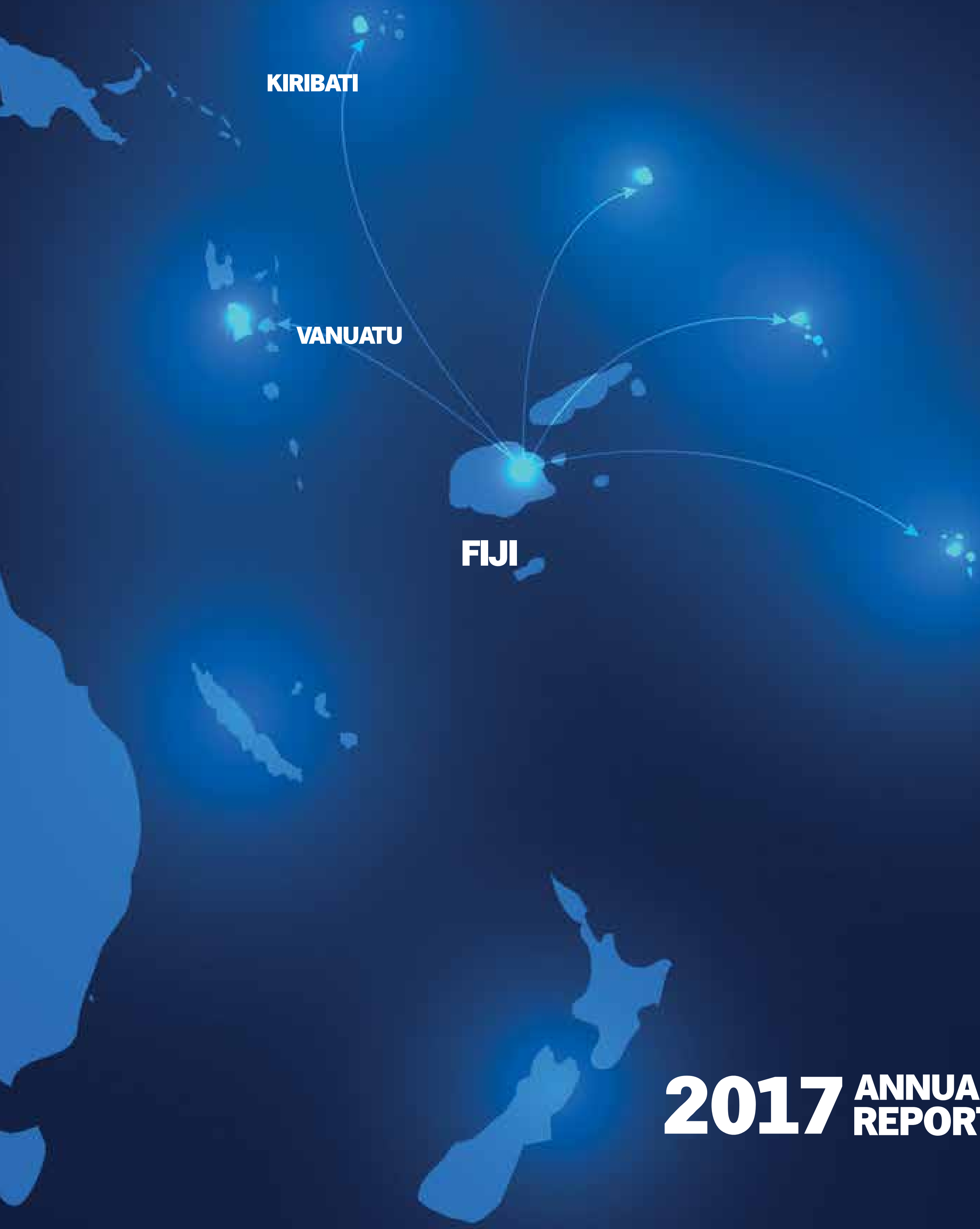
ATH Group of Companies



2017 ANNUAL REPORT

Vision Statement

"To be an internationally competitive ICT investment company in the Pacific."

Mission Statement

"To enhance shareholder value by pursuing areas that leverage off our core investment in ICT."

Values

ATH's values are:

Integrity

Practising good corporate governance and being faithful to our stakeholders.

Accountability

Helping our stakeholders understand how we make decisions, taking ownership and being answerable and responsible for our actions.

Innovation

Being at the forefront of product development and offerings.

Efficiency

Delivering on time, and getting things right the first time.

Effectiveness

Ensuring that our business is aligned with, and ultimately contributes to the achievement of our vision.

Goals

ATH's goals are:

- Enhance shareholder value.
- Exploit convergence between the information and telecommunication sectors to enter new areas of business.
- Acquire existing businesses or create and invest in newly established businesses to achieve growth.
- Become a company operating internationally and prominent in the Pacific.
- Adopt international best practices, standards and methods of operation.

Contents

Chairman's Report

I am pleased to present our Annual Report for the year ended 31 March 2017.

Financial year 2017 has been another exciting and successful year for the ATH Group as we expand our regional footprint. The Group has worked hard and achieved success in modernising our services to remain relevant to our customers.

Operation Highlights

The year has been a busy one for the Group as we march forward with implementing our vision through key appointments, consolidation, and acquisition efforts to expand our reach in the Pacific region.

Decisions undertaken during the year were made in light of the competitive environment in the local and regional business communities, the need to improve on our services, customer care and efficiency across all our established subsidiaries taking into account the expectations of our shareholders and key stakeholders.

Some of the key operating highlights for the financial year ended 2017:

- Regional business acquisition in Telecom Vanuatu Limited (100%) in Vanuatu at an Enterprise Value (EV) of USD 28 million.

  ATH completed the purchase on 27 March 2017 from MT International Ventures PCC, an investment vehicle wholly owned by Mauritius Telecom. The acquisition was fully funded via a commercial bank debt and included the refinancing of shareholder loans and other debts.

- Acquisition of minority shares of 10% in Fiji Directories Limited making it a wholly owned subsidiary of ATH.

  ATH acquired the shares from Edward H O'Brien (Fiji) Limited for a consideration of $1.3 million in October 2016.

- Regional interest acquisition in Bluesky Group from Amper SA, a Spain based company, at a total price of USD 79 million for circa 55% equity interest. Bluesky Group is a regional telecommunications group, with its companies providing fixed line, mobile broadband and TV services to customers in American Samoa, Samoa, New Zealand and Cook Islands. This is a significant investment. The completion of the transaction will present the Group with great potential because not only will our regional footprint become much larger, it will allow us to deliver benefits through regional product and service delivery among other synergies that could be unlocked via consolidation.

  We are awaiting regulatory approvals that are required in each market.

- Improvement in financial results compared to the previous year. Performance across the Group improved for the third successive year.

  Building economies of scale and synergies are increasingly important to deploying networks and technologies effectively and efficiently. Given the very small populations of most of the developing countries in the Pacific, our expansion and pooling of interests across markets aim to achieve exactly those objectives. As we bring Kiribati and Vanuatu online, and move to complete the Bluesky Group acquisition, the revenues of those markets put together will approach 60% to 65% of ATH's total revenue currently earned in Fiji, and consequently, achieve two additional goals of growth and diversification.

Regional Expansion, Co-operation and Debt Financing

Looking closer into the performance of our acquisitions, I am delighted to report that we have made notable progress in Kiribati. We have deployed a much improved network in the country, and consequently increase the number of customers significantly. This is reflected in the company's first full year financial performance which has been accounted for in the Group's performance this year.

Chairman's Report (Cont'd)

ATH Kiribati was really a "proof-of-concept" project to test and validate our capabilities in developing and growing a new market. As a result of ATH's success in that area, we have had expressions of interest inviting ATH to participate in other markets, which we are exploring in a measured and realistic way.

Although it is a small market, our experience in Kiribati has been pivotal in our decision to expand further in the region.

At the end of March this year, after months of talks, we were able to complete the purchase of 100% shares in Telecom Vanuatu Limited, marking another significant milestone in ATH's journey of growth and expansion in the Pacific.

The transaction was concluded at an agreed Enterprise Value of USD 28 million after having obtained necessary approvals including that from relevant authorities in Vanuatu. The team on the ground, headed by Mr Divik Deo, as Chief Executive Officer, are reviewing services and infrastructure, and will be shoring up the network with a capital expenditure upgrade, to deploy 4G+ services in Vanuatu.

In our assessment, Telecom Vanuatu has strong brand equity, but they have just fallen short in terms of services delivered. With a rejuvenation of the network and a boost to the morale of the staff on the ground, we are looking to make good progress with the new business in the Group.

Discussions on the acquisition of Bluesky are ongoing. We have made two deposits for the purchase of the largest shareholder interest in the Group. At this stage, we are awaiting the requisite regulatory approvals or consents in each market. The Bluesky Group itself is performing well and the completion of the transaction will further add to the success of ATH.

We must reiterate that due to the number of countries and jurisdictions involved, this transaction will require significant time and effort to complete. Nevertheless, we are excited because it provides us access to markets in Samoa, American Samoa and Cook Islands.

Via FINTEL, the Group is also anticipating to see development opportunities that will open up when the Tui Samoa cable comes online in 2018. A segment of the cable will extend from Suva to Savusavu which FINTEL is negotiating with Government to manage. This will enable the people in the North to get the same connectivity that we get on this side of the island.

