ANNUAL REPORT
FOR THE YEAR ENDED
31ST DECEMBER 2012

FijiCare Insurance Limited
Company Address - Level 9, FNPF Place, Victoria Parade, Suva, Fiji Islands
Email Address - fijicare@connect.com.fj
Website: www.fijicare.com.fj

Chairman's Report

Dear Stakeholders,

2012 was a rather eventful year for FijiCare Insurance Limited:

- My predecessor, Ross Porter, chose to sell his shares in the company and to no longer be part of the board
- We decided to replace our heritage IT system with a new state-of-the-art IT system. This has by now essentially been implemented (new general ledger, new health insurance focused underwriting and claims system). We are moving towards direct policyholder and intermediary connectivity via e-mails, SMS and fax. The new IT system will be the basis for a better understanding of our portfolio, more differentiated underwriting and claims handling and a reduced administration expense ratio. An integrated IT package for our medical centres to follow shortly. We shall be proposing to those MDs who work with us on a capitation basis that we could relieve them of their back-office worries as well and ensure the maintenance of an easily accessible patient database.
- We made first steps into the field of micro-insurance, providing relatively death benefits to thousands of borrowers of one of the foremost Fijian financial institutions
- Thanks to a relatively benign claims experience and the trimming of corporate expenses, we are again showing a pleasing profit. Given our still remaining loss carry forward from prior years, there cannot yet be a dividend, but hopefully in a year's time.
- We celebrated 13 years as a publicly listed company

What we are up to going forward:

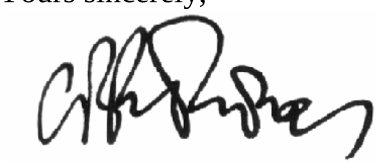
- Following years of shrinking business volume, 2013 is likely to generate well above F$ 10 million in gross written premiums. This reflects the improving economy and the enhanced trust policyholders and intermediaries are placing in us.
- Our existing ceded reinsurance program has been optimized effective 1.1.2013.
- Per 1.4.2013 we will be commencing property insurance underwriting (new F$ 3 million treaty capacity secured, lead by the Amlin syndicate at Lloyd's)
- Our new internal auditor, a former senior KPMG partner, will be commencing his role on 1.4.2013.
- We will be offering online connectivity to intermediaries, allowing them to create, view and modify the policies they have produced directly on our system. This feature should make us the preferred underwriter for many intermediaries.

- We are aiming to shift more of our investable funds into Fijian real estate in order to secure stable and superior investment returns
- We are contemplating adopting a Pan-Pacific strategy. It appears that increasingly financial services markets of the Pacific area are becoming integrated. This makes particular sense given the heavy natural catastrophe accumulations faced which are best ceded to the international reinsurance markets on a more balanced regional portfolio basis.

Overall, given the containment of inflation and the phase of more dynamic growth that is about to commence we are most optimistic regarding the future development of Fiji. We intend to play a growing role, to the benefit not only of our policyholders and shareholders but also of the community at large. Management and staff are enthusiastic about our new strategic direction and sense of purpose. My heartfelt thanks to them for the untiring hours they have put in, e.g. in the context of the IT conversion.

I look forward to a discussion of our revised strategy at the 22.5. AGM and also at other times shall always be willing to listen to suggestions and criticism from our stakeholders.

Yours sincerely,



Mr Philipp Thomas
Chairman

CORPORATE GOVERNANCE

FijiCare Insurance Limited supports the Reserve Bank of Fiji's Corporate Governance Code for capital markets. We are committed to delivering best practice in corporate governance and transparency in reporting. During the reporting period, FIL has been compliant with all RBF guidelines & procedures.

Principle	FIL Comments
Establish Clear Responsibilities for Board Oversight	The FIL's Memorandum & Articles of Association sets out the powers and duties of directors in terms of managing the company effectively& efficiently. Board Charter clearly sets out the objectives of the Board.
Constitute as effective Board	The FIL's Memorandum & Articles of Association specifies the number of Directors may be not less than the number required by the Corporations Act, nor more than nine. The Board currently comprises of 4 directors: Philipp Thomas – Chairman Peter McPherson – Managing Director Max Storck- Non Executive Director Kaliopate Tavola – Non Executive Director
Appointment of Chief Executive Officer	Directors are expected to exercise due diligence in appointing Managing Director & such executive appointments are made by the Board.
Board & Company Secretary	FIL as a public listed company has appointed suitable qualified & competent board secretary. The company secretary maintains a close link with the Board & Executive officers and the company to ensure all duties & responsibilities are effectively discharged.
Timely and Balanced Disclosure	FIL complies with its disclosure obligations under the SPSE Listing Rules and the Companies Act, has in place well developed procedures for dealing with compliance.
Promote Ethical & Responsible Decision Making	FIL promotes and believes that all directors and employees uphold high ethical standards, honesty, fairness and equity in all aspects of their employment and association with the company.
Register of interests	Directors and officers of the company are obliged to disclose any conflicts of interest that may arise in the course of the business.
Respect the rights of shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association & shareholders are encouraged to participate. The Annual Report is also published each year & circulated to the shareholders prior to the AGM.

Accountability & Audit	FIL is audited annually by independent auditors who provide their report to the shareholders. The Audit Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, reviewing adequacy of the internal audit function and discussing risk management policies and practices with management.
Recognise & Manage Risk	FIL has in place a Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage these risks.

FIJICARE INSURANCE LIMITED
AND SUBSIDIARY COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of FijiCare Insurance Limited (the holding company) and of the group as at 31 December 2012, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Philipp Thomas – Chairman	Peter McPherson
Max Storck	Kaliopate Tavola

Principal Activities

The principal activities of the holding company during the year were that of underwriting of medical, term life, mortgage protection, worker's compensation, personal accident, public liability, funeral benefits and motor vehicle insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinic offering family medicine, immigration medicals, women health counseling and minor surgery services.

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

Results

The profit after income tax of the holding company for the year was $356,254 (2011: loss after income tax was $428,013). Total profit, including comprehensive income, for the year was $363,864 (2011: Total loss, including comprehensive income, was $411,089).

The consolidated profit after income tax for the year was $375,733 (2011: consolidated loss after income tax was $425,018). Total consolidated profit, including comprehensive income, for the year was $383,343 (2011: Total consolidated loss, including comprehensive income, was $408,094).

Dividends

The directors did not declare or propose any dividends to be paid for the year ended 31 December 2012.

Reserves

Except for the movements disclosed in the statement of changes in equity, it is proposed that no other amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Basis of accounting - Going Concern

The financial statements have been prepared on a going concern basis on the understanding that sufficient funds will be obtained from future operations to enable the holding company and the group to meet its obligations as and when they fall due.

DIRECTORS' REPORT [CONT'D]

Bad and Doubtful Debts

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

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

Current and Non-Current Assets

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

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

Unusual Transactions

In the opinion of the directors, the results of the operations of the group or any company in the group during the financial year were not substantially affected by any item, transaction or event of an abnormal character, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of an abnormal character likely, in the opinion of the directors, to affect substantially the results of the operations of the group or any company in the group in the current financial year.

Significant Events during the Year

1. In accordance with the amendments to the Income Tax Act during January 2012, the carry forward of income tax losses were ceased effective from 1 January 2012. However, subsequently, during April 2012, further amendments to Income Tax Act were made, and carry forward of income tax losses were reinstated effective from 1 January 2012. Accordingly, the income tax losses are now allowed to be carried forward for 4 years from the year of loss.

2. On 28 June 2012, 43.76% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Aequi-Libria Associates Insurance Broker Limited, a company based in Limassol, Cyprus. Following this, there was change in control and Aequi-Libria Associates Insurance Broker Limited became the parent entity of FijiCare Insurance Limited.

   Furthermore, on 28 June 2012, 10.31% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Stronghold Investments Inc, a company incorporated in Vanuatu and owned by the managing director, Peter McPherson.

   From 28 June 2012, AFA Management Services (Pty) Limited ceased being a shareholder.

DIRECTORS' REPORT [CONT'D]

Significant Events during the Year (Cont'd)

3. During the year, the holding company has been authorized by the Reserve Bank of Fiji to enter into property insurance underwriting. The holding company propose to venture into property insurance underwriting once a specific reinsurance program has been secured.

Events Subsequent to Balance Date

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

Other Circumstances

As at the date of this report:

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

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

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

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements of the holding company and the group) by reason of a contract made by any company in the group or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this day of March 2013.

