FIJICARE INSURANCE LTD

For Public Disclosure

To: South Pacific Stock Exchange ("**SPSE**")
Level 2, Plaza One
Provident Plaza
33 Ellery Street, Suva
Fiji.

BY EMAIL: info@spse.com.fj

BY FAX: (679) 330 4145

Re: FIJICARE INSURANCE LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

In accordance with the continuing Listing Rules of the SPSE, the Company wishes to make the following announcement.

FijiCare Insurance Limited announces the profit after income tax of the holding company for the year that was $475,312 (2013: profit after income tax was $632,436). Total profit, including comprehensive income, for the year was $579,124 (2013: Total profit, including comprehensive income, was $670,008).

The consolidated profit after income tax for the year was $430,897 (2013: consolidated profit after income tax was $679,745). Total consolidated profit, including comprehensive income, for the year was $506,044 (2013: Total consolidated income, including comprehensive income was $717,317).

The decline in profit is mainly attributed to costs relating to the setup of the Vanuatu subsidiary (refer below) and an increase in the Incurred But Not Reported (IBNR) claims provision.

Significant events during the year;

1. On 20 August 2014, VanCare Insurance Limited, a wholly owned subsidiary company was incorporated under the Companies Act of Vanuatu. VanCare Insurance Limited is a licensed general insurance company, limited by shares, incorporated and domiciled in Vanuatu. The subsidiary company commenced its business operations in Vanuatu effective 1 October 2014. The principal activity of VanCare Insurance Limited during the year was that of underwriting of general insurance risks. However, no policy was underwritten during the period ended 31 December 2014.

2. During July 2014, the holding company purchased investment property at Fairway Palms, Denarau from Reliance Investments Limited for a consideration of $779,000.

The Board of Directors takes this opportunity to thank the Management and staff for a successful 2014 and anticipates for a promising 2015.

Peter McPherson	**Victor Robert**
Managing Director	**Company Secretary**
Dated: 31st March 2015	

FIJICARE INSURANCE LIMITED
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of FijiCare Insurance Limited ("the holding company") and its subsidiary companies (together "the group") as at 31 December 2014, the related statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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
Arivakisati Bovoro aka Tukana Bovoro (appointed 22 January 2015)

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, motor vehicle and property insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinic and medical centre.

On 20 August 2014, VanCare Insurance Limited, a wholly owned subsidiary company was incorporated under the Companies Act of Vanuatu. The principal activity of VanCare Insurance Limited during the year was that of underwriting of general insurance risks. However, no policy was underwritten during the period ended 31 December 2014.

Other than the above, there were no significant changes in the nature of the principal activities of the group.

Results

The profit after income tax of the holding company for the year was $475,312 (2013: $632,436). Total comprehensive income of the holding company for the year was $579,124 (2013: $670,008).

The consolidated profit after income tax was $430,897 (2013: $679,745). Total consolidated comprehensive income for the year was $506,044 (2013: $717,317).

Dividends

The directors declared dividends of $323,804 during the year ended 31 December 2014 out of retained earnings as at 31 December 2013.

Reserves

Except for the movements disclosed in the statements 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.

Bad and Doubtful Debts

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

DIRECTORS' REPORT [CONT'D]

Bad and Doubtful Debts (Cont'd)

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 and 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 and non-current assets in the financial statements of the holding company and the group misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the holding company and 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 holding company and the group in the current financial year.

Significant Events during the Year

During the year:

(i) On 20 August 2014, VanCare Insurance Limited, a wholly owned subsidiary company was incorporated under the Companies Act of Vanuatu. VanCare Insurance Limited is a licensed general insurance company, limited by shares, incorporated and domiciled in Vanuatu. The subsidiary company commenced its business operations in Vanuatu effective 1 October 2014. The principal activity of VanCare Insurance Limited during the year was that of underwriting of general insurance risks. However, no policy was underwritten during the period ended 31 December 2014.

(ii) During July 2014, the holding company purchased investment property at Fairway Palms, Denarau from Reliance Investments Limited for a consideration of $779,000.

Events Subsequent to Balance Date

Subsequent to balance date, in March 2015, there was severe cyclone in the Pacific Region which caused massive damages to Vanuatu. The subsidiary company, VanCare Insurance limited has not underwritten any policy during the period ended 31 December 2014 and very few policies of non-significant amounts were underwritten till the date of this report. Accordingly, based on the assessment carried out by the management, it is the opinion of the directors that the insurance claims relating to Cyclone Pam will not have a material effect on the financial position of the group.

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

DIRECTORS' REPORT [CONT'D]

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 the holding company and the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the 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 27 day of March 2015.

....

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 statements of profit or loss and other 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 2014;

[ii] the accompanying statements 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 2014;

[iii] the accompanying statements 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 2014;

[iv] the accompanying statements 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 2014;

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

[vi] at the date of this statement, there are reasonable grounds to believe that the companies in 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 entities.

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

Dated this 27 day of March 2015.

....	....
Director	Director

BDO

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INDEPENDENT AUDITOR'S REPORT

To the Members of FijiCare Insurance Limited

We have audited the accompanying financial statements of FijiCare Insurance Limited ("the holding company") and its subsidiary companies (together "the group"), which comprise the statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 45.

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

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1983, and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the holding company and the group as at 31 December 2014, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

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

Report on Other Legal and Regulatory Requirements

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;

b) the financial statements are in agreement with the books of account; and

c) to the best of our information and according to the explanations given to us, the financial statements 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.