Of noteworthy mention, through this regional expansion, ATH's modus operandi is to seek and build partnerships and joint ventures with strategic and like-minded local investors in the various jurisdictions. This truly builds on the notion of regional co-operation, goodwill and ensures that the successes of the business are also shared locally.

On the financing front, commercial banks have indicated confidence and support with our current investments. Financing is not a constraint at this point in time because prior to these projects, ATH, and the companies across the Group, had relatively low debt gearing on their balance sheets. In fact it is also pleasing to note that the ATH share price has shown strong growth on the back of announcements of projects we have done in the Pacific, thus revealing shareholder endorsement of our strategic vision.

Consolidation and Outlook

This year, we continue restructure efforts across the ATH Group. It has been on-going and looks certain to continue to reflect the evolvement of products and services in the market. We continue to explore all avenues for improvement, including the ongoing consolidation of Group companies to improve performance.

Changes in technology will always drive the structure and operations of the Group, therefore we will always review the need to constantly adapt and ensure that the Group is aligned with the latest technology and tuned into the needs of the customers and markets we serve.

As we survey the state of technology development, 5G wireless broadband technologies are on the horizon and will support increased broadband capacity with low latency services, to enable Internet of Things and many other new innovations to be widely deployed. This in turn is promising as it will drive demand for more optical fiber deployments, data centers, international cable connectivity and infrastructure investments to adequately provide consumers' the services they want.

Appointments

On 22 February 2017, ATH confirmed the appointment of Mr Ivan Fong as its Chief Executive Officer. Mr Fong has been ATH's General Manager since January 2011. The new position and appointment was made in light of ATH's increased activities involving restructuring of local businesses and ongoing regional expansion projects as ATH looks to deliver value to customers, shareholders and key stakeholders.

With the acquisition of Telecom Vanuatu Limited (TVL), the Boards of ATH and TVL, on 29 March 2017, appointed Mr Divik Deo as Chief Executive Officer. Mr Deo was the Chief Financial Officer at Vodafone Fiji Limited. He worked at VFL for over 13 years.

Late January this year, new director appointments were made on the boards of the ATH Group, Telecom Fiji and FINTEL.

Mr Sanjay Lal Kaba was appointed to the ATH Board as a Fiji National Provident Fund nominee, making it a full Board composition. Mr Kaba also joined the Board of Telecom Fiji which is now being headed by Mr Umarji Musa, who replaced Mr Tom Ricketts as Board Chairman.

Chairman's Report (Cont'd)

Mr Naibuka Uluilakeba Saune was appointed as a director on the FINTEL Board.

Acknowledgement

On behalf of the Board, I take this opportunity to thank all our stakeholders, including our customers, partners and our dedicated ATH Group staff and to the respective Chief Executive Officers' and the management teams for their continued co-operation and support during the year. We look forward to another outstanding result in the coming year.

I also wish to thank my fellow Board members for their contributions, expertise and feedback during another successful year.

Ajith Kodagoda
Chairman

Chief Executive Officer's Report

I am pleased to report that the ATH Group has had another successful year, the fourth consecutive year of remarkable improvement, despite the challenging environment.

In 2016 we made major strides and continued the journey we have embarked on to restructure our operations in Fiji, while extending our reach across the Pacific region. We also pursued the Group's efforts to improve service delivery to our customers and identify opportunities for the benefit of our shareholders.

Our focus during the financial year has been on improving our customer experience amidst the challenges of remaining relevant in the Internet era, where traditional services continue to be challenged by Internet and cloud based applications.

Despite these challenges, the subsidiaries have continued to deliver positive results as data and Internet growth function as a counterweight to the pressures on legacy revenues.

Financial Performance

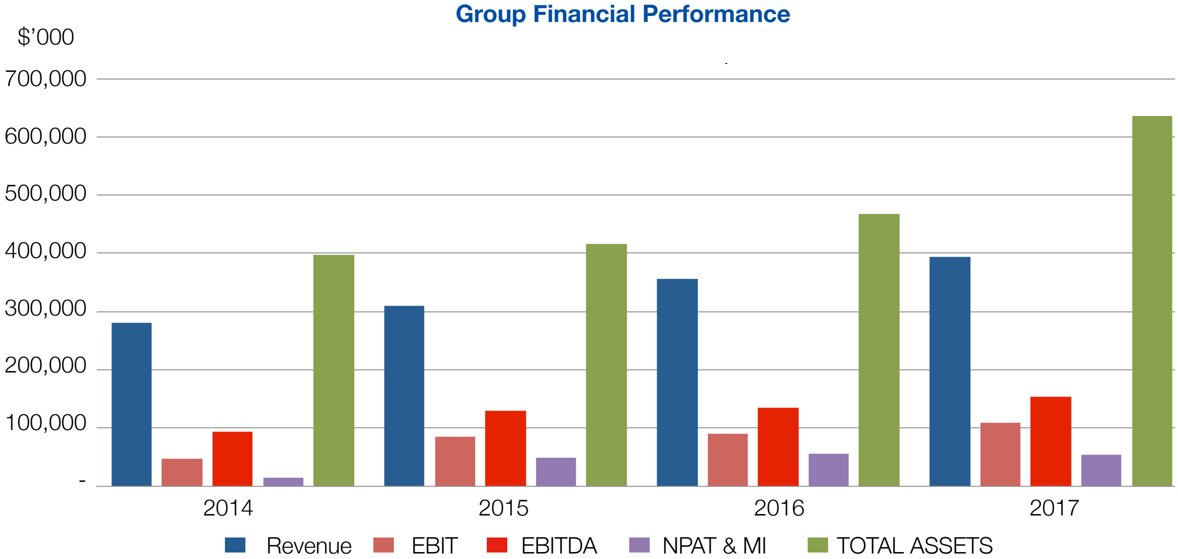
The ATH Group turned in another year of strong financial performance with consolidated profit before tax at 31 March 2017 coming in at $108.6 million, reflecting a 19% increase from the previous year. Consolidated profit after tax was $85.2 million, an increase of 4.2% compared to 2016. The Group's consolidated revenue grew by 10.8% to record $394.7 million during the financial year.

For the holding company, net profit after income tax increased by 24.6% to $42.7 million from the previous year. The holding company's revenue grew by 23% to $42.7 million due to an increase in dividend contributions from subsidiary companies.

Vodafone Fiji Limited and Subsidiary Companies

The Vodafone Group continues to be the standout performer for ATH with Vodafone Group consolidated revenue growing by almost 14% from the previous year to $296 million. Vodafone company revenue also grew by 12.4% to close the financial year at $277 million.

Group Financial Performance



Chief Executive Officer's Report (Cont'd)

At the writing of this report, Vodafone Fiji total mobile subscribers stood at 730,979. The business has withstood challenges to its legacy revenues by maintaining steady voice revenues while aggressively driving data, Internet growth, mobile and web applications and other services.

Vodafone's M-PAiSA looks set to usher in a new era of electronic payments through seamless transfer of money from your mobile wallet to banks and vice-versa. We are buoyed that more than $200 million was processed via M-PAiSA. In a promising development and a key step towards securing new future revenues, the M-PAiSA platform has been selected for the rollout of electronic ticketing for buses and other public transportation in Fiji.

Vodafone Fiji's outstanding efforts to deliver quality services to customers once again earned them the 2016 Fiji Business Excellence Awards prestigious President's Award for Business Excellence; their fifth since the award was introduced in 2004.

As ATH expands into the region, we are fortunate to engage the expertise across the ATH Group, largely from Vodafone Fiji, to assist with the transitioning, improvement and management of the new businesses we acquire or participate in. The availability of resources to be deployed across the region has been a key element of ATH's success in the Pacific.

Telecom Fiji Limited

Telecom Fiji achieved another successful business year largely as a result of responding to customers' needs. Addressing the evolving needs of customers enabled the company to deliver products and services suited to customers' needs and in doing so, was a fundamental contributor to company performance.

Telecom Fiji managed to maintain its core revenues resulting in year on year growth of $3.41 million in Gross Profit resulting in Net Profit before Income Tax of $21.02 million, which is an increase of 40% compared to the prior financial year. Net Profit after Tax of $16.48 million was achieved for the financial year.

Highlighted products for TFL include our new wireless 4G+ Anytime and TFL Product Portal, which were designed to deliver the best customer experience.

With the success and overwhelming customer response for 4G+ Telecom Fiji is moving ahead with accelerating rollout of fiber networks to deliver fiber to the home in preparation for the future wave of services.

FINTEL

As demand for mobile broadband increases by the year, with it comes the need to ensure there is reliable, redundant and resilient supply of bandwidth to keep everyone connected.

FINTEL responded accordingly by transforming its infrastructure to provide an efficient network in order to meet the changing customer and market needs, and while doing so, strengthened Fiji's position as the hub of the South Pacific Telecommunications.

Over the last few years FINTEL has been connected to Tonga and Vanuatu. Last year the company signed an agreement with Samoa for the Tui Samoa cable and is negotiating with the Fijian Government to manage the segment of the Tui Samoa cable that extends from Suva to Savusavu which will go live in 2018.

These initiatives together with FINTEL's work on securing contracts for our future bandwidh requirements on new submarine cable developments will ensure that we are not left behind for lack of connectivity.