………………………….. ………………………….

Director Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of FijiCare Insurance Limited, we state that in the opinion of the directors:

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

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

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

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

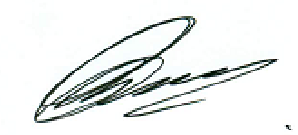
[v] the financial statements have been properly prepared in accordance with International Financial Reporting Standards;

[vi] at the date of this statement, there are reasonable grounds to believe that the holding company and the group will be able to pay their debts as and when they fall due; and

[vii] all related party transactions have been adequately recorded in the books of the holding company and the group.

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

Dated this day of March 2013.



………………………….. ……………………………
Director Director

G. LAL + CO.
CHARTERED ACCOUNTANTS

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E-mail: info@glal.com.fj
Offices in Suva and Lautoka

INDEPENDENT AUDITORS' REPORT

To the members of FijiCare Insurance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of FijiCare Insurance Limited (the holding company) and the group, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 42.

Director's and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT [CONT'D]

To the members of FijiCare Insurance Limited (Cont'd)

Opinion

In our opinion:

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

(b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

   i) are in agreement with the books of account;

   ii) to the best of our information and according to the explanations given to us:

      (a) give a true and fair view of the state of affairs of the holding company and of the group as at 31 December 2012 and of the results, cash flows and changes in shareholders' equity of the holding company and of the group for the year ended on that date; and

      (b) give the information required by the Companies Act, 1983 in the manner so required.

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.

SUVA, FIJI
26 MARCH 2013

CHARTERED ACCOUNTANTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

		Consolidated		Holding Company	
	Notes	**2012**	**2011**	**2012**	**2011**
		$	**$**	**$**	**$**
Revenue	5	6,681,456	7,306,599	6,492,995	7,160,736
Incurred claims		(3,430,638)	(4,449,924)	(3,635,939)	(4,639,678)
Commission expense, net	6	(902,337)	(924,872)	(902,337)	(924,872)
Other direct costs		(263,318)	(216,420)	-	-
Net revenue		2,085,163	1,715,383	1,954,719	1,596,186
Other revenue	7	234,288	355,527	258,288	379,527
		2,319,451	2,070,910	2,213,007	1,975,713
Advertising and promotion expenses		(39,835)	(41,135)	(37,851)	(39,315)
Other operating expenses		(1,936,103)	(2,354,772)	(1,851,122)	(2,264,390)
		(1,975,938)	(2,395,907)	(1,888,973)	(2,303,705)
Profit/ (loss) before income tax	20	**343,513**	**(324,997)**	**324,034**	**(327,992)**
Income tax benefit/ (expense)	8(a)	32,220	(100,021)	32,220	(100,021)
Profit/ (loss) for the year		**375,733**	**(425,018)**	**356,254**	**(428,013)**
Other comprehensive income					
Fair value gain on available-for-sale financial assets	19	7,610	16,924	7,610	16,924
Total comprehensive income/ (loss) for the year		**383,343**	**(408,094)**	**363,864**	**(411,089)**
Earnings/ (loss) per share					
Basic earnings/ (loss) per share – cents	22	5.80	(6.56)		
Diluted earnings/ (loss) per share – cents	22	5.80	(6.56)		

The accompanying notes form an integral part of this statement of comprehensive income.

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Consolidated				
	Share Capital	**Share Premium Reserve**	**Investment Revaluation Reserve**	**Retained Earnings / (Losses)**	**Total**
	$	**$**	**$**	**$**	**$**
Balance as at 31 December 2010	**3,238,040**	**324,550**	**57,766**	**146,813**	**3,767,169**
Loss for the year	-	-	-	(425,018)	(425,018)
Other comprehensive income for the year	-	-	16,924	-	16,924
Balance as at 31 December 2011	**3,238,040**	**324,550**	**74,690**	**(278,205)**	**3,359,075**
Profit for the year	-	-	-	375,733	375,733
Other comprehensive income for the year	-	-	7,610	-	7,610
Balance as at 31 December 2012	**3,238,040**	**324,550**	**82,300**	**97,528**	**3,742,418**

The accompanying notes form an integral part of this statement of changes in equity.

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2012

	Holding Company				
	Share Capital	**Share Premium Reserve**	**Investment Revaluation Reserve**	**Retained Earnings / (Losses)**	**Total**
	$	**$**	**$**	**$**	**$**
Balance as at 31 December 2010	**3,238,040**	**324,550**	**57,766**	**130,682**	**3,751,038**
Loss for the year	-	-	-	(428,013)	(428,013)
Other comprehensive income for the year	-	-	16,924	-	16,924
Balance as at 31 December 2011	**3,238,040**	**324,550**	**74,690**	**(297,331)**	**3,339,949**
Profit for the year	-	-	-	356,254	356,254
Other comprehensive income for the year	-	-	7,610	-	7,610
Balance as at 31 December 2012	**3,238,040**	**324,550**	**82,300**	**58,923**	**3,703,813**

The accompanying notes form an integral part of this statement of changes in equity.

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Consolidated		Holding Company	
	Notes	**2012**	**2011**	**2012**	**2011**
		$	**$**	**$**	**$**
CURRENT ASSETS					
Cash on hand and at bank		536,866	211,437	509,394	209,568
Trade and other receivables	9	1,468,554	1,389,432	1,456,330	1,380,113
Inventories – medical supplies		2,041	3,542	-	-
Held-to-maturity investments	10(a)	3,832,249	4,542,592	3,832,249	4,542,592
Deferred costs	11	491,989	459,492	491,989	459,492
Current tax assets	8 (b)	433,142	332,000	433,142	332,000
Total current assets		**6,764,841**	**6,938,495**	**6,723,104**	**6,923,765**
NON-CURRENT ASSETS					
Available-for-sale financial assets	10 (b)	570,298	543,832	570,298	543,832
Held-to-maturity investments	10 (a)	200,000	300,000	200,000	300,000
Investment in subsidiary	10 (c)	-	-	-	-
Investment property	12	-	-	425,649	424,227
Property, plant and equipment	13	626,969	575,588	180,206	134,894
Deferred tax assets	8 (c)	32,220	-	32,220	-
Total non-current assets		**1,429,487**	**1,419,420**	**1,408,373**	**1,402,953**
TOTAL ASSETS		**8,194,328**	**8,357,915**	**8,131,477**	**8,326,718**
CURRENT LIABILITIES					
Trade and other payables	14	855,945	797,492	839,895	793,303
Insurance contract liabilities	15	3,536,160	4,137,073	3,536,160	4,137,073
Employee entitlements	16	59,805	64,275	51,609	56,393
Total current liabilities		**4,451,910**	**4,998,840**	**4,427,664**	**4,986,769**
TOTAL LIABILITIES		**4,451,910**	**4,998,840**	**4,427,664**	**4,986,769**
NET ASSETS		**3,742,418**	**3,359,075**	**3,703,813**	**3,339,949**
SHAREHOLDERS' EQUITY					
Share capital	17	3,238,040	3,238,040	3,238,040	3,238,040
Share premium reserve	18	324,550	324,550	324,550	324,550
Investment revaluation reserve	19	82,300	74,690	82,300	74,690
Retained earnings/ (losses)		97,528	(278,205)	58,923	(297,331)
TOTAL SHAREHOLDERS' EQUITY		**3,742,418**	**3,359,075**	**3,703,813**	**3,339,949**

The accompanying notes form an integral part of this statement of financial position.

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

……………………………… ………………………………
Director Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Consolidated		Holding Company	
	Inflows/ (Outflows) 2012	Inflows/ (Outflows) 2011	Inflows/ (Outflows) 2012	Inflows/ (Outflows) 2011
	$	$	$	$
Cash flows from/ (used in) operating activities				
Premium and fees received	7,442,221	7,871,008	7,252,557	7,757,184
Reinsurance premium paid, net	(778,808)	(868,962)	(778,808)	(868,962)
Claims and capitation fees paid, net	(5,082,418)	(5,086,333)	(5,296,059)	(5,290,671)
Payments to brokers, suppliers and employees	(2,225,297)	(2,451,211)	(1,857,315)	(2,118,581)
Cash used in operations	(644,302)	(535,498)	(679,625)	(521,030)
Interest received	27,953	33,146	27,953	33,146
Dividend received	19,348	28,247	19,348	28,247
Net cash used in operating activities	(597,001)	(474,105)	(632,324)	(459,637)
Cash flows from/ (used in) investing activities				
Payments for property, plant and equipment	(103,968)	(32,679)	(94,248)	(22,582)
Payments for investment property	(6,002)	(7,174)	(6,002)	(7,174)
Payment for investments	(650,000)	(300,000)	(650,000)	(300,000)
Proceeds on maturity of investments	1,682,400	865,867	1,682,400	865,867
Net cash provided by investing activities	922,430	526,014	932,150	536,111
Net increase in cash and cash equivalents	**325,429**	**51,909**	**299,826**	**76,474**
Cash and cash equivalents at the beginning of the year	211,437	159,528	209,568	133,094
Cash and cash equivalents at the end of the year (Note 21)	**536,866**	**211,437**	**509,394**	**209,568**

The accompanying notes form an integral part of this statement of cash flows.