BDO

SUVA, FIJI
27 MARCH 2015

BDO
CHARTERED ACCOUNTANTS

	Notes	Consolidated		Holding Company	
		2014	2013	2014	2013
		$	$	$	$
Revenue	5	11,903,704	9,971,219	11,703,286	9,802,508
Incurred claims		(7,863,187)	(6,013,951)	(8,092,098)	(6,293,118)
Commission expense	6	(1,289,350)	(1,051,585)	(1,289,350)	(1,051,585)
Other direct costs		(295,700)	(262,288)	-	-
Net revenue		2,455,467	2,643,395	2,321,838	2,457,805
Other revenue	7	310,228	379,032	333,883	413,032
		2,765,695	3,022,427	2,655,721	2,870,837
Advertising and promotion Expenses		(44,369)	(30,095)	(40,873)	(28,113)
Other operating expenses		(2,231,103)	(2,171,406)	(2,082,835)	(2,072,724)
		(2,275,472)	(2,201,501)	(2,123,708)	(2,100,837)
Profit before income tax	22	**490,223**	**820,926**	**532,013**	**770,000**
Income tax expense	8(a)	(59,326)	(141,181)	(56,701)	(137,564)
Profit for the year		**430,897**	**679,745**	**475,312**	**632,436**
Other comprehensive income / (loss):					
Items that may be reclassified subsequently to profit or loss:					
Fair value gain on available-for-sale financial assets	20	103,812	37,572	103,812	37,572
Exchange loss on translating foreign operation		(28,665)	-	-	-
Total comprehensive income for the year		**506,044**	**717,317**	**579,124**	**670,008**
Earnings per share					
Basic earnings per share - cents	24	**6.37**	**10.50**		
Diluted earnings per share - cents	24	**6.37**	**10.50**		

The accompanying notes form an integral part of these statements of profit or loss and other comprehensive income.

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Consolidated					
	Share Capital	Share Premium Reserve	Investment Revaluation Reserve	Foreign Currency Translation Reserve	Accumulated Profits	Total
	$	$	$	$	$	$
Balance as at 1 January 2013	3,238,040	324,550	82,300	-	97,528	3,742,418
Profit for the year	-	-	-	-	679,745	679,745
Other comprehensive income for the year	-	-	37,572	-	-	37,572
Balance as at 31 December 2013	**3,238,040**	**324,550**	**119,872**	**-**	**777,273**	**4,459,735**
Additional shares issued (Note 18)	248,461	9,938	-	-	-	258,399
Dividends declared (Note 21)	-	-	-	-	(323,804)	(323,804)
Profit for the year	-	-	-	-	430,897	430,897
Other comprehensive income / (loss) for the year:						
- Fair value gain on available-for-sale financial assets	-	-	103,812	-	-	103,812
- Exchange loss on translating foreign operation	-	-	-	(28,665)	-	(28,665)
Balance as at 31 December 2014	**3,486,501**	**334,488**	**223,684**	**(28,665)**	**884,366**	**4,900,374**

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

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Holding Company				
	Share Capital	Share Premium Reserve	Investment Revaluation Reserve	Accumulated Profits	Total
	$	$	$	$	$
Balance as at 1 January 2013	3,238,040	324,550	82,300	58,923	3,703,813
Profit for the year	-	-	-	632,436	632,436
Other comprehensive income for the year	-	-	37,572	-	37,572
Balance as at 31 December 2013	**3,238,040**	**324,550**	**119,872**	**691,359**	**4,373,821**
Additional shares issued (Note 18)	248,461	9,938	-	-	258,399
Dividends declared (Note 21)	-	-	-	(323,804)	(323,804)
Profit for the year	-	-	-	475,312	475,312
Other comprehensive income for the year	-	-	103,812	-	103,812
Balance as at 31 December 2014	**3,486,501**	**334,488**	**223,684**	**842,867**	**4,887,540**

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

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	Consolidated		Holding Company	
		2014	2013	2014	2013
		$	$	$	$
CURRENT ASSETS					
Cash on hand and at bank		1,661,653	3,142,378	1,447,601	3,088,362
Trade and other receivables	9	2,867,059	1,345,071	2,871,748	1,322,555
Inventories - medical supplies		1,497	6,016	-	-
Held-to-maturity investments	10(a)	4,372,454	3,908,464	3,997,008	3,908,464
Deferred costs	11	604,148	465,356	604,148	465,356
Current tax assets	8(b)	77,498	125,360	76,896	124,362
Total current assets		**9,584,309**	**8,992,645**	**8,997,401**	**8,909,099**
NON-CURRENT ASSETS					
Trade and other receivables	9	45,836	91,124	45,836	91,124
Available-for-sale financial assets	10(b)	1,167,582	809,659	1,167,582	809,659
Held-to-maturity investments	10(a)	300,000	200,000	300,000	200,000
Investment in subsidiaries	10(c)	-	-	619,921	10,000
Investment properties	12	806,273	-	1,222,567	420,972
Property, plant and equipment	13	634,382	614,089	187,148	171,154
Intangible assets	14	200,452	229,943	117,324	229,943
Deferred tax assets	8(c)	13,490	12,021	12,666	11,636
Total non-current assets		**3,168,015**	**1,956,836**	**3,673,044**	**1,944,488**
TOTAL ASSETS		**12,752,324**	**10,949,481**	**12,670,445**	**10,853,587**
CURRENT LIABILITIES					
Trade and other payables	15	726,040	765,044	668,084	761,891
Insurance contract liabilities	16	7,054,973	5,662,303	7,054,973	5,662,303
Employee entitlements	17	70,937	62,399	59,848	55,572
Total current liabilities		**7,851,950**	**6,489,746**	**7,782,905**	**6,479,766**
TOTAL LIABILITIES		**7,851,950**	**6,489,746**	**7,782,905**	**6,479,766**
NET ASSETS		**4,900,374**	**4,459,735**	**4,887,540**	**4,373,821**
SHAREHOLDERS' EQUITY					
Share capital	18	3,486,501	3,238,040	3,486,501	3,238,040
Share premium reserve	19	334,488	324,550	334,488	324,550
Investment revaluation reserve	20	223,684	119,872	223,684	119,872
Foreign currency translation reserve		(28,665)	-	-	-
Accumulated profits		884,366	777,273	842,867	691,359
TOTAL SHAREHOLDERS' EQUITY		**4,900,374**	**4,459,735**	**4,887,540**	**4,373,821**

The accompanying notes form an integral part of these statements of financial position.