ATH (Kiribati) Limited

In ATH Kiribati's first full year of reported performance since it was acquired two years ago, improved telecommunication technology, services and much improved customer experience have resulted in a more than doubled customer base, growing from around 15,000 when we acrquired the business to over 40,000 active customers today.

ATH Kiribati's performance has improved markedly compared to a year ago, recording an improved turnover of AUD 12.3 million (FJD 18.8 million) in financial year 2017. Growth was largely driven by increased sale of smartphones and internet enabled devices, the introduction of IPVPN services and new data packages to drive data revenue. For ATH, this is an outstanding result in a small but very challenging market, and we look forward to continued improvements over the horizon.

Fiji Directories Limited

Fiji Directories Limited is now fully owned by ATH after it bought out the remaining 10% share that was held by Edward H O'Brien (Fiji) Limited.

Financially, Fiji Directories Limited did well, recording a Net Profit of $1.95 million, an increase of 12.51%. Business has been stable with Sales Revenue and Net Profit After Tax showing modest increases, a solid result for an area that is quickly migrating online.

Looking to the future, Fiji Directories is seeking to boost its online presence by upgrading its directory publishing system to an integrated platform for Print, Web, and Mobile Directory Services. At the same time, the company is also embarking on a project to enhance search and listings on mobile smartphones.

Telecom Vanuatu Limited

Following on the completion of the acquisition in late March, ATH has hit the ground running, picking up from the previous management's sales efforts and undertaking a comprehensive review of the improvements that will need to be made to the company.

The primary immediate focus is to improve the telecommunications

Chief Executive Officer's Report (Cont'd)

services and provide innovative, reliable and affordable services to the people of Vanuatu. As with our experience in Kiribati, we feel confident that our approach of ascribing to the principles of excellence in all facets of operations will imbue TVL with new life and in due course, will deliver just returns on our investment.

Challenges

Last year the biggest challenges were to do with the persistent impact of natural disasters, particularly cyclones. Fiji continued to feel the impacts of Cyclone Winston and in Vanuatu, the team was just setting up on the ground after the completion of the transaction when they were hit with two cyclones.

The other main challenge that keeps us alert is modernising our services to remain relevant amidst competition and the increasingly rapid changes in technology. Our markets are all subject to upheaval by evolutionary and competitive forces which we cannot ignore but must respond and adapt to in order to prosper.

We are mindful of the competition from all fronts, both locally and internationally, and we are confident that as long as we continue to evolve in step with the needs of our customers, we will remain the most preferred service provider for them.

Outlook

At the writing of this report, we are looking at completing the transactions that are underway and subsequently working on realising the potential synergies and efficiencies that are evident and available from a group perspective. While achieving these things and expanding our regional footprint, we also want to ensure that our customers receive consistent experiences from us, regardless of whether they are in Fiji, Vanuatu or Kiribati or any other market which we are present in.

Of course, we will continue along the regional expansion front to look at markets we could expand into and consider partnerships and alliances to leverage off each other's strengths.

ATH's investments will remain established on improving coverage, speed, quality and reliability of services to our customers as the appetite for internet and data continues to grow.

We continue to roll out modern networks that provide world class services and will continue to do so with the current 4G+ upgrades, fiber to the home and other exciting innovations.

Ivan Fong
Chief Executive Officer and Company Secretary

Board of Directors

Ajith Kodagoda
Chairman

Taito Waqa
Director

Arun Narsey
Director

David Kolitagane
Director

Tom Ricketts
Director

Umarji Musa
Director

Sanjay Kaba
Director

Ivan Fong
Chief Executive Officer and Company Secretary

Corporate Governance

ATH provides the following corporate governance statement for the year ended 31 March 2017, in accordance with the Reserve Bank of Fiji's Corporate Governance Code.

Role of the Board

The role of the Board is to assume accountability for the success of the company by setting the company's direction and guiding management in order to meet its objective of enhancing corporate profit and shareholder value.

The regular business of the Board covers investments and strategic matters, governance and compliance, the Chief Executive Officer's report, and the performance of subsidiary companies.

Board Composition and Membership

The Board comprises of seven (7) Non-Executive Directors of which four (4) are Strategic Investor Directors appointed by FNPF and three (3) are Fiji Directors appointed by Government.

The Directors in office on 31 March 2017 are:

Name		Date of Appointment
Ajith Kodagoda	Fiji Director	16 July 2009
Umarji Musa	Fiji Director	23 August 2010
David Kolitagane	Fiji Director	31 August 2016
Taito Waqa	Strategic Investor Director	21 August 2008
Arun Narsey	Strategic Investor Director	01 September 2010
Tom Ricketts	Strategic Investor Director	06 August 2009
Sanjay Lal Kaba	Strategic Investor Director	18 January 2017

The Directors are appointed in accordance with the company's Memorandum and Articles of Association and are elected at the company's Annual General Meeting. One third of Fiji Directors retire by rotation each year and the retiring directors are eligible to be nominated again for re-election. The FNPF is excluded from participating in this election process.

A total fee of $62,500 was paid to Directors for their service during the year in accordance with the shareholders' resolution at the 18th Annual General Meeting. A further sum of $9,300 was paid as allowances for various Committee meetings. The company also met other expenses, mainly for travel and accommodation, which were incurred during the course of the directors' duties for ATH. ATH Directors were also covered under a Directors' and Officers' Insurance Policy and a Personal Accident Insurance Policy.

The Board met seven times during the financial year ended 31 March 2017. Attendance was as follows:

Name	Number of Meetings Entitled to Attend	Number of Meetings Attended	Apologies Received
Ajith Kodagoda	7	5	2
Umarji Musa	7	7	0
David Kolitagane	4	4	0
Taito Waqa	7	5	2
Arun Narsey	7	7	0
Tom Ricketts	7	4	3
Sanjay Lal Kaba	1	1	0

Board Sub-Committees

The Board has formally constituted three (3) committees: the Corporate Governance Committee, the Audit and Finance Committee and the Human Resources Committee.

The Corporate Governance Committee comprises all Directors and is chaired by the Board Chairman. The Corporate Governance Committee is responsible for ensuring that the Board operates effectively and efficiently and that the company implements appropriate management and employment practices.

The Human Resources Committee is responsible for advising the Board on human resources issues which include the remuneration and conditions of employment of the Chief Executive Officer, senior management and succession planning.

The Audit and Finance Committee is responsible for monitoring ATH's financial plans and strategies, monitoring the external audit of the company's affairs, reviewing the quarterly and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange listing.

Corporate Governance (Cont'd)

Board Sub-Committee Meetings and Attendance during the financial year ended 31 March 2017 was as follows:

Name	Audit and Finance		Human Resources	
	Number of Meetings		Number of Meetings	
	Held	Attended	Held	Attended
Ajith Kodagoda	4	4		
Umarji Musa	4	4	4	4
Taito Waqa			4	4
Arun Narsey	4	4		
Tom Ricketts	4	2		

Chief Executive Officer and Company Secretary
Mr Ivan Fong is the Chief Executive Officer and Company Secretary for ATH. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines; managing budgets, financial reports and key performance indicators; providing company secretarial duties and functions; ensuring compliance with regulatory and statutory requirements; managing effective relationships with internal and external parties; and leading and developing a team of staff.

Timely and Balanced Disclosure
As a listed company, ATH is subject to the rules and regulations for listed companies as set out by the South Pacific Stock Exchange and Reserve Bank of Fiji. This includes market announcements of material information, six-monthly unaudited financials, audited financials and annual report.

Ethical and Responsible Decision Making
The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. ATH believes that all Directors and executives uphold the code of conduct and ethical standards of the company.

Register of Interests
A register of interests is maintained by the company in line with the code of conduct.

Rights of Shareholders
In line with South Pacific Stock Exchange's continuing listing requirements, the company issues market announcements of material information, quarterly and six-monthly unaudited financials, annual audited financials and annual report. The same information is posted on SPSE and ATH websites. All shareholders are invited to the AGM, receive a copy of annual report and notice of meeting prior to the AGM and are given an opportunity to communicate directly with the Board of Directors.

Accountability and Audit
ATH is audited annually by an independent external auditor. The ATH Group and subsidiaries accounts are prepared and audited in compliance with IFRS standards. The company also has an Audit and Finance Committee which provides oversight of the company's internal controls and operations, verifying and safeguarding the integrity of the company's financial reporting.

Risk Management
The Directors of the company are always mindful of potential risks that may arise in the course of its business. While the company does not have a separate Risk Management Committee, it has contingencies to address this as the need arises.

Company Profile

Establishment and Ownership

Amalgamated Telecom Holdings Limited (ATH) was incorporated as a public company on 10 March 1998, as a vehicle through which the Fiji Government's investments in the telecommunications sector were consolidated for the purpose of privatisation under its public sector reform programme.

ATH commenced operations on 16 December 1998 following the sale of a 49% strategic stake in the company to the Fiji National Provident Fund (FNPF) as part of a tender in which a number of international parties participated. In September 1999, the FNPF consolidated its control of ATH after it acquired a further 2% of the issued shares as per contractual obligations. Consequently FNPF's shareholding increased to 51% while Government's shareholding decreased to 49%.

Government further sold 9.7% of its shares in February 2002 through a Private Placement with institutional investors including the FNPF. A month later an additional 4.7% of Government's shares were sold in a Public Offer consequently reducing its shareholding to 34.6% while FNPF's shareholding increased to 58.2%.