NOTE 1. GENERAL INFORMATION

FijiCare Insurance Limited is a licensed general insurance and publicly listed company limited by shares, incorporated and domiciled in Fiji under the Companies Act, 1983. Its principal activities, registered office and principal place of business are disclosed in Note 31 and Note 32 to the financial statements.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and Amendments issued but not yet effective

The following new standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2012 or later periods, and the holding company and the group has not early adopted them. Adoption of these standards and interpretations are not expected to have a significant impact on the financial statements, however, the directors expect more extensive disclosures being made under the new standard IFRS 13.

- IAS 1 (Amendment) - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).

- IAS 16 (Amendment) – Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2013).

- IAS 19 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013).

- IAS 27 (Revised) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013).

- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

- IFRS 7 (Amendment) – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).

- IFRS 9 (Amendment) - Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015).

- IFRS 10 - Consolidated Financial Statements: Basis for Consolidation (effective for annual periods beginning on or after 1 January 2013).

- IFRS 12 - Disclosures of Interest in Other Entities (effective for annual periods beginning on or after 1 January 2013).

- IFRS 13 - Disclosures of Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

The financial statements of the holding company and the group have been prepared in accordance with the Companies Act 1983 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

Basis of accounting - Going Concern

The financial statements have been prepared on a going concern basis on the understanding that sufficient funds will be obtained from future operations to enable the holding company and the group to meet its obligations as and when they fall due.

Basis of Preparation

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below and except where stated do not take into account current valuations of non-current assets.

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

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

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

a) Allowance for Doubtful Debts

The group establishes an allowance for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period when they are identified.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of Consolidation

The consolidated financial statements include the financial statements of FijiCare Insurance Limited and its subsidiary company, which is listed in Note 25.

Subsidiary

A subsidiary is an entity over which the group has power to govern the financial and operating policies, generally comprising a shareholding of more than one half of the voting power. Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date control is transferred out of the group.

All inter-company balances and transactions between the holding company and its subsidiary including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

c) Borrowing Costs

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

All other borrowing costs are recognised as an expense in the year in which they are incurred.

d) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

e) Comparatives

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

f) Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing profit or loss after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Financial Assets

The group classifies its financial assets in the following categories: held-to-maturity investments, available-for-sale financial assets and receivables. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at subsequent reporting dates at amortised costs.

Available-for-sale financial assets

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

Investments in subsidiaries are classified as available-for-sale investments and are accounted for at cost in the individual financial statements of the company.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of the available-for-sale financial assets are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as 'gains and losses'.

Dividends on available-for-sale financial assets are recognised in the profit or loss as part of other revenue when the company's right to receive payments is established.

The group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The group's receivables comprise 'trade and other receivables' disclosed in the statement of financial position (note 9).

Trade receivables and other receivables are recorded at amortised cost less impairment.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Foreign Currency Transactions

Functional and presentation currency

The group operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the group's functional and presentation currency.

Transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the profit or loss in the period in which they arise.

i) Impairment of Non-Financial assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets, if relevant, are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is recognized immediately in profit or loss.

j) Income Tax

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Income Tax (Cont'd)

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Capital Gains Tax

From 1 May 2011, the Capital Gains Tax (CGT) was introduced at 10% on capital gains realised on the sale or disposal of 'capital assets' as set out in the Capital Gains Tax Decree. Accordingly, the group provides for deferred tax liability that may arise if capital assets were to be ultimately sold or traded.

k) Insurance Contracts

General

All of the general insurance products and reinsurance products on offer, or utilised, meet the definition of an insurance contract (a contract under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insured event, adversely affects the policyholder) and none of the contracts contain embedded derivatives or are required to be unbundled. Insurance contracts that meet the definition of a financial guarantee contract are accounted for as insurance contracts. This means that all of the general insurance products are accounted for in the same manner.

i) Premium Income

Premium revenue comprises amounts charged to policyholders (direct premium) for insurance contracts. Premium is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method.

The unearned portion of premium is recognised as an unearned premium liability on the statement of financial position.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Insurance Contracts (Cont'd)

ii) Commission Income

Commission income comprises amounts received from reinsurers for reinsurance contracts. Commission is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method. Commission income is offset with commission costs incurred in insurance contracts with policyholders.

The unearned portion of commission is recognised as an unearned commission liability on the statement of financial position.

iii) Reinsurance Premium

Reinsurance premium is recognised as an expense on a proportionate basis over the period for which cover is provided. Accordingly, a portion of reinsurance premium expense is deferred and presented as deferred reinsurance expenses on the statement of financial position at the reporting date.

iv) Deferred Commission Costs

Commission cost paid to agents and brokers associated with obtaining general insurance contracts are referred to as acquisition cost. These costs are presented as deferred commission costs and are amortised and charged to expenses on the same basis as the recognition of premium income. The balance of the deferred commission costs at the reporting date represents the commission costs relating to unearned premium.

v) Provision for Outstanding Claims

Provision for outstanding claims are stated net of amounts recoverable from reinsurers and are assessed by reviewing individual claims. The holding company has procedures for recording all claims received by way of an incoming claims register.

Provision is also made for insurance claims incurred but not reported (IBNR).

Provision is also made for claim administration expenses in accordance with guidelines issued by Reserve Bank of Fiji.

Claims expenses represent claim payments adjusted for the movement in the outstanding claims liability.

l) Inventories

Inventories consist of medical supplies and consumables. Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Investment property

Investment property principally comprising freehold land and building is held to earn rentals and/or for capital appreciation, is measured initially at its cost including transaction costs. Subsequent to initial recognition, investment property is measured at its cost less any accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation on building is depreciated on a straight line basis over its estimated useful life of 40 years.

Investment property is derecognised when either it has been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is taken into consideration in determining the results for the period.

n) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o) Operating segments

An operating segment is a component of the group which may earn revenues and incur expenses and the operation results are regularly reviewed by the group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

p) Property, plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition and installation of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including buildings but excluding freehold land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Property, plant and Equipment (Cont'd)

Freehold land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis over its estimated useful life using the following rates:

Building	2.5%
Furniture & Fittings and Office Equipment	10% - 25%
Motor vehicles	20%

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

Capital work in progress principally relates to costs incurred in respect of property construction. Capital work in progress is not depreciated.

q) Provision for Employee Entitlements

Wages and salaries

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

Annual leave and sick leave

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

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

Defined contribution plans

Contributions to Fiji National Provident Fund and other superannuation plans are expensed when incurred.

r) Reinsurance Contracts

The holding company cedes insurance risk in the normal course of business for most categories of its insurance policies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision.

Ceded reinsurance arrangements do not relieve the holding company from its obligation to policyholders.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Revenue Recognition

Premium income is recognised as detailed in Note 3 (k) (i).

Commission income is recognised as detailed in Note 3 (k) (ii).

Revenue from medical clinics and medical centre is recognized upon the delivery of service to patients.

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

Revenue from the rendering of management services are recognised upon rendering of services.

Rental income is recognised on an accrual basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Allowance is made on a specific debtor level. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs.

Subsequent recoveries of amounts previously written off are credited in the profit or loss.

v) Trade and Other Payables

Trade payables and other accounts payable are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

w) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except:

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

ii) for receivables and payables which are recognised inclusive of VAT.

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

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 in the financial statements are discussed below.

(a) Impairment of accounts receivable

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

(b) Impairment of property, plant and equipment

The group assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 31 December 2012, no provision for impairment has been made as the group reasonably believes that no indicators for impairment exist.