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

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Director Director

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Consolidated		Holding Company	
	Inflows/ (Outflows) 2014 $	Inflows/ (Outflows) 2013 $	Inflows/ (Outflows) 2014 $	Inflows/ (Outflows) 2013 $
Cash flows from operating activities				
Premium and fees received	11,618,501	11,776,052	11,465,322	11,618,396
Reinsurance premium paid, net	(660,745)	(682,040)	(660,745)	(682,040)
Claims, commission and capitation fees paid, net	(8,695,307)	(5,937,577)	(8,695,307)	(6,203,514)
Payments to brokers, suppliers and employees	(2,040,240)	(2,079,986)	(1,862,825)	(1,695,243)
Cash generated from operations	222,209	3,076,449	246,445	3,037,599
Income tax (paid) / refunds, net	(12,932)	215,000	(10,265)	220,000
Interest received	62,977	44,182	62,977	44,182
Net cash provided by operating activities	272,254	3,335,631	299,157	3,301,781
Cash flows from investing activities				
Payments for property, plant and equipment	(134,185)	(126,465)	(117,205)	(119,159)
Payments for intangible assets	(110,559)	(308,388)	(27,431)	(308,388)
Payments for investment property	(810,159)	-	(810,159)	-
Payments for held-to-maturity investments	(3,808,464)	(3,622,745)	(3,808,464)	(3,622,745)
Payments for available-for-sale investments	(265,854)	(213,247)	(265,854)	(213,247)
Dividends received	34,528	28,490	34,528	28,490
Repayment by / (advances to) Kontiki Growth Fund Limited, net	59,948	(150,717)	59,948	(150,717)
Payments for investment in subsidiary company, VanCare Insurance Limited	-	-	(609,921)	-
Advance to VanCare Insurance Limited	-	-	(52,572)	-
Proceeds from sale of plant and equipment	14,153	30,705	14,153	30,705
Proceeds from held-to-maturity investments	3,708,464	3,632,248	3,708,464	3,632,248
Net cash used in investing activities	(1,312,128)	(730,119)	(1,874,513)	(722,813)
Cash flows from financing activities				
Dividends paid	(65,405)	-	(65,405)	-
Net cash used in financing activities	(65,405)	-	(65,405)	-
Net (decrease) / increase in cash and cash equivalents	**(1,105,279)**	**2,605,512**	**(1,640,761)**	**2,578,968**
Cash and cash equivalents at the beginning of the year	3,142,378	536,866	3,088,362	509,394
Cash and cash equivalents at the end of the year (Note 23)	**2,037,099**	**3,142,378**	**1,447,601**	**3,088,362**

The accompanying notes form an integral part of these statements of cash flows.

NOTE 1. GENERAL INFORMATION

FijiCare Insurance Limited (the holding company) is a licensed general insurance and publicly listed company, listed on South Pacific Stock Exchange, limited by shares, incorporated and domiciled in Fiji under the Companies Act, 1983. The address of its registered office and principal place of business is disclosed in Note 34 to the financial statements.

The principal activities of the holding company and its subsidiary companies (together "the group") are disclosed in Note 33 to the financial statements.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for the valuation of financial assets and financial liabilities at fair value through statement of profit or loss and other comprehensive income. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of International Financial Reporting Standards ('IFRS'), management is required to make judgments, 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 judgments. 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. Judgments 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.

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

b) Statement of Compliance

The financial statements have been prepared in accordance with the Companies Act, 1983 and IFRS as required by the Fiji Institute of Accountants.

c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the holding company and its subsidiary companies which are listed in Note 27. Control is achieved when the holding company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Basis of Consolidation (Cont'd)

The holding company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the holding company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The holding company considers all relevant facts and circumstances in assessing whether or not the holding company's voting rights in an investee are sufficient to give it power, including:

- the size of the holding company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the holding company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the holding company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the holding company obtains control over the subsidiary company and ceases when the holding company loses control of the subsidiary company.

Income and expenses of the subsidiary companies are included in the consolidated statement of profit or loss and other comprehensive income from the date the holding company gains control until the date when the holding company ceases to control subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the holding company.

All inter-company balances and transactions between the holding company and its subsidiary companies including any recognised profits or losses have been eliminated on consolidation.

d) Changes in Accounting Policies

i) New standards, interpretations and amendments effective from 1 January 2014

One new interpretation and a number of amendments are effective for the first time for periods beginning on (or after) 1 January 2014, however, none have a material impact on the holding company and the group's financial statements.

ii) New standards, interpretations and amendments that have been issued but are not mandatory effective as at 31 December 2014

A number of new standards, interpretations and amendments have been issued which are not mandatory and the group has not early adopted them in preparing these financial statements.

Management is still determining the likely impact of these new standards and amendments. However, none of these new standards and amendments is expected to have a significant impact on the group's financial statements except for the following below:

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

ii) New standards, interpretations and amendments that have been issued but are not mandatory effective as at 31 December 2014 (Cont'd)

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

IFRS 9 is a new standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. With regard to financial liabilities, the recognition and measurement guidance is unchanged from IAS 39. An additional presentational requirement has been added for liabilities designated at fair value through profit or loss.