On 22 December 2015, through a Special Crossing on the South Pacific Stock Exchange (SPSE), Government partially divested 50% of its remaining shares in ATH. As a result, FNPF increased its shareholding in ATH from 58.2% to 72.6% while Government remains ATH's second largest shareholder with 17.3% interest.

The remaining shareholders consist of companies and individuals with 10.10% or 1504 shareholders as at 31 March 2017.

The Company

Through its investments and provision of direct services in a broad range of telecommunications and related services, ATH is Fiji's main telecommunications holding company. The company has extended its focus to the region following acquisitions in Kiribati and recently in Vanuatu with a transaction underway covering American Samoa, Samoa and Cook Islands. The principal activities of the ATH Group include the provision of:

- Voice, internet and data related services;
- Business communications solutions;
- ICT and surveillance products;
- Transaction management and prepaid services;
- Directory information services;
- Business Processing Outsourcing (BPO), including call centre services;
- International telecommunications facilities.

Group Structure

Telecom Fiji Limited is a 100% owned subsidiary of ATH and provides fixed telephony services, broadband internet, international voice and data connectivity, sale of telephone equipment and sale of office and computer equipment.

Fiji Directories Limited is now a wholly owned subsidiary of ATH following the acquisition by ATH, on 20 October 2016, of 10% shares previously held by Edward H O'Brien (Fiji) Limited. Fiji Directories Limited's principal business activities are compiling and publishing the Fiji telephone directory and providing access to the same online.

Vodafone Fiji Limited (Vodafone) is the country's leading provider of mobile telecommunications services and mobile phone money transfer service. Until 30 June 2014, it was a joint venture between ATH (51%) and Vodafone International Holdings BV (49%) (VIH). On 1 July 2014, the Fiji National Provident Fund purchased VIH's 49% shareholding in Vodafone.

On 20 May 2015 Vodafone acquired 100% of Datec (Fiji) Limited. Datec (Fiji) Limited is one of Fiji's leading IT companies. Vodafone will solidify its position as the premier provider for end-to-end ICT solutions for the enterprise and business segment.

Fiji International Telecommunications Limited (FINTEL) is a 100% owned subsidiary of ATH and provides and operates international telecommunication facilities and connectivity for operators in Fiji and the region.

ATH acquired substantially all the assets of Telecommunications Services Kiribati Limited (TSKL) on 26 May 2015 and incorporated a new company, Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) to hold and operate the assets and provide telecommunication services in Kiribati.

Another milestone achieved by ATH was the acquisition of 100% share capital of Telecom Vanuatu Limited, a leading telecommunications operator in Vanuatu, from MT International Ventures PCC, an investment vehicle wholly owned by Mauritius Telecom Limited, on 27 March 2017. Telecom Vanuatu Limited is incorporated and domiciled in Vanuatu.

Vodafone Fiji Limited

Mr Ajith Kodagoda
Chairman

Mr Russell Hewitt
Director

Mr Isikeli Tikoduadua
Director

Mr Robin Yarrow
Director

Mr Andrew Fairgray
Director

Mr Pradeep Chand Lal
Chief Executive Officer

Mr Divik Deo
Company Secretary

Vodafone Fiji continues to expand the boundaries of mobile telecommunications as it keeps customers in Fiji and the Pacific abreast of the latest mobile innovations. Our goal is to deliver the latest enabling technologies for our users. This is made possible by an extremely motivated team who are passionate about doing the best for its customers and the company.

Vodafone Fiji prides itself in being the best mobile service provider in Fiji and continues to attract and develop the best people to work for a dynamic company that is at the forefront of technology. In today's changing business and technological landscape, we believe human capital is the key source of competitive advantage for any organisation.

In this regard, we have an extremely well qualified and enthusiastic team of staff of which 97% hold a tertiary qualification. Many of our people also hold post graduate qualifications and undertake continuing professional development to keep up to date with the latest global standards.

Vodafone Fiji strives to be a world class organisation, with continuous improvements in the organisation's work systems and processes, delivering world class services and solutions. Vodafone Fiji will continue with the same zeal to deliver the best to its customers and shareholders.

Business Performance

The company recorded another year of growth in net subscriber numbers with mobile subscribers closing at 730,979. This growth is on the back of Internet and data connections, driven by the continuing strong adoption of smartphones and Internet-enabled devices.

Results have been boosted with the launch of Vodafone Fiji's 4G+ network and the expansion of our coverage footprint to over 96% of Fiji's population.

The Vodafone Group continues to deliver excellent results with Vodafone Group consolidated revenue growing by almost 14% from the previous year to $296 million. Vodafone company revenue also grew by 12.4% to close the financial year at $277 million.

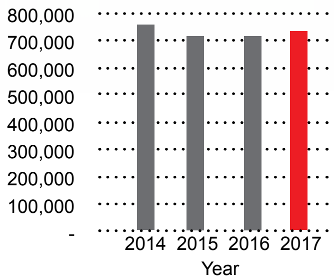
Revenue continues to grow with much of this attributable to the continued surging growth in data connections and services. Voice revenue remained steady while still achieving growth from the previous year.

The estimated smartphone penetration in Vodafone Fiji's network is close to 65%, a demonstrable increase over prior years as the take-up rate for smartphones continues to be stimulated by global price reductions.

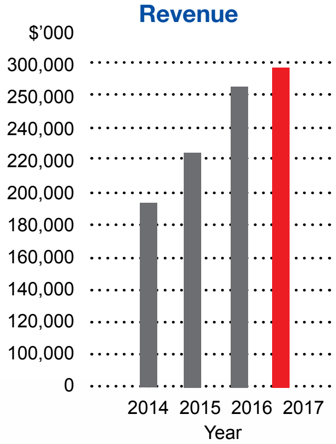
For our customers mobility is a fact of life and the ramifications on our networks to support the reliable, high speed and low latency connectivity required by high-definition video are crucial for the most rewarding experiences. Our ability to translate this strong data demand into revenue growth will be a key driver of our financial performance in future.

M-PAiSA has been also a game changer in the country as business focus moved towards further integration and expansion of

Mobile Connections



Revenue



M-PAiSA services. This financial year has been phenomenal in the area of financial inclusion through mobile and banking integration via the mobile platform, paving the way for M-commerce. A major development has been with Vodafone Fiji's M-PAiSA Mobile banking integration with partners which now offers a fully integrated mobile wallet and bank account integration that will facilitate seamless transfer of money. Further expansion of the International Money Transfer front opened access to new markets in the Fijian economy.

Customer transactions recorded outstanding growth with prepaid electricity payments leading the way. M-PAiSA accounts for 45% of prepaid electricity payments and is a resounding validation of its convenience.

Vodafone's Mobile Wallet, also received the Best Digital Inclusion ICT Award, adding to another prestigious achievement for the year.

M-PAiSA was a phenomenal success distributing the Government's Help for Homes grants of $130 million to Tropical Cyclone Winston victims.

During the financial year 2017, more than $200 million has been transacted through M-PAiSA, which is a strong indicator of the general acceptance and adoption of the mobile wallet as a successful electronic platform. Vodafone is encouraged by the adoption rates and has started working on other prospects that can be integrated with M-PAiSA payments.

Corporate and Business Marketing

Vodafone Fiji is the most preferred partner for Mobile Communications and ICT services in the business community. The company has evolved from being just a mobile communication services provider to a full solutions partner dealing with the full spectrum of products and services in the ICT space. This evolution includes innovative customised offerings, Connectivity, Cloud Hosted Solutions, Disaster Recovery, Software as a Service, Collaboration and Software services to name a few examples. With the acquisition of Datec (Fiji) Limited as the ICT arm of Vodafone, it has delivered significant synergies and enabled us to provide complete business solutions to businesses.

Vodafone Fiji continues to lead an extremely competitive market with unparalleled customer service and relationship.

Customer needs have changed with the times, and now greater attention is placed on ICT as an enabler for their business. With cloud computing models such as IaaS, SaaS and PaaS, customers are progressively adapting to outsourcing models and are now able to achieve cost effective solutions.

As our industry moves ahead with innovations such as Virtual and Augmented Reality, Internet of Things and Big Data analytics, Vodafone is continuing to keep abreast of these developments to be ready to deliver these capabilities to our customers in the near future.

Keeping Ahead of the Game

Businesses are embracing mobile technologies to streamline processes, increase agility and responsiveness to consumer needs. The imperative to engage customers through innovative, real-time experiences has never been greater. Vodafone Fiji is well renowned locally and internationally for being a leader in deploying new technologies and capabilities. The 4G+ LTE deployment is a prime example of investing ahead of the curve to deliver excellent service to customers.

With one of our key pillars of business built on continuous improvement, Vodafone demonstrates that it lives by these principles in no better way than by winning the prestigious President's Award for Business Excellence for 2016, a record fifth for the company.

Vodafone Fiji continues to work closely with the parent company, ATH to expand its reach in the Pacific.

Datec (Fiji) Limited

Our acquisition of Datec redefines the scope of telecommunications and ICT services that the group provides. In the "connected world", the establishment of a one-stop local ICT/telecommunication solutions provider to local and regional enterprises has never been more important in helping our customers succeed while making their business easier to run.

