjay Kaba

(b) Transactions with related parties

	Consolidated		The Fund	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**
Directors*				
Directors remuneration - fees and allowances	69	135	59	60
Other services provided to the Fund	33	19	33	19
	102	154	92	79

Any director who is a member of the Fund contributes and receives benefits on the same terms and conditions as those available to other members.

*Directors remuneration includes amounts paid to the directors of the Fund and its subsidiary companies. No remuneration is paid to Mr. Ajith Kodagoda, Mr. Sanjay Kaba (ATH and TFL) and Mr. Sashi Singh (HFC). Remuneration for Mr. Taito Waqa (ATH Group) is paid directly to the Ministry of Labour.

35. Related parties (continued)

(b) Transactions with related parties (continued)

Key management personnel

In addition to the directors, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity. During the reporting period the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities:

- Mr. Jaoji Koroi – Chief Operating Officer
- Mr. Pravinesh Singh – Chief Financial Officer
- Mr. Uday Singh – General Manager Governance & Risk
- Mr. Ravinesh Krishna – General Manager Human Resources
- Mr. Alipate Waqairaiwai – General Manager Member Services
- Mr. Tevita Nagataleka – General Manager Prime Services
- Mr. Sitiveni Nabuka – Acting Chief Information Technology Officer
- Mr. Ivan Fong – General Manager (ATH)
- Mr Raj Sharma - Acting Chief Executive Officer (appointed 09/02/2017)
- Mr Ross Munn - Chief Executive Officer (13/06/2016 - 09/02/2017)
- Mr Isikeli Tikoduadua - Chief Executive Officer (01/07/2016 - 15/07/2016)

The aggregate compensation of the key management personnel for the Fund comprises of short-term benefits and is set out below:

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Short-term benefits	1,718	2,087	1,147	1,454

Management personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members (except in some instances the Fund contributes over and above the minimum statutory levels in line with the individual's employment contract).

Transactions with other related parties

The investments and ownership interests in subsidiary companies are disclosed in Note 35(c).

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Interest income				
The amount of interest income received from related parties during the year is as follows:				
ATH Limited	-	-	112	174
Vodafone Fiji Limited	-	-	26	471
Telecom Fiji Limited	-	-	12	40
Home Finance Company Limited	-	-	2,900	548
Natadola Bay Resort Limited	-	-	7,488	7,621
FNPF Hotel Resorts Limited	-	-	464	201
Yatule Beach Resort Limited	-	-	141	100
Momi Bay Resort Limited	-	-	7,054	1,990
	-	-	18,197	11,145

35. Related parties (continued)

(b) Transactions with related parties (continued)

	Consolidated		The Fund	
	2017	2016	2017	2016
	$000	$000	$000	$000
Rental income				
The amount of rental income received from related parties during the year is as follows:				
ATH Limited	-	-	63	65
Vodafone Fiji Limited	-	-	714	788
Telecom Fiji Limited	-	-	693	970
Home Finance Company Limited		-	596	551
	-	-	2,066	2,374
Dividend from subsidiaries				
The amount of dividend received from subsidiaries during the year is as follows:				
ATH Limited	-	-	18,397	24,530
Home Finance Company Limited	-	-	3,500	3,155
Vodafone Fiji Limited	-	-	19,600	16,170
FNPF Hotel Resorts Limited	-	-	1,500	1,000
	-	-	42,997	44,855
Other receivables from related parties				
Other receivables from related parties include:				
ATH Limited	-	-	12,265	15,344
Home Finance Company Limited	-	-	6,655	3,195
Vodafone Fiji Limited	-	-	-	16,170
Hotel Resorts Limited	-	-	1,500	1,000
Other related parties of the group	347	171	-	-
	347	171	20,420	35,709
Less : provision for impairment	-	(165)	-	-
	347	6	20,420	35,709

Loans provided by the Fund to subsidiaries as set out in Note 14 are as follows:

	2017	2016
	$000	$000
Natadola Bay Resort Limited	295,546	297,492
Momi Bay Resort Limited	118,975	67,352
FNPF Hotel Resorts Limited	7,485	8,000
Telecom Fiji Limited	145	37
Amalgamated Telecom Holdings Limited	2,243	4,094
FNPF Nominees Limited	98	98
Home Finance Company Limited	7,770	12,001
Yatule Bay Resort Limited	9,872	3,256
Vodafone Fiji Limited	-	5,000
	442,134	397,330
Less : provision for impairment	(145,968)	(139,078)
	296,166	258,252

35. Related parties (continued)

(b) Transactions with related parties (continued)