The directors and management are still determining the likely impact of this standard to the financial statements of the group.

IFRS 15 - Revenue from Contracts with Customers: Revenue Recognition (effective for annual periods beginning on or after 1 January 2017)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised and which replaces the existing requirements which are currently set out in a number of Standards and Interpretations.

This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.

The directors and management are still determining the likely impact of this standard to the financial statements of the group.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 years 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 individually at year end. Bad debts are written off during the period when they are identified.

The group periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts. The group has individually assessed allowances against individually significant trade and other receivables.

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

b) 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 recognised 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.

c) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d) Comparatives

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

e) Dividend Distribution

Dividend distribution to the holding company's shareholders is recognised as a liability in the group's and holding company's financial statements in the period in which the dividends are declared by the company's directors.

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 holding 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.

g) Financial Assets

The group classifies its financial assets in the following categories: held-to-maturity investments, available-for-sale financial assets and loans 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' as disclosed in the statements of financial position (Note 9). Bad debts are written off during the period in which they are identified.

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

g) Financial Assets (Cont'd)

Loans and receivables (Cont'd)

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

Held-to-maturity investments in commercial banks and financial institutions by the group are recorded at their amortised cost and not re-measured to market values as they are considered likely to be held to maturity in line with investment objectives and fixed price nature of the investments.

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.

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 of the holding company include investments in subsidiary companies and are accounted for at cost less any accumulated impairment charges in the financial statements of the holding company.

Available-for-sale financial assets are subsequently carried at fair value. Fair value for listed investments or quoted investments held by the holding company that are traded in market is based on current market prices. Changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income and included in the investment revaluation reserve in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in investment revaluation reserve 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 holding 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 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 the financial assets previously recognised in profit or loss) is removed from fair value reserve within equity and recognised in profit or loss.

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

h) Foreign Currency Translations

Functional and presentation currency

The group operates in Fiji and Vanuatu, however the financial statements are presented in Fiji dollars, which is the holding company'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.

Foreign controlled entity

As the foreign controlled subsidiary company of the group, VanCare Insurance Limited, is a self-sustaining entity, its assets and liabilities are translated to Fiji dollar at the average year-end buying and selling exchange rates, while its revenues and expenses are translated at the average of buying and selling rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve.

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. When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use 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 a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

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.

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 recognised 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 statements of profit or loss 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

Capital Gains Tax (CGT) is applicable 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 stated at fair values are 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.

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

k) Insurance Contracts (Cont'd)

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.

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 recognised 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 recognised value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

m) Intangible Assets

Computer software is recorded at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each financial year.

n) Investment Properties

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

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

Investment properties are de-recognised 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.

o) 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.

Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Group as a 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.

p) Segment Reporting

Operating Segment

An operating segment is a component of the group which may earn revenues and incur expenses and the operating 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.

Geographic Segment

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

The 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 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

q) 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.

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

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.

Freehold land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over their estimated useful lives using the following rates:

Building	2.5%
Furniture, fittings and office equipment	10% - 40%
Motor vehicles	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

Capital work in progress principally relates to costs and expenses incurred for capital works in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

r) 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

The liability for annual leave is recognised 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.

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

r) Provision for Employee Entitlements (Cont'd)

Bonus plans

The companies under the group pay bonuses to employees based on performance of the group and achievement of individual objectives by the employees. The group accrues bonus where contractually obliged or where there is a past practice, subject to performance evaluation.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

s) 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 and/or reinsurance contract terms.

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

t) 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 recognised 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. Rental income represents income earned from renting out of building space and is stated net of Value Added Tax.

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

u) 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.

v) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. An allowance for doubtful debts of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

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 assessed to be doubtful. Doubtful debts 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 statements of profit or loss and other comprehensive income.

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

v) Trade Receivables (Cont'd)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is assessed to be doubtful. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within administration and operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statements of profit or loss and other comprehensive income.

w) Trade and Other Payables

Trade and other payables 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.

x) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities 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 the asset or as part of an item of expense; and

ii) For trade receivables and trade 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

In application of the group's accounting policies, which are described in Note 3, the directors and the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are discussed below:

Critical accounting estimates and judgments in applying the entity's accounting policies

(a) 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.

(b) 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.

Actuaries use appropriate actuarial valuation methods to value the liabilities to help inform the choice of the most appropriate method and to help assess the inherent estimation errors. Actuaries selected the method that gave the highest answer based on the holding company's own data and increased where the benchmark gave a higher answer and weighted the valuation towards higher side.

(c) Fair value measurement

Certain assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of, fair value.

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

Transaction costs are included in the determination of net fair value.

(d) 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.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

(e) *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 2014, no provision for impairment has been made as the group reasonably believes that no indicators for impairment exist.

NOTE 5. REVENUE

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
Gross written premium	12,822,107	11,264,103	12,822,107	11,264,103
Reinsurance premium	(549,266)	(435,257)	(549,266)	(435,257)
	12,272,841	10,828,846	12,272,841	10,828,846
Unearned premium, net movement	(617,018)	(891,021)	(617,018)	(891,021)
Deferred reinsurance premium, net movement	47,463	(135,317)	47,463	(135,317)
	11,703,286	9,802,508	11,703,286	9,802,508
Income from medical clinic and medical centre	200,418	168,711	-	-
Total revenue, net	11,903,704	9,971,219	11,703,286	9,802,508

NOTE 6. COMMISSION EXPENSE

Commission expense	1,289,350	1,051,585	1,289,350	1,051,585
Total commission expense	1,289,350	1,051,585	1,289,350	1,051,585