Datec has again had a good year recording positive growth in revenue. This is due to sound business practices and maintaining focus to strengthen relationships with existing business partners to expand the offerings to its customers. Being customer focused and solution oriented resulted in big wins for Datec and this has helped to reinforce confidence with its customer base.

Sponsorship

Vodafone Fiji supports local activities through sponsorship in communities, sports, corporate events, festivals and community oriented activities.

Having committed significant resources to lay a solid foundation for many sports in the country, we are especially proud to be the major brand supporting our growing sports. Vodafone Fiji is the major sponsor of the three leading sports in Fiji: Rugby Union, Rugby League and Soccer.

Vodafone Fiji, through its sponsorships, is committed towards the development of sports at all levels, particularly at the grassroots levels. The financial boost we provide, combined with the dedication and passion for the sports by players and officials, are now bearing fruit with our national teams participating at the highest levels. We have seen the

Vodafone Fiji Limited (Cont'd)

successes of the teams that we support not only on domestic but on international level as well.

2016 has been a historical year for Fiji Sports when Fijians and the Pacific united to celebrate the gallant win of the Fiji 7s team that brought home the glory of winning Fiji's first Olympic medal. We also witnessed the Fiji football team achieve a great historic occasion in competing at the international arena against the top teams in the world. History was made in Fiji Football as for the first time in 72 years, the Fiji Football U23 team entered the Olympic arena.

Indeed it is a proud time for our nation and, as sponsors, we are equally proud to be able to develop and nurture our passion for sports and to provide a platform for our players to take on the world at the highest level.

Telecom Fiji Limited

Mr Umarji Musa
Chairman

Mr Sashi Singh
Director

Mr Naibuka Saune
Director

Mr Arun Narsey
Director

Mr Sanjay Lal Kaba
Director

Mr Isikeli Tuituku
Director

Mr Mothilal De Silva
Chief Executive Officer

Mr Samuela Vadei
Company Secretary

Overview

During financial year 2017, Telecom Fiji faced critical challenges, as a result of the extensive damage to network infrastructure and the ensuing massive recovery effort after the devastating impacts of Tropical Cyclone Winston. At the same time, to ensure that the company continues to be at the forefront of innovation, it also accelerated expansion of its national fixed broadband network and rolled out new technologies, such as Fiber-to-the-Node (FTTN), Fiber-to-the-Home (FTTH), Cloud applications and 4G wireless broadband. All of these initiatives were premised upon providing an unprecedented step up in the experiences our customers get from our services.

The residential market remains challenging because of perennial competition and substitution through mobile and internet-based services. However, the company maintained its leading market position in the business and corporate enterprise space, successfully implementing major ICT projects.

We are pleased to advise that for financial year 2017, the company recorded an improvement over previous financial year's pre-tax operating results by maintaining sharp focus and persistence on its primary goals of maximising revenues, controlling costs, continuous innovation and a never ending quest for process excellence.

Financial Highlights

For the financial year 2017, Operating Revenue increased by 0.6% and Gross Profit increased by a healthy $3.41 million despite the calamitous effects of Tropical Cyclone Winston, the reduction of internet and data prices through competition and regulation, and the continuing decline of fixed voice revenues.

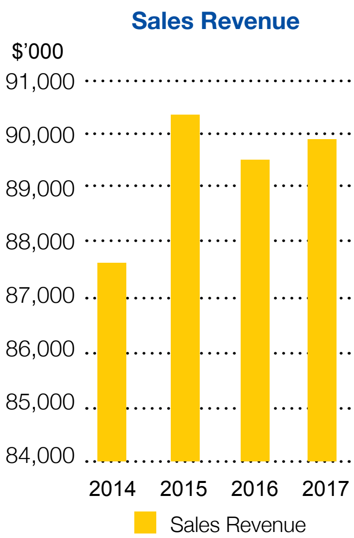
Net Profit before Income Tax closed at $21.02 million, an increase of 40% over the previous financial year. After accounting for tax payable of $4.54 million, a Net Profit after Tax of $16.48 million was achieved.

The company is constantly working to increase revenues by bringing new approaches, business models and strengthening our relationships with our customers while aggressively controlling costs and improving efficiency.

Fiber-to-the-Home

TFL embarked on a major network expansion and upgrade to bring high-speed fixed broadband service to key residential areas nationwide. In conjunction with this, TFL has proactively shortened the lengths of the copper wires to the majority of households in urban and suburban areas. This means that most of our customers on ADSL2+, VDSL and FTTH services will be able to experience super-fast broadband speeds and improved reliability.

FTTH deployment commenced with promising results and have sparked strong customer interest. We believe that this level of interest reflects the market readiness for this industry-leading technology, and will be a strong focus area for the company going forward.



4G+ Services and Coverage

Apart from strengthening its fixed network infrastructure, the company rolled out its 4G+ network, and in the process was the first operator in Fiji to utilise the APT700MHz spectrum via aggregation of 700/1800 spectrum to deliver faster internet to customers. TFL's 4G+ network complements its fixed broadband services in areas without services or otherwise has poor or unserviceable fixed line infrastructure.

Satellite Network Upgrade

The satellite network proved its resilience and value as a lifeline service during the aftermath of Tropical Cyclone Winston, where people in the remotest parts of the islands affected were still able to communicate with the outside world. TFL upgraded the Yaqara Earth Station, migrating to an advanced system capable of supporting high-speed broadband services, which will provide schools, government stations, medical centres and postal offices in remotest parts of Fiji access to basic communication services.

The upgrade has also enabled programmes such as distance learning, maritime safety and emergency services which are critical for our remote and rural communities.

The modernised satellite network will be used to close the digital divide by empowering and enabling people and communities in isolated rural areas and outer islands to improve their lives.

Core Infrastructure and Transformation

TFL continued to enhance its backbone network transmission infrastructure to ensure improvements in the availability and resiliency of networks. A key initiative included the upgrade of the Internet Protocol/Multi-Protocol Label Switching (IP/MPLS) core network to customers resulting in better quality of service, and more importantly, higher levels of network security.

Going forward, TFL will be completing the high capacity transmission ring around Viti Levu, by extending fiber along the remaining section between Rakiraki to Korovou. This project will augment the self-healing capabilities of the transmission network, which will in turn improve resiliency of downstream products and services. As an additional benefit, this extension will also make it possible to deliver voice and broadband services to all villages, schools and government stations along this corridor.

As part of its efforts to digitise customer engagement and experience, the company developed and launched a self-care customer portal, which enables all Telecom and Connect broadband customers to carry out basic service configuration and bill enquiries from their android-based devices or computers.

TFL successfully completed a number of milestone ICT Projects delivering full end-to-end turnkey solutions to major resorts. The solutions comprised of fibre optic cabling, telecommunication services, IP-PABX unified communications and managed WIFI infrastructure.

The company continued to expand its fiber footprint, with the rollout of FTTN and FTTH projects, completing the 4G+ LTE backhaul project, as well as extending fiber directly into enterprise customer premises. These investments in fiber deployment, coupled with transformation to IP-enabled services represent the future of our business.

Corporate Social Responsibility

TFL firmly believes in the development and empowerment of Fiji's youth population and continued its unwavering support to major sporting teams and events.

During the year, the company participated and led various activities to support the under privileged across Fiji.

TFL also supported the various municipal events throughout Fiji helping the local communities. TFL also continued to pursue "go-green" initiatives, such as exploring solar power as an alternate energy option for high fossil fuel consumption sites.

Human Resource

The company introduced a number of initiatives focused on building a stronger workforce. The quarterly Employee Champion Awards recognises service excellence and rewards those who make outstanding contributions to improving customer experience.

The company also initiated Building Team 2020 to build capabilities to deliver innovative programmes or solutions to reduce cost, increase revenue, retain customers, reduce leakage, improve processes, diversify product range, or improve network resilience. A number of staff have been sent on specialised training programmes to upskill them and prepare for future technologies.

Outlook

In line with its core strategies the company will continue to explore new opportunities in the emerging areas such as Data Centre solutions, security, smart ecosystem solutions, Cloud applications, and E-initiatives. The company constantly endeavours to create a culture of continuous learning and innovation and adopt best industry practices, and continuously create value for shareholders.

Fiji International Telecommunication Limited

Mr Ajith Kodagoda
Chairman

Mr Sashi Singh
Director

Mr Vilash Chand
Director

Mr Naibuka Saune
Director

Mr George Samisoni
Chief Executive Officer & Company Secretary

Overview

One of the 17 Sustainable Development Goals (SDG) of the United Nations is the building of reliable, sustainable and resilient infrastructure to increase access to ICT and the provision of universal and affordable access to the Internet.

Since 1902, FINTEL and it's predecessors have been the sole providers of international telecommunications sub-sea cable landings in Fiji, and now look set to play a similar role for the region.

FINTEL has commenced negotiations with Southern Cross Cable Network (SCCN) for a second international telecommunications cable access from Fiji.

A second cable will future-proof Fiji well beyond 2030, but more importantly ensures there is a reliable, redundant and resilient supply of international bandwidth to keep us and our Pacific Island neighbours, connected to the world.

As negotiations proceed with SCCN, Hawaiki, a new proposal for a submarine cable linking Australia and New Zealand to Hawaii and mainland United States, has also indicated that its proposal includes the installation of a branching unit in Fiji waters.