NBRL

Loans that were advanced to the subsidiary, NBRL for the construction of the Intercontinental Hotel and Golf Course at Natadola were restructured in 2012. The loan agreements for these loans were executed as at 30 June 2014. There has been no change in the interest rate during the current year. Interest charged by FNPF in the current financial year is $7,621,046 (2016: $7,621,000). The loans were restructured effective from 1 August 2011 as follows:

Name	Amount ($)	Term of loan	Interest rate	Interest plus principal repayments
Loan 1	$60,000,000	26 years	8.00%	Principal plus interest repayment commenced from 1 August 2012.
Loan 2	$40,000,000	26.5 years	8.00%	Interest only for first 18 months and principal plus interest repayment commenced from 1 February 2013.
Loan 3	$202,835,111	Indefinite	Interest free	All surpluses from Natadola Residential Development shall be applied to the outstanding balance. All cash surpluses that are not required by NBRL for expenses other than in the normal course of the business shall be applied to the outstanding balance. FNPF reserves the right to commence charging and capitalising interest against the balance outstanding at any time in the future.

The carrying value of the loan has been reassessed for impairment at balance date.

The loans are secured by the securities outlined below, for which the security has not been executed as at balance date:

a) First registered mortgage with improvement thereon over:
   - i. TLTB reference no. 4/11/11438, part of Sanasana and Navo Island, Tikina Malomalo, Province Nadroga;
   - ii. Agreement for Lease Contract number 50034331, part of Vile, Malomalo, Nadroga;
   - iii. Crown Lease 16834;
   - iv. Crown Lease 559677, Lot 24, DP 4724;
   - v. Crown Lease 559662, Lot 32, DP 4724;
   - vi. Approval Notice LD Ref 4/11/710, Lot 27, DP 4724;
   - vii. Approval Notice LD Ref 4/11/711, Lot 28, DP 4724;
   - viii. Approval Notice LD Ref 4/11/703A, Lot 33, DP 4724;
   - ix. Approval Notice LD Ref 4/11/732, Lot 30, DP 4724;

b) Comprehensive insurance cover over the property with improvements thereon and FNPF's interest noted thereon;

c) An equitable mortgage over the bank accounts of the Mortgagor and assignment of income arising out of the Hotel & Golf Operations and Residential subdivision to be effective when arrears of obligations are outstanding.

ATH

On 21 August 2013, ATH obtained a loan amounting to $9,000,000 from the Fund to finance the purchase of 51% of Government's shareholding in Fiji International Telecommunications Limited. The interest rate on the loan is fixed at 3.5% over the term of the loan with a maturity date of 21 August 2018. The loan is payable in monthly repayments of $164,000 inclusive of interest. The loan is secured by Deed of Assignment over Government bonds amounting to $5,000,000.

During the year, the Fund lent a sum of US$26 million as a short –term bridging finance for a term of 3 months. The purpose of the loan was to fund the first deposit towards ATH's acquisition of shares in AST Telecom LLC and eLandia Technologies Inc. The loan was secured by pledge over Fiji Government bonds held by ATH. The loan was subsequently refinanced by ANZ Bank.

35. Related parties (continued)

(b) Transactions with related parties (continued)

TFL

The Fund loan facility also allows TFL to redraw the excess loan repayments made at any given time with 5 working days notice during the term of the loan on the condition that there is no breach in security and financial covenants. Excess loan payments made reduce the overall loan balance and can be withdrawn without any penalty or fees. As at 30 June 2017, the available redraw facility amounts to $9,387,500.

Effective 1 April 2014, the interest rate on the loan has been fixed at 4.25% for the first 2 years of the loan term and will be varied for the remaining 2 years of the loan term. The loan is payable at monthly repayments of $1,034,000 inclusive of interest.
The term loan is secured by:
(i) 1st registered mortgage debenture over all the assets of TFL except for TFL New Wing building in Suva.
(ii) Comprehensive insurance cover over the property of TFL with improvements thereon with the Funds interest noted.

VFL

VFL fully paid off its loan from the Fund in August 2016. As of reporting date, there are no loans to VFL.
In March 2006, VFL entered into a lease agreement with the Fund for its head office. The term of the lease is for 10 years beginning from the date of occupation and ending in March 2016, with right of renewal for a further two 10 years terms, which has been exercised. Under the agreement, rent is payable at $42,000 per month. The lease agreement review process is currently being undertaken in conjunction with expansion discussions with VFL.

FHRL

The Fund disbursed a loan of $8,000,000 to FHRL in 2016. The loan is for a period of 10 years at 6% interest per annum.

35. Related parties (continued)

(b) Transactions with related parties (continued)

HFC

As at reporting date, HFC had a Debenture loan balance of $7.77 million. This loan was disbursed in 2014 for a term of 5 years at 3.50%. No new loans were disbursed to HFC during the financial year. No additional equity was injected during the financial year.