NOTE 7. OTHER REVENUE

Bad debts recovered	-	67,881	-	67,881
Creditors written back	-	23,975	-	23,975
Dividend income	34,528	28,490	34,528	28,490
Gain on sale of motor vehicle	39,970	18,072	39,970	18,072
Interest income	135,463	152,178	135,118	152,178
Rental income	6,287	8,174	30,287	32,174
Reversal of impairment loss	-	-	-	10,000
Reversal of allowance for doubtful debts	-	56,631	-	56,631
Miscellaneous income	93,980	23,631	93,980	23,631
Total other revenue	310,228	379,032	333,883	413,032

NOTE 8. INCOME TAX

Income Tax Rate

Income tax expense for the year ended 31 December 2014 has been computed using tax rate of 10% for the holding company, 20% for the subsidiary company, FijiCare Medical Centre Limited and 0% for the subsidiary company, VanCare Insurance Limited. (2013: 20% for the holding company and the subsidiary company, FijiCare Medical Centre Limited). Deferred tax assets and liabilities have been computed using tax rate of 10% for the holding company and 20% for the subsidiary company, FijiCare Medical Centre Limited (2013: 10% for holding company and 20% for the subsidiary company, FijiCare Medical Centre Limited).

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
The prima facie income tax payable on profit is reconciled to the income tax expense as follows:				
a) Income tax expense				
The prima facie income tax payable on profit is reconciled to the income tax expense as follows:				
Profit before income tax	490,223	820,926	532,013	770,000
Prima facie income tax expense	54,240	164,185	53,201	154,000
Tax effect of:				
Non-taxable income	(3,453)	(7,698)	(3,453)	(7,698)
Non-deductible expenses	9,033	15,563	7,447	12,575
Under provision of income tax in prior year	38	-	38	-
Over provision of deferred income tax in prior year	(532)	-	(532)	-
Tax losses recouped during the year	-	(43,027)	-	(33,471)
Effect of decrease in tax rate from 20% to 10%	-	12,158	-	12,158
Income tax expense	59,326	141,181	56,701	137,564
Income tax expense comprises movement in:				
Current tax assets	60,794	120,982	57,731	116,980
Deferred tax assets	(1,468)	20,199	(1,030)	20,584
	59,326	141,181	56,701	137,564

NOTE 8. INCOME TAX (CONT'D)

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
b) Current tax assets				
Movements during the year were as follows:				
Balance at the beginning of the year	125,360	433,142	124,362	433,142
Tax liability for the current year	(60,794)	(120,982)	(57,731)	(116,980)
Refunds during the year	(143,507)	(300,000)	(143,507)	(300,000)
Advance taxes paid during the year	130,018	85,000	127,351	80,000
Tax deducted at source - resident interest withholding tax	26,421	28,200	26,421	28,200
Balance at the end of the year	77,498	125,360	76,896	124,362
c) Deferred tax assets				
Deferred tax assets comprise the estimated future benefit at future income tax rate in respect to the following:				
Allowance for doubtful debts	5,000	5,000	5,000	5,000
Difference in cost base of property, plant and equipment for accounting and income tax purposes	875	99	1,681	1,079
Provision for employee entitlements	7,615	6,922	5,985	5,557
Total deferred tax assets	13,490	12,021	12,666	11,636

NOTE 9. TRADE AND OTHER RECEIVABLES

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
Current				
Trade receivables (a)	2,646,352	1,181,860	2,602,050	1,161,060
Less: allowance for doubtful debts	(50,000)	(50,000)	(50,000)	(50,000)
	2,596,352	1,131,860	2,552,050	1,111,060
Advance to Kontiki Growth Fund Limited (b)	63,269	59,593	63,269	59,593
Receivable from Rawlinson Jekins Limited (c)	10,511	-	10,511	-
Receivable from VanCare Insurance Limited	-	-	52,572	-
Prepayments	29,184	20,567	27,339	18,851
Deposits	16,223	14,562	14,815	14,562
Other receivables	151,520	118,489	151,192	118,489
Total current trade and other receivables, net	2,867,059	1,345,071	2,871,748	1,322,555
Non-current				
Advance to Kontiki Growth Fund Limited (b)	27,500	91,124	27,500	91,124
Advance to Rawlinson Jekins Limited (c)	18,336	-	18,336	-
Total non-current trade and other receivables	45,836	91,124	45,836	91,124

NOTE 9. TRADE AND OTHER RECEIVABLES (CONT'D)

(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.

(b) Advance to Kontiki Growth Fund Limited is subject to interest at the rate of 6% per annum compounded monthly and is secured by a registered senior charge over certain specified assets and a registered floating charge over the borrower's existing and future assets.

(c) Receivable from Rawlinson Jekins Limited is in relation to holding company's motor vehicle sold to Rawlinson Jekins Limited and is subject to interest at the rate of 7.50% per annum.

NOTE 10. FINANCIAL ASSETS

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
(a) Held-to-maturity investments				
Current				
Term investments with commercial banks and financial institutions	4,372,454	3,908,464	3,997,008	3,908,464
Total current held-to-maturity investments	4,372,454	3,908,464	3,997,008	3,908,464
Non-current				
Term investments with commercial banks and financial institutions	300,000	200,000	300,000	200,000
Total non-current held-to-maturity investments	300,000	200,000	300,000	200,000
(b) Available-for-sale financial assets				
Equity Investments				
Investments in listed companies	867,273	610,777	867,273	610,777
Investments in unlisted companies	300,309	198,882	300,309	198,882
	1,167,582	809,659	1,167,582	809,659
Reconciliation for available-for-sale financial assets				
Opening balance	809,659	570,298	809,659	570,298
Additions	265,857	213,246	265,857	213,246
Fair value gain	103,812	37,572	103,812	37,572
Impairment loss on equity investments	(11,746)	(11,457)	(11,746)	(11,457)
Total available-for-sale financial assets	1,167,582	809,659	1,167,582	809,659