These developments can only boost Fiji's role in the Pacific as Global bandwidth demand continues to its upward growth momentum in turn spurring sub-sea cable network operators to undertake extensive network upgrades and new capital deployments to accommodate demand.

Globally, demand for international bandwidth increased at a rate of 45 percent in 2016. The amount of capacity deployed on international internet, private, and switched voice networks doubled between 2014 and 2016, rising to 443 Tbps.

Commensurate with this forecast, Fiji has also doubled its international bandwidth between 2015 and 2016. This has been largely due to the surging demand for mobile broadband as more and more customers get online through their smartphones.

Fiji has witnessed a remarkable transformation of its ICT sector over the last decade. Connection to the South Cross fibre optic cable has provided progressively cheaper and high speed international backbone capacity for development of the Internet.

The Internet is enabling broad-based development in Fiji's economy. This is through business, government and people, creating growth, services and jobs.

Through this evolution, FINTEL strengthens Fiji's position as the hub of the South Pacific Telecommunications network and focal point of regional business activity.

Financial Performance

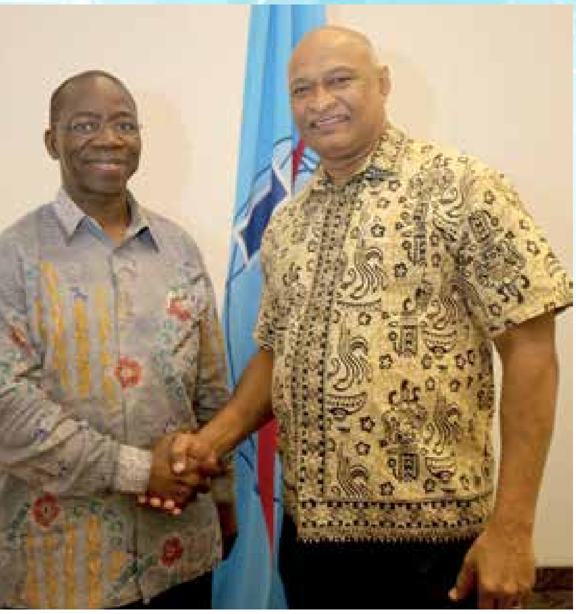
While the international gateway market, open access framework and direct price regulation is a challenge. FINTEL as a wholesaler with no significant direct retail revenues, is now more focused on wholesale services for mobility and end-to-end service delivery.

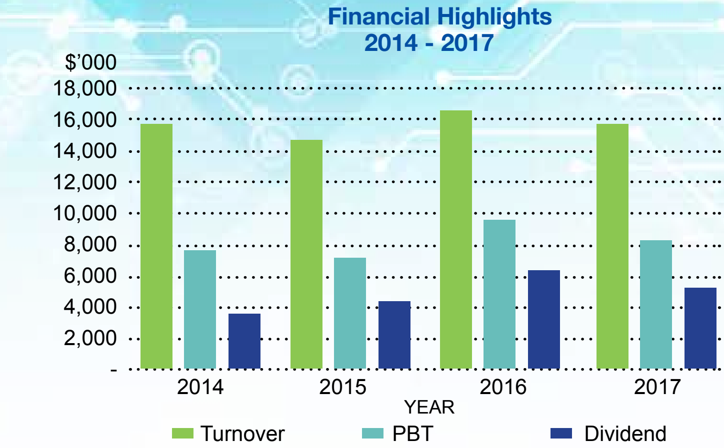
FINTEL recorded an Operating Profit of $7.4 million (2016: $8.8 million). Profit before Tax (PBT) of $8.2 million (2016: $9.4 million) and Profit after Tax (PAT) of $6.7 million (2016: $7.4 million) during the year.

FINTEL delivered a Dividend of $5.3 million (2016: $6.3 million).

FINTEL's realignment of the internal cost structures and domestic and regional business products, contributed to the achievement of the positive return. This is forecasted to continue despite the gateway market challenges faced.

The interconnection of two proposed Pacific Island cable systems, a second international sub-sea cable access, the associated value added services and the growing demand for international broadband will provide the future delivery of key business objectives.





Operational Performance

FINTEL continues to provide an efficient network ensuring operations meet changing customer and market needs and providing efficient and effective network availability and quality.

Tele-housing and Co-location services at FINTEL's Vatuwaqa Communications Centre (VCC) provide efficient and effective services to our domestic, regional and international corporate customers. Organisations are now opting for security and redundancy, both of which FINTEL provides, supplementing direct connectivity to the international gateway.

Vanua Levu-Viti Levu Sub-sea Cable System

The Fiji-Samoa (Tui Samoa) sub-sea cable system will include a branching unit funded by the Goverment of Fiji to Vanua Levu (Savusavu). This will provide the people of Vanua Levu the same standard of ICT access currently available in Viti Levu, a much needed catalyst to social and economic development for the North.

FINTEL will manage the Savusavu cable landing which is targeted to be in service by the first quarter of 2018.

FINTEL's VCC is strategic not only for Fiji but the Pacific region as well. The company will ensure our investments and development initiatives will continue to support our customer's connections to the world.

Fiji Directories Limited

Mr Arun Narsey
Acting Chairman

Mr Umarji Musa
Director

Mr Ivan Fong
Director

Ms Sitla Chandra
Company Secretary

Overview

Fiji Directories Limited (FDL) is Fiji's leading Directory Service Provider - its flagship products are the Fiji Yellow Pages, White Pages and online directory services. The company provides a centralised database repository and information of business listings, phone numbers, email addresses, maps, advertisements and business location details.

Whilst the printed directory is still used by a vast majority of people in the country, the business is fully cognisant of the emerging directory services such as e-directory and online business search tools. With high penetration of smartphones and increased access to data and internet services, FDL has also made it convenient for smartphone users to access its e-directory services through its websites www.yellowpages.com.fj and www.whitepages.com.fj. The business is keen to build and expand on its range of electronic and online directory services, which offers many new exciting opportunities for the business, such as online advertising opportunity as a bundled proposition with directory assistance.

Management and Shareholder Changes

On 20 October 2016, FDL became a fully owned subsidiary of ATH after acquiring the balance of 10% shares outstanding from Edward H O'Brien (Fiji) Pty Limited.

In November 2016, the Chief Executive Officer of the company, Mr Navin Kumar Nand resigned to pursue other opportunities.

Financial Results

FDL achieved a record net profit after tax of $1.9 million, underlining a 12.51% growth over the last financial year. The increase in Net Profit is attributed largely to reductions in operating expenditures and other cost savings totalling 8.95%.

The company declared a dividend of $1.75 million to shareholders, which is an increase of 6.06% over the previous financial year.

Technology Upgrade

During the year, the business made a significant investment to upgrade its directory publishing system that will be the base to establish an integrated platform for Print, Web, and Mobile Directory Services.

The investment is expected to assist its business process re-engineering, increase output and improve productivity through efficiency gains. It also lays the platform to offer new services such as Google Earth co-ordinates and location-based services in a highly centralised database accessible through Print, Web and Mobile.

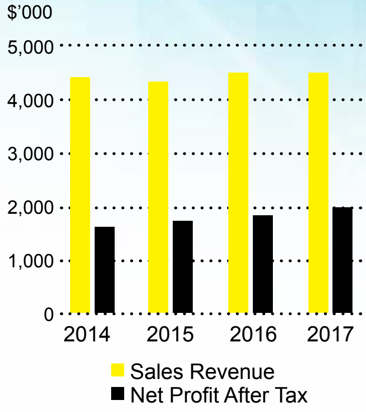
The Future

The business has shown a marked turnaround in business performance and is well-positioned to capitalise new and emerging opportunities.

It has earmarked as key business imperatives for the next financial period, the revamping of its Yellow Pages and White Pages online portal, the development of a smartphone application for Android and IOS and Windows Mobile.

The upgrade will help the company expand its online presence, provide a more user-friendly experience with more flexible and client-tailored services.

Sales Revenue and Net Profit After Tax



Amalgamated Telecom Holdings (Kiribati) Limited

Mr Arun Narsey
Chairman

Mr Pradeep Lal
Director

Mr Ivan Fong
Director

Mr Kamlesh Sharma
Chief Executive Officer

Mr Divik Deo
Company Secretary

Overview

Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) now delivers the latest affordable mobile communications network to the people of Kiribati delivering reliable and much improved 2G, 3G and 4G coverage, which has been the cornerstone of the turnaround financial performance for the operation of the former state owned operator.

ATHKL continues to embrace the ongoing advances in technology, reshaping the telecommunication market and transforming customer experience in Kiribati.

For ATHKL, this was a year of considerable progress as we continued to attract new customers across the key products and services.

Growth

ATHKL today provides services to 46,617 active customers with the core purpose to empower customers to be confidently connected to their families, friends and customers. The subscriber numbers increased by 36% since last year. The demand for mobile services continues to grow strongly with mobile penetration rate of 44%.

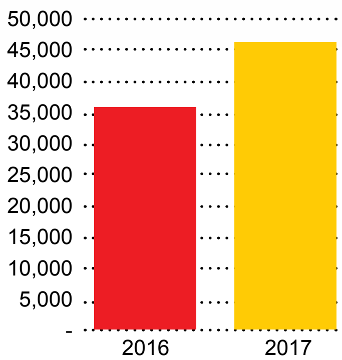
Voice and SMS services have been growing with the introduction of affordable bundled promotions and rollout of services to the outer islands and we are plesantly encouraged by the rapid adoption of data and Internet services which is being driven by the confluence of smartphone penetration, superior 4G coverage, faster international connectivity, and the availability of internet content and applications.