(c) Deferred tax assets

Deferred tax assets are recognised for all tax losses to the extent 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 management's assessment of taxable profit forecast involves making a judgement, 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) Provision for outstanding claims

Provision for outstanding claims is assessed after reviewing individual claims. Provision is assessed after taking into account claim information available at the time the claim is received or additional information brought to the notice of the holding company till reporting date. Whilst all reasonable steps are taken to ensure that adequate information is obtained, given the uncertainty in claims provision, it is likely that the final outcome will differ from the original liability established.

Provision for IBNR is also assessed by the management on an annual basis based on the latest available actuarial valuation report and recent claims experience and underwriting results.

(e) Actuarial valuation – claims incurred but not reported

Valuation is obtained from independent licensed actuaries for the adequacy of provision for claims incurred but not reported on a periodic basis.

The actuarial valuation methodology adopted for the current period is the deterministic method of estimating the central estimate of outstanding claims liabilities (IBNR's) and claims delay triangulation method.

NOTE 5. REVENUE

	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
Gross written premium	7,411,977	7,545,019	7,411,977	7,545,019
Reinsurance premium	(852,589)	(743,310)	(852,589)	(743,310)
	6,559,388	6,801,709	6,559,388	6,801,709
Unearned premium, net movement	(79,311)	542,363	(79,311)	542,363
Deferred reinsurance premium, net movement	12,918	(183,336)	12,918	(183,336)
	6,492,995	7,160,736	6,492,995	7,160,736
Income from medical clinics and medical centre	188,461	145,863	-	-
Total revenue	6,681,456	7,306,599	6,492,995	7,160,736

NOTE 6. COMMISSION EXPENSE

Commission expense	902,337	948,146	902,337	948,146
Commission income	-	(23,274)	-	(23,274)
Total commission expense, net	902,337	924,872	902,337	924,872

NOTE 7. OTHER REVENUE

Dividend income	27,123	28,247	27,123	28,247
Management fees	-	1,627	-	1,627
Interest income	177,561	304,026	177,561	304,026
Rental income	5,935	4,277	29,935	28,277
Reversal of impairment loss	11,081	-	11,081	-
Other income	12,588	17,350	12,588	17,350
Total other revenue	234,288	355,527	258,288	379,527

NOTE 8. INCOME TAX

	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
a) Income tax benefit				
Profit/ (loss) before income tax	343,513	(324,997)	324,034	(327,992)
Prima facie tax benefit/ (expense) thereon at 20% (2011: 28%)	(68,703)	90,999	(64,807)	91,838
Tax effect of:				
Non-taxable income	7,641	7,909	7,641	7,909
Non-deductible expenses	(6,676)	(53,946)	(5,714)	(53,918)
Temporary differences and tax losses not recognised	535	(44,962)	-	(45,829)
Prior year deferred tax assets derecognised (e)	-	(100,021)	-	(100,021)
Recognition of deferred tax assets on temporary differences	32,220	-	32,220	-
Tax losses recouped during the year	67,203	-	62,880	-
Income tax benefit/ (expense)	32,220	(100,021)	32,220	(100,021)
Income tax benefit/ (expense) comprises movement in:				
Deferred tax assets	32,220	(100,021)	32,220	(100,021)
	32,220	(100,021)	32,220	(100,021)
b) Current tax assets				
Movements during the year were as follows:				
Balance at the beginning of the year	(332,000)	(255,094)	(332,000)	(255,094)
Tax deducted at source – interest withholding tax	(101,142)	(76,906)	(101,142)	(76,906)
Balance at the end of the year	(433,142)	(332,000)	(433,142)	(332,000)
c) Deferred tax assets				
Deferred tax assets comprises the estimated future benefit at future income tax rate in respect to the following:				
Allowance for doubtful debts	21,326	-	21,326	-
Difference in cost base of property, plant and equipment for accounting and income tax purposes	572	-	572	-
Provision for employee entitlements	10,322	-	10,322	-
Total deferred tax assets	32,220	-	32,220	-

NOTE 8. INCOME TAX (CONT'D)

	Consolidated 2012	Consolidated 2011	Holding Company 2012	Holding Company 2011
	$	$	$	$
d) Benefit of income tax losses not brought to account				
Tax losses not recognised as an asset because recovery is not considered to be probable	226,952	718,843	178,725	366,523

As at 31 December 2012, the group had estimated unconfirmed unrecouped income tax losses of approximately $226,952 (2011: $718,843) available to offset against future years' taxable income. The benefit of these losses of approximately $45,390 (2011: $143,769) has not been brought to account, as realisation is not considered to be probable. The benefit will only be obtained if:

(i) the group entities derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(ii) The group entities continues to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the group entities in realising the benefit from the deductions for the losses.

NOTE 9. TRADE AND OTHER RECEIVABLES

	Consolidated 2012	Consolidated 2011	Holding Company 2012	Holding Company 2011
Trade receivables (a)	1,321,926	1,117,271	1,311,100	1,109,157
Less: allowance for doubtful debts	(50,000)	(50,000)	(50,000)	(50,000)
	1,271,926	1,067,271	1,261,100	1,059,157
Prepayments	86,784	31,062	85,386	29,857
Deposits	14,562	21,226	14,562	21,226
Other receivables	95,282	269,873	95,282	269,873
Total trade and other receivables, net	1,468,554	1,389,432	1,456,330	1,380,113

(a) Trade receivables principally comprise of premium amounts outstanding from policyholders. Trade receivables are non-interest bearing and generally settled on 30 – 60 days term.

NOTE 10. FINANCIAL ASSETS

10(a) Held-to-maturity investments

	Consolidated 2012	Consolidated 2011	Holding Company 2012	Holding Company 2011
Current				
Short term investments with commercial banks and financial institutions	3,832,249	4,542,592	3,832,249	4,542,592
Total current financial assets	3,832,249	4,542,592	3,832,249	4,542,592
Non-current				
Long term investments with commercial banks and financial institutions	200,000	300,000	200,000	300,000

NOTE 10. FINANCIAL ASSETS (CONT'D)

	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
10(b) Available-for-sale financial assets				
Equity Investments				
Investment in listed companies	451,672	432,982	451,672	432,982
Investment in unlisted companies	118,626	110,850	118,626	110,850
	570,298	543,832	570,298	543,832
10(c) Investment in subsidiary (Note 25)				
Investment in FijiCare Medical Centre Limited	10,000	10,000	10,000	10,000
Less: impairment loss	(10,000)	(10,000)	(10,000)	(10,000)
	-	-	-	-
Reconciliation for available-for-sale financial assets				
Opening balance	543,832	542,394	543,832	542,394
Fair value gain	7,610	16,924	7,610	16,924
Reversal of impairment loss/(Impairment loss)	11,081	(15,486)	11,081	(15,486)
Bonus shares (a)	7,775	-	7,775	-
Total available-for-sale financial assets	570,298	543,832	570,298	543,832

(a) During the year, in lieu of dividends, bonus shares of 5,016 were issued by Yatu Lau Company Limited. This has been treated as dividend income and the value of investment in Yatu Lau Company Limited has been increased by the same amount.

NOTE 11. DEFERRED COSTS

	Consolidated 2012	Consolidated 2011	Holding Company 2012	Holding Company 2011
Deferred commission expenses	342,447	322,868	342,447	322,868
Deferred reinsurance expenses	149,542	136,624	149,542	136,624
Total deferred costs	491,989	459,492	491,989	459,492

NOTE 12. INVESTMENT PROPERTY

	Consolidated 2012	Consolidated 2011	Holding Company 2012	Holding Company 2011
Freehold land – at cost	-	-	250,000	250,000
Building – at cost	-	-	187,076	181,074
Less: accumulated depreciation	-	-	(11,427)	(6,847)
Total investment property, net	-	-	425,649	424,227

Investment property of the holding company relates to Land and Building rented to the subsidiary company, FijiCare Medical Center Limited. Investment property is re-grouped to Property, Plant and Equipment upon consolidation.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED

	Land ($)	Buildings ($)	Furniture, fittings and office equipment ($)	Motor vehicles ($)	Total ($)
Gross carrying amount					
Balance at 1 January 2011	250,000	173,900	959,272	151,495	1,534,667
Additions	-	7,174	32,679	-	39,853
Disposals	-	-	(175,819)	-	(175,819)
Balance at 31 December 2011	250,000	181,074	816,132	151,495	1,398,701
Additions	-	6,002	103,967	-	109,969
Balance at 31 December 2012	250,000	187,076	920,099	151,495	1,508,670
Accumulated depreciation and amortisation					
Balance at 1 January 2011	-	2,401	912,860	24,719	939,980
Depreciation expense	-	4,446	24,207	30,299	58,952
Disposals	-	-	(175,819)	-	(175,819)
Balance at 31 December 2011	-	6,847	761,248	55,018	823,113
Depreciation expense	-	4,580	23,709	30,299	58,588
Balance at 31 December 2012	-	11,427	784,957	85,317	881,701
Net book value					
As at 31 December 2011	250,000	174,227	54,884	96,477	575,588
As at 31 December 2012	250,000	175,649	135,142	66,178	626,969