(c) Group enterprises – significant subsidiaries	Principal place of business	Ownership Interest 2017	Ownership Interest 2016
Amalgamated Telecom Holdings Limited*	Fiji	73%	73%
- Telecom Fiji Limited*			
- Fiji Directories Limited*			
- Vodafone Fiji Limited*			
- Datec (Fiji) Limited*			
- Datec Australia Pty Limited*	Australia		
- Telecom Services Kiribati Limited*	Kiribati		
- FINTEL*	Fiji		
- Telecom Vanuatu Limited*	Vanuatu		
Home Finance Company Limited*	Fiji	75%	75%
FNPF Holdings (PNG) Limited*	PNG	100%	100%
FNPF Nominee Company Limited*	Fiji	100%	100%
Momi Bay Resorts Limited	Fiji	100%	100%
Natadola Land Holding Limited	Fiji	-	100%
Yatule Beach Resort Limited	Fiji	100%	100%
Natadola Bay Resort Limited	Fiji	100%	100%
FNPF Hotel Resorts Limited	Fiji	100%	100%
Dareton Limited*	Fiji	100%	100%

* Not audited by KPMG

The principal activity of Amalgamated Telecom Nominees Limited (ATN) is to hold the shares of ATH for the qualifying employees of the ATH Group under an Employee Share Option Plan. Accordingly, the financial statements of ATN are not consolidated in the consolidated financial statements. In accordance with the Employee Share Option Plan Trust Deed dated 8 October 2002 and amendments thereto, any surplus balance in the Cash Fund upon liquidation of ATN and after satisfaction of all obligations will be paid to ATH.

36. Non-Controlling Interests

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

30 June 2017

	ATH $(000) 31 March 2017	HFC $(000) 30 June 2017	Intra-group eliminations $(000)	Total $(000)
NCI percentage	**27%**	**25%**		
Non-current assets	464,369	573,377		
Current assets	170,944	253,877		
Non-current liabilities	(65,768)	(59,481)		
Current liabilities	(277,064)	(676,815)		
Net assets	**292,481**	**90,958**		
Carrying amount of NCI	78,970	22,740	(12,587)	89,123
Revenue	414,720	48,081		
Profit	85,266	7,698		
OCI	552	-		
Total comprehensive income	**85,818**	**7,698**		
Profit allocated to NCI	31,044	1,925	(16,080)	16,889
OCI allocated to NCI	5	-		5
Cash flow from operating activities	132,590	45,394		
Cash flow used in investment activities	(167,391)	(5,903)		
Cash flow from/(used in) financing activities (dividends to NCI: $24,420,000)	53,854	(4,232)		
Net increase in cash and cash equivalents	**19,053**	**35,259**		

30 June 2016

	ATH $(000) 31 March 2017	HFC $(000) 30 June 2017	Intra-group eliminations $(000)	Total $(000)
NCI percentage	**27%**	**25%**		
Non-current assets	335,200	508,686		
Current assets	131,682	192,884		
Non-current liabilities	(41,814)	(62,961)		
Current liabilities	(172,588)	(550,682)		
Net assets	**252,480**	**87,927**		
Carrying amount of NCI	68,170	21,982	(9,483)	80,669
Revenue	370,010	39,134		
Profit	81,826	7,007		
OCI	(1,883)	-		
Total comprehensive income	**79,943**	**7,007**		
Profit allocated to NCI	25,101	1,752	(4,601)	22,252
OCI allocated to NCI	(34)	-	-	(34)
Cash flow from operating activities	105,006	(5,109)		
Cash flow from investment activities	(55,223)	13,383		
Cash flow from financing activities (dividends to NCI: $9,148)	(56,294)	6,240		
Net (decrease)/increase in cash and cash equivalents	**(6,511)**	**14,514**		

37. Acquisition of Non-Controlling Interest in Subsidiary

ATH – acquired 21 December 2015

On 21 December 2015 the Fund purchased an additional 60,671,022 shares in ATH from the Government of Fiji for a consideration of $74,019,000. The additional acquisition has increased the Funds shareholding from 58.27% to 72.64%.

As described in note 2.3, the acquisition of additional interest in ATH is accounted for as a transaction between shareholders and as such the accounting and disclosure requirements of IFRS 3 Business Combinations do not apply to this transaction.

As a transaction between shareholders, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of ATH. The assets and liabilities were acquired at the book values of ATH at 31 December 2015. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as an other equity reserve, after adjusting for the minority interest acquired.