NOTE 10. FINANCIAL ASSETS (CONT'D)

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
(c) Investment in subsidiary companies (Note 27)				
Investment in FijiCare Medical Centre Limited	-	-	10,000	10,000
Investment in VanCare Insurance Limited	-	-	609,921	-
	-	-	619,921	10,000

NOTE 11. DEFERRED COSTS

Deferred commission expenses	542,460	451,131	542,460	451,131
Deferred reinsurance expenses	61,688	14,225	61,688	14,225
Total deferred costs	604,148	465,356	604,148	465,356

NOTE 12. INVESTMENT PROPERTIES

Freehold land - at cost	400,000	-	650,000	250,000
Buildings - at cost	410,159	-	597,235	187,076
Less: accumulated depreciation	(3,886)	-	(24,668)	(16,104)
Total investment properties, net	806,273	-	1,222,567	420,972

(a) Investment properties of the holding company include land and building rented to the subsidiary company, FijiCare Medical Center Limited. Investment property is re-grouped to property, plant and equipment upon consolidation.

(b) During July 2014, the holding company purchased investment property at Fairway Palms, Denarau from Reliance Investments Limited for a consideration of $779,000.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Land at cost	Buildings at cost	Furniture, fittings and office equipment	Motor vehicles	Total
	($)	($)	($)	($)	($)
Gross carrying amount					
Balance at 1 January 2013	250,000	187,076	390,157	151,495	978,728
Additions	-	-	62,506	52,617	115,123
Disposals	-	-	-	(39,895)	(39,895)
Balance at 31 December 2013	250,000	187,076	452,663	164,217	1,053,956
Additions	-	-	37,688	96,497	134,185
Disposals	-	-	-	(60,600)	(60,600)
Balance at 31 December 2014	250,000	187,076	490,351	200,114	1,127,541
Accumulated depreciation					
Balance at 1 January 2013	-	11,427	283,605	85,317	380,349
Depreciation expense	-	4,677	51,620	30,482	86,779
Disposals				(27,261)	(27,261)
Balance at 31 December 2013	-	16,104	335,225	88,538	439,867
Depreciation expense	-	4,678	65,113	41,071	110,862
Disposals		-	-	(57,570)	(57,570)
Balance at 31 December 2014	-	20,782	400,338	72,039	493,159
Net book value					
As at 31 December 2013	250,000	170,972	117,438	75,679	614,089
As at 31 December 2014	250,000	166,294	90,013	128,075	634,382

NOTE 13. PROPERTY, PLANT AND EQUIPMENT - HOLDING COMPANY

	Furniture, fittings and office equipment	Motor vehicles	Total
	($)	($)	($)
Gross carrying amount			
Balance at 1 January 2013	275,828	151,495	427,323
Additions	55,201	52,617	107,818
Disposals	-	(39,895)	(39,895)
Balance at 31 December 2013	331,029	164,217	495,246
Additions	20,708	96,497	117,205
Disposals	-	(60,600)	(60,600)
Balance at 31 December 2014	351,737	200,114	551,851
Accumulated depreciation			
Balance at 1 January 2013	190,158	85,317	275,475
Depreciation expense	45,396	30,483	75,879
Disposals	-	(27,262)	(27,262)
Balance at 31 December 2013	235,554	88,538	324,092
Depreciation expense	57,110	41,071	98,181
Disposals	-	(57,570)	(57,570)
Balance at 31 December 2014	292,664	72,039	364,703
Net book value			
As at 31 December 2013	95,475	75,679	171,154
As at 31 December 2014	59,073	128,075	187,148

NOTE 14. INTANGIBLE ASSETS

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
	$	$	$	$
Computer software	960,232	849,674	877,104	849,674
Less: accumulated amortisation	(759,780)	(619,731)	(759,780)	(619,731)
Total intangible assets, net	200,452	229,943	117,324	229,943

NOTE 15. TRADE AND OTHER PAYABLES

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
Capitation fees	15,022	18,184	47,525	45,712
Payable to reinsurers	52,955	164,435	52,955	164,435
Other payables and accrued liabilities	658,063	582,425	567,604	551,744
Total trade and other payables	726,040	765,044	668,084	761,891

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.

Trade and other payables of the holding company include $32,503 (2013: $34,920) payable to subsidiary company, FijiCare Medical Centre Limited.

NOTE 16. INSURANCE CONTRACT LIABILITIES	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
	$	$	$	$
Unearned premiums				
Unearned premiums as at 1 January	3,544,527	2,653,506	3,544,527	2,653,506
Movement during the year, net	617,018	891,021	617,018	891,021
Balance as at 31 December	4,161,545	3,544,527	4,161,545	3,544,527
Outstanding claims				
Gross outstanding claims as at 1 January	738,646	445,121	738,646	445,121
Movement during the year, net	389,282	293,525	389,282	293,525
Balance as at 31 December	1,127,928	738,646	1,127,928	738,646
Less: Reinsurance recoveries				
Reinsurance recoveries as at 1 January	22,870	196,944	22,870	196,944
Movement during the year, net	(7,319)	(174,074)	(7,319)	(174,074)
Balance as at 31 December	15,551	22,870	15,551	22,870
Outstanding claims, net	1,112,377	715,776	1,112,377	715,776
Claims administration provision				
Claims administration provision as at 1 January	195,000	59,600	195,000	59,600
Movement during the year, net	(6,969)	135,400	(6,969)	135,400
Balance as at 31 December	188,031	195,000	188,031	195,000
Claims incurred but not reported				
Claims incurred but not reported as at 1 January	1,207,000	746,877	1,207,000	746,877
Movement during the year, net	386,020	460,123	386,020	460,123
Claims incurred but not reported, net	1,593,020	1,207,000	1,593,020	1,207,000
Total insurance contract liabilities, net	7,054,973	5,662,303	7,054,973	5,662,303