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

HOLDING COMPANY

	Furniture, fittings and office equipment ($)	Motor vehicles ($)	Total ($)
Gross carrying amount			
Balance at 1 January 2011	864,759	151,495	1,016,254
Additions	22,582	-	22,582
Disposals	(175,819)	-	(175,819)
Balance at 31 December 2011	711,522	151,495	863,017
Additions	94,248	-	94,248
Balance at 31 December 2012	805,770	151,495	957,265
Accumulated depreciation and amortisation			
Balance at 1 January 2011	828,639	24,719	853,358
Depreciation expense	20,285	30,299	50,584
Disposals	(175,819)	-	(175,819)
Balance at 31 December 2011	673,105	55,018	728,123
Depreciation expense	18,637	30,299	48,936
Balance at 31 December 2012	691,742	85,317	777,059
Net book value			
As at 31 December 2011	38,417	96,477	134,894
As at 31 December 2012	114,028	66,178	180,206

NOTE 14. TRADE AND OTHER PAYABLES

	Consolidated 2012 $	Consolidated 2011 $	Holding Company 2012 $	Holding Company 2011 $
Capitation fees	16,857	18,010	30,957	32,306
Payable to reinsurers	411,218	337,437	411,218	337,437
Payable to related party (a)	-	800	-	800
Other payables and accrued liabilities	427,870	441,245	397,720	422,760
Total trade and other payables	855,945	797,492	839,895	793,303

Trade payables principally comprise amounts outstanding for reinsurance premium and on-going costs. Trade payables are non-interest bearing and generally settled on 30 - 90 days term.

(a) Prior year payable to related party was in respect to AFA Management Services Pty Limited, and was unsecured, interest free and repayable on demand.

NOTE 15. INSURANCE CONTRACT LIABILITIES	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
Unearned premiums				
Balance as at 1 January	2,574,195	3,116,558	2,574,195	3,116,558
Movement during the year, net	79,311	(542,363)	79,311	(542,363)
Balance as at 31 December	2,653,506	2,574,195	2,653,506	2,574,195
Unearned commission income				
Balance as at 1 January	-	25,264	-	25,264
Movement during the year, net	-	(25,264)	-	(25,264)
Balance as at 31 December	-	-	-	-
Outstanding claims				
Gross claims outstanding as at 1 January	1,181,137	1,025,811	1,181,137	1,025,811
Movement during the year, net	(736,016)	155,326	(736,016)	155,326
Balance as at 31 December	445,121	1,181,137	445,121	1,181,137
Less:				
Reinsurance recoveries as at 1 January	194,800	261,170	194,800	261,170
Movement during the year, net	58,775	(66,370)	58,775	(66,370)
Less allowance for doubtful debts	(56,631)	-	(56,631)	-
Balance as at 31 December	196,944	194,800	196,944	194,800
Outstanding claims, net	248,177	986,337	248,177	986,337
Claims administration provision				
Balance as at 1 January	95,270	86,859	95,270	86,859
Movement during the year, net	(35,670)	8,411	(35,670)	8,411
Balance as at 31 December	59,600	95,270	59,600	95,270
Claims incurred but not reported				
Gross claims outstanding as at 1 January	724,271	711,375	724,271	711,375
Movement during the year, net	22,606	12,896	22,606	12,896
Balance as at 31 December	746,877	724,271	746,877	724,271
Less:				
Reinsurance recoveries as at 1 January	243,000	256,000	243,000	256,000
Movement during the year, net	(71,000)	(13,000)	(71,000)	(13,000)
Balance as at 31 December	172,000	243,000	172,000	243,000
Claims incurred but not reported, net	574,877	481,271	574,877	481,271
Total insurance contract liabilities	3,536,160	4,137,073	3,536,160	4,137,073

NOTE 16. EMPLOYEE ENTITLEMENTS

	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
Provision for annual leave	59,805	64,275	51,609	56,393
Total employee entitlements	59,805	64,275	51,609	56,393

NOTE 17. SHARE CAPITAL

Authorised capital				
10,000,000 ordinary shares of $0.50 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and paid up capital				
6,476,080 ordinary shares of $0.50 each	3,238,040	3,238,040	3,238,040	3,238,040

NOTE 18. SHARE PREMIUM RESERVE

Share premium reserve	324,550	324,550	324,550	324,550

Share premium reserve relates to share issue proceeds received in excess of the par value of shares and is legally required by Section 60 of the Companies Act, 1983.

NOTE 19. INVESTMENT REVALUATION RESERVE

Balance as at 1 January	74,690	57,766	74,690	57,766
Fair value gain	7,610	16,924	7,610	16,924
Balance as at 31 December	82,300	74,690	82,300	74,690

NOTE 20. PROFIT/ (LOSS) BEFORE INCOME TAX

Profit/ (loss) before income tax has been determined after charging the following expenses:

Auditors' remuneration for:				
- Audit fees	38,342	37,863	32,317	32,363
- Other services	22,983	15,446	18,233	11,238
Depreciation	58,588	58,952	53,516	55,030
Directors' remuneration for:				
- Emoluments	270,765	300,210	270,765	300,210
- Fees	28,357	25,492	28,357	25,492
FNPF contribution	58,251	61,837	55,038	58,778
Legal and advisory fees	9,945	347,154	9,945	347,154
Impairment loss	-	15,486	-	15,486
Management and consultancy fees	126,500	296,999	126,500	296,999
Operating leases	90,716	103,082	88,976	102,177
Salaries, wages, TPAF levy and allowances	484,748	475,455	451,913	426,081

NOTE 21. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balance with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Consolidated		Holding Company	
	2012	2011	2012	2011
	$	$	$	$
Cash on hand and at bank	536,866	211,437	509,394	209,568
Total cash and cash equivalents	536,866	211,437	509,394	209,568

b) Non-cash Investing Activity

Bonus Shares

During the year, in lieu of dividends, bonus shares of 5,016 were issued by Yatu Lau Company Limited. This has been treated as dividend income and the value of investment in Yatu Lau Company Limited has been increased by the same amount. This transaction is not reflected in the statement of cash flows.

NOTE 22. EARNINGS/ (LOSS) PER SHARE

	Consolidated	
	2012	2011
	$	$
Earnings/ (loss) for the year used in calculating loss per share	375,733	(425,018)
Weighted average number of ordinary shares outstanding used in calculating basic earnings/ (loss) per share	6,476,080	6,476,080
Weighted average number of ordinary shares outstanding used in calculating diluted earnings/ (loss) per share	6,476,080	6,476,080
Basic earnings/ (loss) per share – cents	5.80	(6.56)
Diluted earnings/ (loss) per share – cents	5.80	(6.56)

NOTE 23. COMMITMENTS

a) Capital commitments

Capital expenditure approved and committed	472,478	-	472,478	-
Total capital expenditure commitments	472,478	-	472,478	-

Capital expenditure commitment relates to the purchase of E-Meditek software that will fully integrate insurance applications and general ledger, operative from 1 January 2013. The purchase has been authorised by the board of directors of the holding company, by way of a resolution dated 5 November 2012.

NOTE 23. COMMITMENTS (CONT'D)

	Consolidated 2012 $	Consolidated 2011 $	Holding Company 2012 $	Holding Company 2011 $
b) Operating lease expense commitments contracted for rentals are as follows:				
Not later than one year	118,440	142,805	118,440	141,970
Later than one year but not two years	25,340	-	25,340	-
Total commitments	143,780	142,805	143,780	141,970
c) Operating lease income commitments contracted for rentals are as follows:				
Not later than one year	6,261	5,739	30,261	29,739
Total commitments	6,261	5,739	30,261	29,739

d) The holding company, FijiCare Insurance Limited, agreed to provide necessary financial support to the subsidiary, FijiCare Medical Centre Limited to meet its liabilities as and when they fall due.