Financial Performance

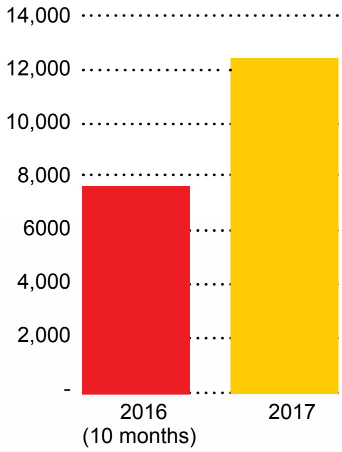
For the financial year 2017, ATHKL achieved a total turnover of AUD 12.3 million (FJD 18.8 million). The growth was mainly driven by increased sale of smartphones and internet-enabled devices, supplemented by the introduction of IPVPN services and new data packages to drive data revenue.

The expansion of 4G network sites, together with replacement and expansion of 2G and 3G connectivity in outer islands, were bold investment decisions that are now, in hindsight, absolutely correct decisions which underpin our results.

Closing Subscriber



Turnover (AUD)



More Services

ATHKL is adopting a responsive approach to consumer pricing and product bundling in Kiribati focused on providing customers with high speed broadband, international roaming, IPVPN internet, M-PAiSA, hosted enterprise solutions and value added services while not losing sight of affordability for our customers.

The launch of M-PAiSA services in Kiribati highlights an immense opportunity in the country as a large proportion of the population is unbanked and our mobile e-payment and money transfer solution seeks to address the day to day challenges of making payments efficiently. This is a huge milestone achievement for ATHKL and we have great expectations ahead as the service is beginning to gain momentum in the two months from the launch of the mobile wallet platform.

Since inception, there has been an increase in participation as the users readily adopt this new functionality to enter into and immediately respnd to complete transactions with mobile based competitions such as Text and Win, mass market campaigns and promotions.

Outlook

As the demand for IPVPN and corporate telecommunications services increases in Kiribati, we have also expanded the upstream bandwidth capacity to match demand and we anticipate that this strong growth pattern will continue during these early stages of catering for the latent demand in Kiribati.

As technology continues to evolve at a rapid rate, our business is constantly changing to adapt to changes in customer behaviour, technology, competitive landscape and regulation. We will continue to work towards providing the best network, products, services, experience and expert advice for our customers.

For our users, this translates to extending our reach through increasing corporate and global distribution agencies based on long long-term mutually beneficial partnerships to ensure the long-term sustainability of the business.

Vodafone ATH Fiji Foundation

Vodafone ATH Fiji Foundation

Mr Lionel D S Yee
Chairman

Mr Ivan Fong
Director

Mr Divik Deo
Director

Ms Elenoa Biukoto
Director

Mr Iliesa Volau
Director

Mr Arunesh Vishwa
Director

Ms Ambalika D Kutty
Foundation Executive & Secretary

The Vodafone Fiji ATH Foundation envisions "Building a Stronger and Connected Society" through innovation, quality operational excellence, engagement, partnerships, social entrepreneurship, connected community solutions Mobile for Good, information and knowledge sharing.

In 2016, the Foundation focused on activities aimed to improve communities through innovative and beneficial use of technology. Most importantly, the contributions that the Foundation makes serve as the initial spark to launch sustainable development initiatives for communities throughout the country.

Much of our commitments around Fiji were achieved through grants, collaborating with partner organisations to leverage synergies, and providing access to the Vodafone platforms to build or extend communities around social media engagement, funnelling of stakeholder resources towards the appropriate community needs and continuous review of Foundation strategies.

The Foundation was awarded the Socially Responsible Business of the Year Award at the 2016 Prime Minister's International Business Awards in recognition of its efforts. This proud moment was a resounding validation and testimony to the value we bring to less privileged and underdeveloped communities.

Financial year 2017 also demanded a stronger link between the grassroots and the Foundation. To ensure strong partnerships and synergies, we worked with the most relevant and influential stakeholders and community-based organisations who are closest to the communities and have a first-hand understanding and insight into the needs and challenges of the people.

These included the Ministry of iTaukei Affairs, Ministry of Rural and Maritime Development Natural Disaster Management, Bose Ni Yavusa, Bose Ni Mataqali, Bose Ni Tikina, "Soqosoqo Vakamarama" and "Tabagone" at the provincial councils and ministerial events.

The Foundation, in partnership with relevant stakeholders, touched the following;

1. Ra Province [7,370 families, 19 Tikina, 86 Villages];
2. Serua Province Council [4,560 families, 4 Tikina, 24 Villages];
3. Namosi Province [1,725 families, 5 Tikina, 28 Villages];
4. Tailevu Province [13, 930 families, 22 Tikina, 146 Villages];
5. Nadroga/Navosa Province [14,600 families, 22 Tikina, 121 Villages];
6. Naitasiri Province [161,000 people, 16 Tikina, 91 Villages] and;
7. Cakaudrove Province [49,350 people, 16 Tikina, 132 Villages]

In another first for Fiji, the Foundation launched the mPortal (www.mobilise.com.fj) programme which is an expansion of the initial 23 mChannels which were trialled between 2010 and 2015. The mPortal seeks to provide comprehensive information pertaining to day to day issues and challenges faced by the people of Fiji in one convenient portal.

Key Programmes

Our efforts continued to provide connected community solutions to the needy. We implemented 121 projects which included 41 Mobile for Good, 27 Double Your Dollar, 5 sustainable funding and 50 world of difference projects with two charities around Fiji.

In our World of Difference programme, two candidates continued to work for distinctive charities advocating, collaborating, and engaging on community issues and influencing policies that matter to the key communities.

Spinal Injury Association and Fiji Council of Social Services continued to drive and promote programmes to benefit the wider community throughout Fiji.

The accomplishment of this year's programmes is embedded in our high-level strategic plans to deliver returns on social investment.

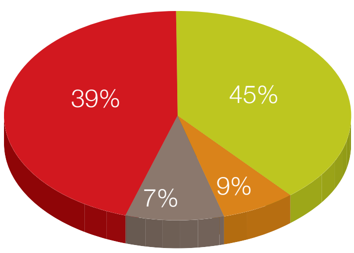
Our Beyond Funder initiative enabled the Tidesreach Resort on Taveuni to raise funds in Malibu, USA to assist Naselesele Primary School in Taveuni with solar system and technology rollout.

Our Employee Engagement programme saw the 'Pink Ladies of Vodafone' raise $13,000 for the Fiji Cancer Society whilst a "Grand Movember Shave, Grow and Show" your moustache raised funds showcasing support for Men's Health.

Over the last 12 years, the Foundation has made in excess of $16.4 million worth of contributions to social good and community development.

This year the Foundation touched the lives of the following individuals and charities.

Illustration 1: Distribution of Grants by Programme for 2017



Grants Disbursed By Programme (%)

- Mobile for Good
- Sustainable Funding
- Double your Dollar
- World of Difference

Vodafone ATH Fiji Foundation (Cont'd)

Grants Disbursements 2017

Mobile for Good	**$208,801**		
Wanikoro Public School	2,500	South Taveuni Primary School	2,500
Spinal Injury Association	20,000	South Taveuni Secondary School	2,500
Nukuilau Youth Club	2,300	Naikelikoso Primary School	2,500
Matokana Women's Club	2,500	Rarawai Primary School	2,500
MacDonald Youth Club	2,200	Western Charity Alliance	10,000
Nukulau Youth Club	2,500	Nasukamai Youth Club	2,500
Gaunavou Youth Club	2,200	Nilsen College	2,500
Tavua Village Youth	2,500	Delaira Youth Club	2,500
Grace Trifam Ministry	2,500	Semo Youth Club	2,500
Tabala Youth Club	2,500	Marise Youth Club	2,500
Naqwavui Youth Project	2,500	Yaroi Youth Club	2,500
Uluisori Youth Club	2,500	Young Entrepreneurs Council (YEC) Fiji	2,500
Rotary Club of Labasa	5,000	Namada Youth Movement	2,500
Spinal Injury Association	30,000	Muanaicake Clan	2,500
Waikanikia Women's Club	2,500	Veisaru Youth and Sports Social Club	2,500
Kawaca Youth Club	2,500	Tokatoka Vacalea Youth Club	2,500
Tavunasia Youth Club	2,500	Vututolu Youth Club	2,500
Valenimalumu Youth Club	2,500	Domoilagi Youth Club	2,500
FCOSS National Volunteer Centre	10,000	Balebalelevu Youth Club	2,500
Naveyago Village Youth Club	2,500	Waikoloa Youth Club - Verata	2,500
Lutu Youth Club	2,500	Dreketi Village youth	2,500
Vuna Youth Club (yalovata)	2,500	Qaleni Youth Club	2,500
Navakawau Youth Club	2,500	Lavena Youth Club	2,500
Vunimada Womens Club	2,500	Waitabu Village	2,500
Uluisuvani Youth Club	2,500	Natadrayasi Youth Club	2,500
		VF Red Alert	22,102
Sustainable Funding	**$33,800**		
Fiji Table Tennis Association	5,000	Lions Club of Labasa	5,000
Rotary Club of Taveuni	15,000	Vision Fiji	3,800
Lions Club of Ba	5,000		
Double Your Dollar - Donations	**$24,642**		
Jagjeet Narayan	1,000	Radhika Sharma - Sita Ram Mandir	1,000
Sharda Nand	1,000	Niranjan Prasad - Lions Club of Labasa	1,000
Pravin Kumar	1,000	Mohammed Iqbal Shah - Fiji Muslim League	540
Nandita Naidu	1,000	Abdul Safik - Nausori DCOSS	1,000
Naleba Sanatan Mandir	1,000	Mohammed Iqbal - Fiji Muslim League	1,000
Shiu Mandir Committee	1,000	Gyan Singh - Shiv Mandir	1,000
Fiji Muslim League	1,000	Praneel Chand - Fiji Cancer Society	1,000
Shree Sat Gyan Ramayan Bhajan Mandali	1,000	Ashmita Lata - Sarava Ramayan Mandili	1,000
Spinal Injury Association	1,000	Shaleshni Vanadana - Gyan Mandir	1,000
Litesh Goundar	500	Mohammed Khalid Hussein - Fiji Muslim League	452
Rakesh Kumar	900	Sunita Devi - Nauyuwak Ramayan Mandili	1,000
Fiji Cancer Society	1,000	Praveen Chandra - Fiji Cancer Society	1,000
Kamlesh Chand	1,000	Samabula Senior Citizens Home	250
Mohammed Ashik	1,000		
World of Difference	**$119,326**	**Grand Total**	**$386,569**