NOTE 17. EMPLOYEE ENTITLEMENTS

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
	$	$	$	$
Provision for annual leave	70,937	62,399	59,848	55,572
Total employee entitlements	70,937	62,399	59,848	55,572

NOTE 18. SHARE CAPITAL

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
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 6,973,001 ordinary shares of $0.50 each (2013: 6,476,080 ordinary shares of $0.50 each)	3,486,501	3,238,040	3,486,501	3,238,040

During the year, additional shares were issued by way of dividend reinvestment option exercised as follows:

Type	Number of Shares	Share Price ($)	Total Amount ($)	Increase in Share Capital ($)	Increase in Share Premium ($)
Dividend reinvestment	496,921	0.52	258,399	248,461	9,938
Total increase	**496,921**			**248,461**	**9,938**

NOTE 19. SHARE PREMIUM RESERVE

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
Share premium reserve	334,488	324,550	334,488	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 20. INVESTMENT REVALUATION RESERVE

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
Balance as at 1 January	119,872	82,300	119,872	82,300
Fair value gain	103,812	37,572	103,812	37,572
Balance as at 31 December	223,684	119,872	223,684	119,872

NOTE 21. DIVIDENDS

	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
Final dividend	323,804	-	323,804	-

NOTE 22. PROFIT BEFORE INCOME TAX

	Consolidated		Holding Company	
	2014	2013	2014	2013
	$	$	$	$
Profit before income tax has been determined after charging the following expenses:				
Auditor's remuneration for:				
- Audit fees	34,526	35,541	29,026	29,135
- Other services	10,215	16,493	7,255	11,554
Consultancy fees	14,738	79,867	3,325	79,867
Actuarial services	30,644	92,100	30,644	92,100
Depreciation and amortisation	254,794	204,925	246,794	198,702
Directors' remuneration for:				
- Salaries	302,859	293,579	302,859	293,579
- Fees	27,804	28,000	27,804	28,000
FNPF contribution	78,728	66,496	74,531	63,221
Legal and advisory fees	9,132	19,009	9,132	19,009
Impairment loss	11,746	11,457	11,746	11,457
Operating leases	90,156	81,288	86,430	80,070
Salaries, wages, training levy and allowances	741,385	613,006	637,469	573,305

NOTE 23. NOTES TO THE STATEMENTS OF CASH FLOWS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Cash on hand and at bank	1,661,653	3,142,378	1,447,601	3,088,362
Short term deposits	375,446	-	-	-
Total cash and cash equivalents	2,037,099	3,142,378	1,447,601	3,088,362

b) Non-Cash Financing Activities

Dividends

During the year, the holding company declared dividends of $323,804 out of which $258,399 was re-invested under the dividend reinvestment option. The consideration for the dividend re-invested was issue of 496,921 shares of $0.50 each at premium of $0.02. These re-investment transactions are not reflected in the statements of cash flows.

NOTE 24. EARNINGS PER SHARE

	Consolidated 2014	Consolidated 2013
	$	$
Profit for the year used in calculating earnings per share	430,897	679,745
Weighted average number of ordinary shares outstanding used in calculating basic earnings per share	6,766,064	6,476,080
Weighted average number of ordinary shares outstanding used in calculating diluted earnings per share	6,766,064	6,476,080
Basic earnings per share - cents	6.37	10.50
Diluted earnings per share - cents	6.37	10.50

NOTE 25. COMMITMENTS

a) Capital expenditure commitments as at 31 December 2014 amounted to $Nil (2013: $Nil).

b) Operating lease expense commitments contracted for rentals are as follows:	Consolidated 2014	Consolidated 2013	Holding Company 2014	Holding Company 2013
	$	$	$	$
Not later than one year	154,761	144,461	147,721	144,461
Later than one year but not two years	38,861	-	38,861	-
Total operating lease expense commitments	193,622	144,461	186,582	144,461
c) Operating lease income commitments contracted for rentals are as follows:				
Not later than one year	6,261	6,261	30,261	30,261
Later than one year but not two years	-	-	24,000	-
Later than two years but not five years	-	-	24,000	-
Total operating lease income commitments	6,261	6,261	78,261	30,261

NOTE 26. CONTINGENT LIABILITIES

Contingent liabilities exist with respect to the following:				
Indemnity guarantees	750	750	750	750
Litigations (a)	116,871	71,202	116,871	71,202
Total contingent liabilities	117,621	71,952	117,621	71,952

NOTE 26. CONTINGENT LIABILITIES (CONT'D)

(a) 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 27. INVESTMENTS IN SUBSIDIARY COMPANIES

Entity	Place of Incorporation	% Owned	Investment Book Value 2014 ($)	Investment Book Value 2013 ($)
FijiCare Medical Centre Limited	Fiji	100%	10,000	10,000
VanCare Insurance Limited	Vanuatu	100%	609,921	-
			619,921	10,000

NOTE 28. SEGMENT INFORMATION

(a) Operating segments

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

		Medical and Health	Term Life	General Insurance	Clinic services	Total
		$	$	$	$	$
Revenue	Dec 14	6,834,655	3,098,721	1,769,910	200,418	11,903,704
	Dec 13	6,073,771	2,920,568	808,169	168,711	9,971,219
Result (Revenue less allocated costs)	Dec 14	836,719	413,704	(521,366)	5,195	734,252
	Dec 13	1,032,883	61,499	(212,205)	57,309	939,486
Add: **Unallocated - other revenue:** Bad debts recovered, dividend income, interest income, rental income, reversal of impairment loss, gain on sale of fixed assets and miscellaneous income	Dec 14					310,228
	Dec 13					379,032
Less: **Unallocated - expenses and income tax**	Dec 14					613,583
	Dec 13					638,773
Profit after income tax	Dec 14					430,897
	Dec 13					679,745