NOTE 24. CONTINGENT LIABILITIES

Contingent liabilities exist with respect to the following:	Consolidated 2012 $	Consolidated 2011 $	Holding Company 2012 $	Holding Company 2011 $
Indemnity guarantees	750	750	750	750
Litigations (a)	115,972	193,785	115,972	193,785
Total contingent liabilities	116,722	194,535	116,722	194,535

The holding company is subject to various claims arising in the ordinary course of business. On the basis of advice received from the solicitors representing the holding company and assessment carried out by the management, it is the opinion of the directors that the disposition or ultimate determination of such claims will not have a material effect on the financial position of the holding company.

NOTE 25. INVESTMENTS IN SUBSIDIARY COMPANY

Entity	Place of Incorporation	% Owned	Investment Book Value ($) 2012	Investment Book Value ($) 2011
FijiCare Medical Centre Limited	Fiji	100%	10,000	10,000
Less : Impairment loss			(10,000)	(10,000)
			-	-

NOTE 26. SEGMENT INFORMATION

(a) Operating segment

The group operates predominantly in the insurance industry and operating of medical centre.

		Medical and Health	Term Life	Clinic services	Others	Total
		$	$	$	$	$
Revenue	Dec 12	5,286,594	727,449	188,461	478,952	6,681,456
	Dec 11	5,653,247	884,210	145,863	623,279	7,306,599
Result (Revenue less allocated costs)	Dec 12	311,025	295,559	19,479	(68,593)	557,470
	Dec 11	47,112	(69,036)	2,995	137,831	118,902
Add: **Unallocated - other revenue:** Management fees, dividend, interest income and other income	Dec 12					234,288
	Dec 11					355,527
Less: **Unallocated – expenses and income tax**	Dec 12					416,025
	Dec 11					899,447
Profit/(Loss) after income tax	Dec 12					375,733
	Dec 11					(425,018)

Segment Assets and Liabilities

Assets and liabilities cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

Additional Information

Similarly, depreciation and other non-cash items cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

(b) Geographical segment

The group predominantly operates in Fiji and business from outside Fiji is not material. Accordingly, the group is in one geographical area for reporting purposes.

NOTE 27. RELATED PARTY DISCLOSURES

(a) Change in shareholding and the parent entity

Effective from 28 June 2012, the parent entity of the holding company is Aequi-Libria Associates Insurance Broker Limited, a company based in Limassol, Cyprus. Prior to 28 June 2012, the parent entity was Family Assurance Holdings (Pty) Limited, a company incorporated in Australia.

On 28 June 2012, 43.76% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Aequi-Libria Associates Insurance Broker Limited, a company based in Limassol, Cyprus. Following this, there was change in control and Aequi-Libria Associates Insurance Broker Limited became the parent entity of FijiCare Insurance Limited.

NOTE 27. RELATED PARTY DISCLOSURES (CONT'D)

(a) Change in shareholding and parent entity (cont'd)

Furthermore, on 28 June 2012, 10.31% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Stronghold Investments Inc, a company incorporated in Vanuatu and owned by the managing director, Peter McPherson.

From 28 June 2012, AFA Management Services (Pty) Limited ceased being a shareholder.

(b) Directors

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

Philipp Thomas – Chairman
Ross Porter (resigned 30/09/12)
Kaliopate Tavola
David Fisk (Appointed 22/05/12 and Resigned 28/06/12)
Peter McPherson
Joeli Randio (Resigned 22/05/12)
Max Storck

(c) Holding company transaction with related parties

Transactions with related parties during the year ended 31 December 2012 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2012	2011
FijiCare Medical Centre Limited	Subsidiary company	Capitation and Professional fees	220,771	189,754
FijiCare Medical Centre Limited	Subsidiary company	Rent income	24,000	24,000
AFA Management Services (Pty) Limited	Previous Shareholder/ director related entity	Management and Consultancy fee expense	126,500	296,999
Family Assurance (Tonga) Limited	Previous Shareholder/ director related entity	Management fees Income	-	1,627
Family Assurance (Tonga) Limited	Previous Shareholder/ director related entity	Premium income	-	19,009
Family Assurance (Tonga) Limited	Previous Shareholder/ director related entity	Commission expense	-	3,516
Unity Limited	Previous Shareholder/ director related entity	Accommodation expense:	-	1,602

(d) Key management personnel

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

NOTE 27. RELATED PARTY DISCLOSURES (CONT'D)

(d) Key management personnel (cont'd)

During the year the following directors and executives were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the holding company.

Name	Current title
Philipp Thomas	Chairman (Non-executive)
Peter McPherson	Managing Director (Executive)
Max Storck	Director (Non-executive)
Kaliopate Tavola	Director (Non-executive)
Ross Porter	Director (Non-executive) – resigned on 30/09/12
Joeli Randio	Director (Executive) – resigned on 22/05/12
David Fisk	Director (Executive) - Appointed on 22/05/12 and resigned on 28/06/12

The remuneration of the key management personnel during the year was as follows:

	2012	2011
	$	$
Non-Executive Director		
Directors fees	20,000	13,492
Executive Directors		
Short term benefits (directors fees, remuneration and benefits)	307,500	367,543
Long term benefits – FNPF	20,359	23,914

Refer Notes 27 (c) and 27 (f) in respect to consultancy fee payments to AFA Management Services (Pty) Ltd, the previous shareholder/ director related entity.

(e) Amounts due to, and receivable from related parties:

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements. (Refer Notes 9 and 14)

(f) Brief details of contracts and arrangements with related parties

i) Consultancy Agreement with AFA Management Services Pty Ltd, Australia

The holding company had entered into Consultancy Agreement with AFA Management Services (Pty) Ltd of Australia, a company in which the previous director, Mr Ross Porter had material interest, for provision of management and consulting services to FijiCare Insurance Limited. The Agreement covered the provision of services including financial, accounting, system reporting, reinsurance, claims and executive services. Pursuant to this Agreement, consultancy fees were paid to AFA Management Services Pty Ltd until 31 May 2012.

The consultancy fee expense of $126,500 was incurred for year ended 31 December 2012 (2011: $296,999).

NOTE 27. RELATED PARTY DISCLOSURES (CONT'D)

(f) Brief details of contracts and arrangements with related parties (Cont'd)

ii) Reinsurance Arrangements

During the year and prior years, James Hampden International Insurance Brokers, London, were the reinsurance brokers and Beazley Syndicate 3622 were the reinsurance underwriters for Fiji Care Insurance Limited. The holding company has reinsurance treaty of quota share/ surplus up to a maximum of $500,000.

During the year, it came to the managements and directors attention that in the reinsurance treaty policy, AFA Management Services Pty Ltd, Australia, a company associated with previous director Ross Porter, was referred as the 'Overseas Broker'.

Based on the information and confirmations obtained by the holding company from James Hampden International Insurance Brokers and Beazley Syndicate 3622, brokerage paid to James Hampden International Insurance Brokers was generally at the rate of 5% of net premium and to the best of the managements and directors information, there was no commission or brokerage payment to AFA Management Services Pty, Ltd, Australia.

iii) Reinsurance Recovery

From September 2008 to March 2011, the company paid medical claims amounting to around $290,000 to a claimant. The company in 2008 had reinsurance with AFA Vanuatu, an entity related to previous director Ross Porter. As per the reinsurance treaty, the company reinsured the Excess of Loss over $200,000, limited to $300,000.

During the year, it came to the management's attention that inadvertently, $56,631, net reinsurance was not claimed in prior years from AFA Vanuatu. Accordingly, the claim was lodged during 2012 for reinsurance recovery.

iv) New IT Software

The holding company has signed an agreement to purchase a new IT software for USD 140,000 as disclosed under capital commitments (note 23 (a)) from E-Meditek Technologies Limited, Gurgaon India. This is a related entity of E-Meditek Solutions Limited, in which holding company director, Mr Philipp Thomas, holds a directorship. However, he does not have any equity interest in either of these entities.

NOTE 28. INSURANCE CONTRACTS RISK MANAGEMENT

A key risk from operating in the general insurance industry is the exposure to insurance risk arising from underwriting general insurance contracts. The insurance contracts transfer risk to the insurer by indemnifying the policyholders against adverse affects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to contracts will be different to the amount estimated at the time a product was designed and priced. The consolidated entity is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The consolidated entity also faces other risks relating to the conduct of the general insurance business including financial risks (refer principally to Note 29).

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of the cash flows arising from insurance contracts.