Consideration transferred	**$000**
Cash	74,019

Identifiable assets acquired and liabilities assumed (100%)

	$000
Property, plant and equipment	273,271
Intangible assets	28,654
Deferred tax asset	3,889
Trade and other receivables	64,309
Held to maturity investments	55,436
Inventories	18,905
Cash and cash equivalents	21,110
Borrowings	(40,581)
Trade and other payables	(118,415)
Current tax liability	(1,759)
Deferred tax liability	(21,472)
Provisions	(6,101)
	277,246
Less non-controlling interests	(47,131)
Total identifiable net assets acquired	230,115

Other Equity Reserve

	$000
Net book value of identifiable net assets as at 31 December 2015	230,115
14.37% of identifiable net assets as at 31 December 2015	33,068
Total consideration transferred	(74,019)
Other Equity Reserve	**(40,951)**

37. Acquisition of Non-Controlling Interest in Subsidiary (continued)

Vodafone Fiji Limited (VFL)

As a common control transaction, the acquisition does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill at the time of the acquisition of VFL. The assets and liabilities were acquired at the book values of VFL at 30 June 2014. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as an other equity reserve.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred	**$000**
Cash	160,000

Identifiable assets acquired and liabilities assumed (100%)

	$000
Property, plant and equipment	124,050
Intangible assets	811
Deferred tax asset	831
Trade and other receivables	32,560
Inventories	7,607
Cash and cash equivalents	(9,897)
Borrowings	(20,000)
Trade and other payables	(54,812)
Deferred tax liability	(6,921)
Provisions	(15,137)
	59,092

Other Equity Reserve

	$000
Net book value of identifiable net assets as at 30 June 2014 (100%)	59,092
49% of identifiable net assets as at 30 June 2014	28,955
Total consideration transferred	(160,000)
Other Equity Reserve	**(131,045)**

38. Acquisition of subsidiary companies

Telecom Vanuatu Limited (TVL)

On 27 March 2017, ATH acquired 100% shareholding in TVL, incorporated and domiciled in Vanuatu for a purchase consideration of FJD 44,107,798. The fair values of the identifiable assets and liabilities of TVL at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 31 March 2017 was assumed to be the effective date of transaction):.

Assets	**FJD'000**
Cash in hand and at bank	9,773
Property, plant and equipment	55,756
Inventories	2,405
Trade and other receivables	6,278
Total assets	**74,212**
Trade payable and other liabilities	2,055
Interest bearing borrowing	25,445
Provision	8,315
Total liabilities	**35,815**
Purchase consideration paid for 100% equity	44,108
Goodwill on acquisition (Note 16a))	**5,711**
Net cash outflow from the acquisition	**34,335**

(i) Upon acquisition of TVL, management carried out a detailed assessment of carrying value of network and related equipment. Based on the assessment carried out by the management, an amount of FJD 4.48 million of impairment was recognised in the books of TVL as at 31 March 2017.

(ii) The fair value of property, plant and equipment includes an increment of $17,612,684 at a consolidation level as part of allocation of purchase consideration, based on independent valuation of the properties conducted by Vanuatu Property Valuations Limited on 28 March 2017 and 3 April 2017. Management believes that this valuation is appropriately reflective of the conditions which existed as at 27 March 2017.

(iii) The goodwill is attributable mainly to the management structure of TVL together with the telecommunication industry in which it operates. It is one of the major operators of indirect distribution network, fixed line phones and mobile phone network in Vanuatu, a developing market with potential for further organic growth and synergies. The synergies are expected to be achieved from integrating the company into the group existing telecommunication business. None of the goodwill recognised is expected to be deductible for tax purpose.

(iv) During the acquisition process, the previous shareholders' loan was refinanced through the loan obtained from ANZ Vanuatu Limited by TVL.

39. Events Subsequent to the Balance Date

On 11th July 2017, the directors and shareholders of HFC Bank approved that dividends payable be converted to shares.

On 4 July 2017, it was announced on the South Pacific Stock Exchange, that following the signing of the SPD (SPD) on 23 September 2016, ATH received formal regulatory approval for change of control of Bluesky Samoa Limited from Amper SA to ATH. The Office of the Regulator in Samoa gave formal approval in accordance with Section 31 of the Samoan Telecommunications Act, consenting to the transfer of control to ATH. Formal regulatory approvals and consents for American Samoa and Cook Islands are still in progress and ATH is still awaiting these approvals.

Apart from the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transactions or event of a material and unusual nature likely, in the opinion of the Board members, to affect significantly the operations of the Fund and of the Group, the results of those operations or the state of affairs of the Fund and of the Group.

40. Auditors

The Fund is a compulsory superannuation scheme legislated by the FNPF Act and continuing under the FNPF Act 2011. Section 13 of the FNPF Act and Section 37 of the FNPF Act 2011 requires every employer and employee to make contributions to the Fund. Team members of KPMG, the Fund's external auditors contribute to and receive benefits on the same terms and conditions as those available to other members.