NOTE 28. SEGMENT INFORMATION (CONT'D)

(a) Operating segments (Cont'd)

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 29. RELATED PARTY DISCLOSURES

(a) 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
Peter McPherson
Kaliopate Tavola (resigned on 19 December 2014)
Max Storck (resigned on 22 January 2015)

(b) Holding company transactions with related parties

Transactions with related parties during the year ended 31 December 2014 and 2013 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2014 ($)	2013 ($)
FijiCare Medical Centre Limited	Subsidiary company	Capitation and professional fees	288,910	279,167
FijiCare Medical Centre Limited	Subsidiary company	Rent income	24,000	24,000
VanCare Insurance Limited	Subsidiary company	Various expenses paid on behalf of the subsidiary to be reimbursed	52,572	-
Kontiki Growth Fund Limited	Shareholder company	Advances given	-	181,513
		Repayments received	59,948	33,151
		Interest income	7,400	5,929

NOTE 29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Amounts due to and receivable from related parties:

Appropriate disclosure of these amounts is contained in Note 9 and Note 15 to the financial statements.

(d) Ownership Interests

The ownership interests in subsidiary companies is disclosed in Note 27.

(e) Key management personnel

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

During the year, the Chief Executive Officer, Finance Manager and Senior Executive (2013: Chief Executive Officer, Finance Manager and Senior Executive) were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the holding company.

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

	2014	2013
	$	$
Salaries and other short-term employee benefits	519,215	484,526
Director fees - executive	6,000	4,800
Director fees - non executive	21,804	23,200

(f) New IT Software

During prior year, the holding company completed the purchase and installation of a new IT software for USD 140,000 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 30. 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.

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 30. 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.

(b) 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 30. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(c) 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.

(d) 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 group 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 31. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

NOTE 31. 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

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) Regulatory risk

The group's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji. Specifically financial transactions are monitored by Reserve Bank of Fiji (RBF) and Reserve Bank of Vanuatu (RBV), and as an authorised underwriter of insurance risks, the group is subject to licence and regulatory control by RBF and RBV.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

NOTE 31. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) 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.

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

NOTE 32. MATURITY ANALYSIS

The following analysis of monetary assets and liabilities as at 31 December 2014 and 2013 is based on contractual terms.

	31 December 2014 - Consolidated					
	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	No specific maturity	Total
	$	$	$	$	$	$
Assets						
Cash on hand and at bank	1,661,653	-	-	-	-	1,661,653
Trade and other receivables	-	2,823,336	43,723	45,836	-	2,912,895
Available-for-sale financial assets	-	-	-	-	1,167,582	1,167,582
Held-to maturity investments	-	375,446	3,997,008	300,000	-	4,672,454
Current tax assets	-	-	77,498	-	-	77,498
	1,661,653	3,198,782	4,118,229	345,836	1,167,582	10,492,082
Liabilities						
Trade and other payables	-	726,040	-	-	-	726,040
Insurance contract liabilities, net of unearned premium	-	2,893,428	-	-	-	2,893,428
	-	3,619,468	-	-	-	3,619,468

NOTE 32. MATURITY ANALYSIS (CONT'D)

	31 December 2013 - Consolidated					
	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	No specific maturity	Total
	$	$	$	$	$	$
Assets						
Cash on hand and at bank	3,142,378	-	-	-	-	3,142,378
Trade and other receivables	-	1,300,043	45,028	91,124	-	1,436,195
Available-for-sale financial assets	-	-	-	-	809,660	809,660
Held-to maturity investments	-	-	3,908,464	200,000	-	4,108,464
Current tax assets	-	-	125,360	-	-	125,360
	3,142,378	1,300,043	4,078,852	291,124	809,660	9,622,057
Liabilities						
Trade and other payables	-	765,044	-	-	-	765,044
Insurance contract liabilities, net of unearned premium	-	2,117,776	-	-	-	2,117,776
	-	2,882,820	-	-	-	2,882,820

NOTE 33. 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, motor vehicle and property insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinic and medical centre.

On 20 August 2014, VanCare Insurance Limited, a wholly owned subsidiary company was incorporated under the Companies Act of Vanuatu. The principal activity of VanCare Insurance Limited during the year was that of underwriting of general insurance risks. However, no policy was underwritten during the period ended 31 December 2014.

Other than the above, there were no significant changes in the nature of the activities of the group.

NOTE 34. 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 35. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

(i) On 20 August 2014, VanCare Insurance Limited, a wholly owned subsidiary company was incorporated under the Companies Act of Vanuatu. VanCare Insurance Limited is a licensed general insurance company, limited by shares, incorporated and domiciled in Vanuatu. The subsidiary company commenced its business operations in Vanuatu effective 1 October 2014. The principal activity of VanCare Insurance Limited during the year was that of underwriting of general insurance risks. However, no policy was underwritten during the period ended 31 December 2014.

(ii) During July 2014, the holding company purchased investment property at Fairway Palms, Denarau from Reliance Investments Limited for a consideration of $779,000.

NOTE 36. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date, in March 2015, there was severe cyclone in the Pacific Region which caused massive damages to Vanuatu. The subsidiary company, VanCare Insurance limited has not underwritten any policy during the period ended 31 December 2014 and very few policies of non-significant amounts were underwritten till the date of signing of financial statements. Accordingly, based on the assessment carried out by the management, it is the opinion of the directors that the insurance claims relating to Cyclone Pam will not have a material effect on the financial position of the group.

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

NOTE 37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 March 2015.