NOTE 28. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(a) Risk management objectives and policies for mitigating insurance risk

The insurance activities primarily involve the underwriting of risks and the management of claims. A disciplined approach to risk management is adopted rather than a premium volume or market share oriented approach. It is believed this approach provides the greatest long term likelihood of being able to meet the objectives of all stakeholders, including policyholders, lenders and equity holders.

The risk management activities can be broadly separated into underwriting (acceptance and pricing risk), claims management and investment management. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations.

The key policies in place to mitigate risks arising from underwriting insurance contracts include the following:

- Acceptance of risk – Insurance and reinsurance policies are written in accordance with local management practises and regulations within each jurisdiction. Maximum limits are set for the acceptance of risk on an individual contract basis. Management information systems are maintained that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time. Efforts are made, including plain language policy terms, to ensure there is no misalignment between what policyholders perceive will be paid when a policy is initially sold and what is actually paid when a claim is made.
- Pricing – Statistical models are used which combine historical and projected data to calculate premiums and monitor claims patterns for each class of business. The data used includes historical pricing and claims analysis for each class of business as well as current developments in the respective markets and classes of business.
- Reinsurance – The use of reinsurance to limit exposure to large single claims and the accumulation of claims that arise from the same event or the accumulation of similar events. This includes the monitoring of reinsurers' credit risk to control exposure to reinsurance counterparty default.
- Claims management – Initial claim determination is managed by claims officers with the requisite degree of experience and competence with the assistance, where appropriate, or other party with specialist knowledge. It is the holding company's policy to respond and settle claims quickly whenever possible and to pay claims fairly, based on the policyholders full entitlements.
- Investment management – Assets and liabilities are managed so as to effectively match the expected pattern of claims payments with the assets that are held to back insurance liabilities.

(a) Terms and conditions of insurance contracts

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted. Insurance contracts are generally entered into on an annual basis and at the time of entering into a contract all terms and conditions are negotiable or, in the case of renewals, renegotiable. The majority of direct insurance contracts written are entered into on a standard form basis. Non-standard and long term policies may only be written if expressly approved by a person with appropriate delegated authority. There are no special terms and conditions in any non-standard contracts that would have a material impact on the financial statements.

NOTE 28. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(b) Credit risk

Financial assets or liabilities arising from insurance contracts are presented on the statement of financial position at the amount that best represents the maximum credit risk exposure at the reporting date.

The credit risk relating to insurance contracts relates primarily to premium receivable which is due from individual policyholders and intermediaries (brokers and agents). The brokers and agents collect premium from policyholders and remit the monies to the insurer in accordance with contractual arrangements. The recoverability of premium receivable is assessed and provision is made for impairment based on objective evidence and having regard to past default experience.

(c) Operational risk

Operational risk is the risk of financial loss (including lost opportunities) resulting from external events and/or inadequate or failed internal processes, people and systems to perform as required. Operational risk can have overlaps with all of the other risk categories. When controls fail, operational risks can cause damage to reputation, can have legal or regulatory implications or can lead to financial loss. The holding company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, is able to manage risks.

Operational risk is identified and assessed on an ongoing basis and the capital management strategy includes consideration of operational risk. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities.

NOTE 29. FINANCIAL RISK MANAGEMENT

The group is exposed to a variety of financial risks in the normal course of business; market risk (including foreign exchange risk, fair value interest rate risk and equity price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(a) Market risk

Market risk is the risk that fair value of or future cash flows of a financial instrument will fluctuate because of changes in market prices. Procedures are in place to mitigate the group's exposure to market risk.

(i) Foreign exchange risk

The group does not have significant transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations is minimal.

NOTE 29. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk results from the holding of financial assets and liabilities in the normal course of business.

Fixed interest rate assets and variable interest rate liabilities create exposure to fair value interest rate risk. The group mitigates interest rate risk by maintaining an appropriate mix of instruments.

(iii) Equity Price Risk

Equity price risk is defined as exposure to movements in investment prices /values, i.e., the dollar effect of a change in market price /value of investments. The holding company minimizes the risks by:

a) Diversifying the investments portfolio across assets classes;

b) Diversifying the equity and debt portfolios across sectors and securities to the prescribed limit;

c) Proper asset (stock) selection based on relative value after a research process; and

d) Appropriate investments limits that covers asset allocation, concentration, regional location and currency.

(b) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The consolidated entity's credit risk arises predominantly from investment activities and reinsurance activities.

The credit risk relating to investments is monitored and assessed, and maximum exposures are limited. The investments comprising assets held to back insurance liabilities are restricted to investment grade securities.

(c) Liquidity risk

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity such as bank, reinsurance arrangements and other sources.

Sound liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The nature of insurance activities means that the timing and amount of cash flows are uncertain.

Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of held-to-maturity investments. The assets are managed so as to effectively match the maturity profile of the assets with the expected pattern of claims payments.

NOTE 30. MATURITY ANALYSIS

The following analysis of monetary assets and liabilities as at 31 December 2012 is based on contractual terms.

	31 December 2012 - Consolidated						
	At call	**1 day to 3 months**	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 Years**	**No specific maturity**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Assets							
Cash and bank balances	536,866	-	-	-	-	-	536,866
Trade and other receivables	-	1,468,554	-	-	-	-	1,468,554
Available-for-sale financial assets	-	-	-	-	-	570,298	570,298
Held-to maturity investments		392,140	3,440,109	200,000	-	-	4,032,249
Current tax assets	-	-	433,142	-	-	-	433,142
	536,866	1,860,694	3,873,251	200,000	-	570,298	7,041,109
Liabilities							
Trade and other payables	-	855,945	-	-	-	-	855,945
Insurance contract liabilities		1,161,746	1,491,760			882,654	3,536,160
	-	2,017,691	1,491,760	-	-	882,654	4,392,105

	31 December 2011 - Consolidated						
	At call	**1 day to 3 months**	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**No specific maturity**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Assets							
Cash and bank balances	211,437	-	-	-	-	-	211,437
Trade and other receivables	-	1,389,432	-	-	-	-	1,389,432
Available-for-sale financial assets	-	-	-	-	-	543,832	543,832
Held-to maturity investments	-	3,392,251	1,150,341	300,000	-	-	4,842,592
Current tax assets	-	-	332,000	-	-	-	332,000
	211,437	4,781,683	1,482,341	300,000	-	543,832	7,319,293
Liabilities							
Trade and other payables	-	797,492	-	-	-	-	797,492
Insurance contract liabilities	-	1,363,186	1,211,009	-	-	1,562,878	4,137,073
	-	2,160,678	1,211,009	-	-	1,562,878	4,934,565

NOTE 31. PRINCIPAL ACTIVITIES

The principal activities of the holding company during the year were that of underwriting of medical, term life, mortgage protection, worker's compensation, personal accident, public liability, funeral benefits and motor vehicle insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinic offering family medicine, immigration medicals, women health counseling and minor surgery services.

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

NOTE 32. HOLDING COMPANY DETAILS

Company Incorporation

The holding company was incorporated in Fiji under the Companies Act, 1983.

Registered Office and Principal Place of Business

The registered office and principal place of business of the holding company is located at:

Level 9
FNPF Place
343-359 Victoria Parade
SUVA

NOTE 33. SIGNIFICANT EVENTS DURING THE YEAR

1. In accordance with the amendments to the Income Tax Act during January 2012, the carry forward of income tax losses were ceased effective from 1 January 2012. However, subsequently, during April 2012, further amendments to Income Tax Act were made, and carry forward of income tax losses were reinstated effective from 1 January 2012. Accordingly, the income tax losses are now allowed to be carried forward for 4 years from the year of loss.

2. On 28 June 2012, 43.76% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Aequi-Libria Associates Insurance Broker Limited, a company based in Limassol, Cyprus. Following this, there was change in control and Aequi-Libria Associates Insurance Broker Limited became the parent entity of FijiCare Insurance Limited.

   Furthermore, on 28 June 2012, 10.31% shares of the holding company owned by Family Assurance Holdings (Pty) Limited and AFA Management Services (Pty) Limited had been acquired by Stronghold Investments Inc, a company incorporated in Vanuatu and owned by the managing director, Peter McPherson.

   From 28 June 2012, AFA Management Services (Pty) Limited ceased being a shareholder.

3. During the year, the holding company has been authorized by the Reserve Bank of Fiji to enter into property insurance underwriting. The holding company propose to venture into property insurance underwriting once a specific reinsurance program has been secured.

NOTE 34. EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 26 March 2013.

SOUTH PACIFIC STOCK EXCHANGE - LISTING REQUIREMENTS

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this Annual Report)

1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 December 2012.

Directors	**Direct Interest (Number of Shares)**	**Indirect Interest (Number of Shares)**
Peter McPherson	999,999	7,128
Philip Thomas	3,233,689	0

2. Distribution of ordinary shareholders:

Distribution of Shareholding	Total	Total % Holding
Less Then 500	13,269	4.13%
501 to 5,000	42	0.96%
5,001 to 10,000	7	0.76%
10,001 to 20,000	6	1.25%
20,001 to 30,001	5	1.73%
30,001 to 40,000	0	0.00%
40,001 to 50,000	0	0.00%
50,001 to 100,000	1	0.80%
100,001 to 1,000,000	7	40.44%
Over 1,000,000	1	49.93%
Total	13,338	100%

Share Register
FijiCare Insurance Limited
Level 9. FNPF Place, 343-359 Victoria Parade
Suva, Fiji.

3. Disclosure on the trading results of the subsidiary company under Section 6.31:

FijiCare Medical Centre Limited

	2012	**2011**
Revenue $	393,762	335,617
Other income	0	0
Less :		
Depreciation	-5,072	-3,922
Other expenses	-369,211	-328,700
Income tax expense	-	-
	19,479	2,995
Add loan from parent company written off/forgiven	-	-
Total comprehensive income for the year $	19,479	2,995

	2012	**2011**
Total Assets	80,362	60,963
Total Liabilities	41,757	41,837
Shareholders Equity	38,605	19,126

4. Twenty Largest Shareholders

As of 31st December 2012, the twenty largest shareholders held 6,096,627 shares which is eaual to 94.14% of the total issued 6,476,080 fully paid shares of 50 cents each.

1	**Aequi-Libria Associates Ltd**	3,233,689	2	**Stronghold Investment Inc**	999,999
3	**Kontiki Fund Limited**	571,466	4	**Unit Trust of Fiji**	425,852
5	**Dominion Insurance Limited**	168,655	6	**Yasana Holdings Limited**	168,609
7	**Kontiki Growth Fund Limited**	152,520	8	**Graham Barnett**	131,524
9	**Reddys' Enterprise Ltd**	51,561	10	**CEPAC SECRETARIAT**	24,407
11	**Oceania Marist Province**	22,561	12	**Jinita Prasad**	22,500
13	**Fijian Development Fund Board**	21,787	14	**Ken Kung**	20,759
15	**Jimaima T Schultz**	20,000	16	**Griffon Emose**	15,000
17	**WILLIAM HONWING**	12,993	18	**Mehboob Raza**	11,690
19	**Fazal Khan**	10,615	20	**Nizam Ud Dean**	10,440

FIJICARE INSURANCE LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

(1) Disclosure under Section 6.31 (xii):

Summary of Key Financial results for the previous five years (Consolidated)

	2012	2011	2010	2009	2008	2007
Net Profit / (Loss) after Tax	375,733	-425,018	-36,265	-248,651	548,724	670,017
Current Assets	6,764,841	6,938,495	6,161,387	7,586,258	5,683,529	4,990,070
Non - Current Assets	1,429,487	1,419,420	2,984,760	1,283,124	2,847,668	3,022,380
Total Assets	**8,194,328**	**8,357,915**	**9,146,147**	**8,869,382**	**8,531,197**	**8,012,450**
Current Liabilities	4,451,910	4,998,840	5,378,978	4,997,574	4,366,872	4,461,964
Non - Current Liabilities	0	0	0	40,400	0	53,158
Total Liabilities	**4,451,910**	**4,998,840**	**5,378,978**	**5,037,974**	**4,366,872**	**4,515,122**
Shareholders Equity	**3,742,418**	**3,359,075**	**3,767,169**	**3,831,408**	**4,164,325**	**3,497,328**

Summary of Key financial results for the previous five years for the Holding company:

	2012	2011	2010	2009	2008	2007
Net Profit / (Loss) after Tax	356,254	-428,013	-14,789	-284,121	459,590	687,062
Current Assets	6,723,104	6,923,765	6,128,754	7,544,840	5,671,206	4,985,874
Non - Current Assets	1,408,373	1,402,953	2,974,468	1,273,099	2,835,632	3,102,890
Total Assets	**8,131,477**	**8,326,718**	**9,103,222**	**8,817,939**	**8,506,838**	**8,088,764**
Current Liabilities	4,427,664	4,986,769	5,352,184	4,983,738	4,344,650	4,451,281
Non - Current Liabilities	0	0	0	40,400	0	53,158
Total Liabilities	**4,427,664**	**4,986,769**	**5,352,184**	**5,024,138**	**4,344,650**	**4,504,439**
Shareholders Equity	**3,703,813**	**3,339,949**	**3,751,038**	**3,793,801**	**4,162,188**	**3,584,325**

FIJICARE INSURANCE LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

(2) Disclosure under Section 6.31 (xiii) (a):

Dividend declared per share:

	2012	2011	2010	2009	2008	2007
Cents per share	0	0	0	0.04	0.04	0

(3) Disclosure under Section 6.31 (xiii) (b):

Earnings / (Loss) per share (Consolidated):

Basic Earnings / (Loss) per share

	2012	2011	2010	2009	2008	2007
Cents per share	5.80	-6.56	-0.56	-3.92	9.15	11.63

Diluted earnings / (Loss) per share

	2012	2011	2010	2009	2008	2007
Cents per share	5.80	-6.56	-0.56	-3.92	9.15	11.62

(3) Disclosure under Section 6.31 (xiii) (c):

Net tangible assets per share (Group):

	2012	2011	2010	2009	2008	2007
Cents per share	0.53	0.52	0.58	0.59	0.67	0.61

(4) Disclosure under Section 6.31 (xiii) (d):

Share price during the year (Cents per share)	2012	2011
Highest	0.53	0.65
Lowest	0.50	0.50
On 31st December	0.53	0.50

FIJICARE INSURANCE LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

(5) Disclosure under Section 6.31 (vi):

Meetings of the Board

The regular business of the Board during its meetings covers business investments and strategic matters, governance and compliance, the Managing Directors report, financial report and performance of subsidiary company. To minimise cost two Board of Directors meeting were conducted via teleconferencing.

Director	Number of Meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Carl Philipp Thomas	5	5	NA
Mr. Peter McPherson	5	5	NA
Mr. Kaliopate Tavola	5	5	NA
Mr. Max Storck	5	3	2
Mr. Ross Porter	4	4	Resigned September 2012
Mr. Joeli Randio	3	3	Resigned May 2012
Company Secretary			
Mr. David Fisk	3	3	Resigned June 2012
Mr. Victor Robert	5	5	NA

The Board met 5 times during the financial year ended 31st December 2012

FIJICARE INSURANCE LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

(6) Disclosure under Section 6.31 (vii):

LISTED SECURITIES	QUANTITY	CURRENT VALUE	TOTAL VALUE
PARADISE BEVERAGES (FIJI) LIMITED	**5,550**	$ 13.14	**72,927**
ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED	**5,000**	$ 0.71	**3,550**
R B PATEL GROUP LIMITED	**53,000**	$ 2.15	**113,950**
COMMUNICATIONS (FIJI) LIMITED	**20,000**	$ 2.21	**44,200**
VB HOLDINGS LTD	**3,143**	$ 3.00	**9,429**
PLEASS GLOBAL LIMITED	**60,000**	$ 0.85	**51,000**
AMALGAMATED TELECOM HOLDINGS LIMITED	**50,000**	$ 0.88	**44,000**
THE RICE COMPANY OF FIJI LIMITED	**18,600**	$ 2.30	**42,780**
FIJI TELEVISION LIMITED	**9,000**	$ 2.67	**24,030**
FMF FOODS LIMITED	**77,540**	$ 0.40	**31,016**
KONTIKI GROWTH FUND LIMITED	**51,000**	$ 0.29	**14,790**
TOTAL			**451,672**

UNLISTED SECURITIES	QUANTITY	CURRENT VALUE	TOTAL VALUE
THE FIJI GAS COMPANY LIMITED	**3,310**	$ 10.00	**33,100**
YATU LAU COMPANY LIMITED	**55,178**	$ 1.55	**85,526**
TOTAL			**118,626**

Address

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Company Secretary

Victor Vikash Robert