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Financial Statements
For The Year Ended 31 March 2017

Contents	Page

Directors' Report

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of Amalgamated Telecom Holdings Limited (the holding company) and of Amalgamated Telecom Holdings Limited and subsidiary companies (the group) as at 31 March 2017, 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 directors in office at the date of this report are:

Mr Ajith Kodagoda – Chairman
Mr Arun Narsey
Mr Tom Ricketts
Mr Sanjay Kaba
Mr Taito Waqa
Mr Umarji Musa
Mr David Kolitagane

Principal Activities

The principal activity of the holding company during the year was that of equity investments.

The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Limited	Telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services, and marketing and selling of prepaid transactions cards.
Vodafone Fiji Limited	Cellular mobile telecommunication services.
Fiji International Telecommunications Limited	International telecommunications facilities and provision of internet related services.
Fiji Directories Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Limited and its subsidiary, Datec Australia Pty Limited	Retailing of computer hardware and software, technical support services, equipment rental, and provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited (New subsidiary company)	Telecommunication services in the Republic of Vanuatu.

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

Results

The profit after income tax of the holding company for the financial year was $42,702,695 (2016: $34,268,027).

The consolidated profit after income tax attributable to the members of the holding company for the financial year was $54,222,338 (2016: $56,724,280).

Directors' Report (Cont'd)

Dividends

Interim dividends of $8,442,097 were paid and final dividends of $16,884,195 were provided by the holding company during the year ended 31 March 2017 (2016: interim dividends of $12,663,146 were paid and final dividends of $21,105,243 were provided).

Reserves

The directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards. Under the provisions of the Section 196(a) and Section 737 of the Companies Act 2015, the share premium reserve has been reclassified as part of the existing total issued share capital.

Basis of Accounting / Going Concern

The financial statements of the holding company and the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the holding company and group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

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.

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 and 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 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 holding company's and the group's financial statements misleading.

Unusual Transactions

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

Significant Events During the Year

During the year:

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

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

   The first two payments for the transaction have been paid as refundable deposits at USD 30,000,000 (FJD 61,218,243) while the final payment and settlement is awaiting certain consents from the Federal Communication Commission of USA and approvals and waivers from the Committee of Foreign Investments in the United States (CFIUS). As at 31 March 2017, the holding company did not have control of Bluesky Group and therefore the payments have been recognised as 'Refundable Deposits' in the financial statements.

   According to SPD, ATH is entitled to receive (as holding fees in lieu of interest on refundable deposits paid) portions of any distributions, including management fees and dividends, received by the seller.

   In an effort to facilitate the primary transaction, ATH also acquired a number of minority shares of various classes in a number of the target entities. During the year ended 31 March 2017, the holding company had acquired 24.88% shares in Bluesky SamoaTel Investments Limited of Samoa and 4.66% in Bluesky Pacific Holdings Limited of Samoa from minority shareholders for a purchase consideration of USD 5,849,113 and USD 775,191 (FJD 12,117,493 and FJD 1,620,721), respectively. Bluesky SamoaTel Investments Limited is a holding company which has 75% interest in Bluesky Samoa Limited of Samoa. The principal activity of Bluesky SamoaTel Investments Limited is that of equity investments and the principal activity of Bluesky Samoa Limited is that of telecommunication services in Samoa. Bluesky Pacific Holdings Limited of Samoa has equity interest in Telecom Cook Islands Limited.

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

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

The financial effects of the above events, have been incorporated in the financial statements for the year ended 31 March 2017.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

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 any company in the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the holding company or the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the holding company's and the group's financial statements 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 benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of any company in the group or of a related corporation) by reason of a contract made by any company in the group or by a related corporation with the director or with a 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 board of directors.

Dated this 28th day of June 2017.

....	....
Director	Director

Directors' Declaration

The declaration by directors is required by Section 390 of the Companies Act, 2015.

The directors of the company have made a resolution that declares:

a) In the opinion of the directors, the financial statements of the holding company and the group for the financial year ended 31 March 2017:

   i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the holding company and the group as at 31 March 2017 and of the performance and cash flows of the holding company and the group for the year ended 31 March 2017; and

   ii. have been prepared in accordance with the Companies Act, 2015.

b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and

c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the holding company and the group will be able to pay its debts as and when they become due and payable.

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

Dated this 28th day of June 2017.

Director

Director

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Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

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Chartered Accountants
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AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AMALGAMATED TELECOM HOLDINGS LIMITED

As group auditor for the audit of Amalgamated Telecom Holdings Limited and subsidiary companies for the financial year ended 31 March 2017, I declare to the best of my knowledge and belief that there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Amalgamated Telecom Holdings Limited and subsidiary companies.

BDO

BDO
CHARTERED ACCOUNTANTS

Pradeep Patel
Partner

Suva, Fiji
28 June 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Amalgamated Telecom Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amalgamated Telecom Holdings Limited (the holding company) and Amalgamated Telecom Holdings Limited and subsidiary companies (the group), which comprise the statements of financial position as at 31 March 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the holding company and the group as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the holding company and the group in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Cont'd)

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Accuracy of Revenue including Deferred Revenue due to Complex Billing Systems	
The accuracy of revenue amounts recorded is an inherent industry risk. This is because telecom billing systems are complex and process large volumes of data with a combination of different products sold and price changes in the year, through a number of different systems. Accounting policy relating to revenue recognition is provided in Note 3.1.	Our audit approach included controls testing and substantive procedures, in particular: • Evaluation of the design and operating effectiveness of controls over the capturing and measurement of revenue transactions, including evaluating the relevant IT systems. • Examination of the process and controls over the capturing and assessment of the timing of revenue recognition for new products and plans, as well as performing testing of a sample of new plans to supporting evidence. • Testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. • Evaluation of systems and processes for customer billings and receipts, and performing tests on the accuracy of customer bill generation and subsequent receipts on a sample basis.
Acquisition of Telecom Vanuatu Limited and Recognition of Goodwill under IFRS 3 Business Combinations	
The holding company gained control over Telecom Vanuatu Limited (TVL) (a company incorporated and domiciled in Republic of Vanuatu) by acquiring 100% of the shares of the company on 27 March 2017, for a purchase consideration of FJD 44.108 million. Following the purchase price allocation (in which identifiable assets and liabilities assumed were recognised at fair value), FJD $5.711 million resulted as goodwill recognised. The fair value of most of the identifiable assets acquired and liabilities assumed in a business combination is different from their carrying amounts in the acquired statement of financial position which gives rise to fair value adjustments as part of the purchase price allocation of this business combination. Accordingly, the acquisition is material and significant judgement is required in relation to the purchase price allocation including the resulting goodwill. Management, assisted by its external valuation specialists, determined the fair value of TVL's identifiable assets and liabilities. Disclosures in respect to this acquisition are provided under notes 6 and 17 of the accompanying financial statements.	We have audited the accounting for the acquisition of TVL, including: • An analysis of the fair value of most of the identifiable assets acquired and liabilities assumed supporting the purchase price allocation and the resulting goodwill. • For the property, plant and equipment and software licenses, we assessed the methodology adopted by management and its expert for calculating the fair values. We found the methodologies and the assumptions applied to be reasonable. • Using our knowledge of the mobile and telecom industry and based on relevant technical analysis and reports, we assessed the completeness of the identification of the assets acquired and the appropriateness of the assets' useful economic lives. The assets identified and the useful economic lives assigned are consistent with our expectations.

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Assessment of Useful Lives for Property, Plant and Equipment and Intangible Assets, and Impairment of Assets	
Assessment of useful lives of assets are areas of significant judgement by the management and directors. There are two main risks that we addressed in our audit: • The risk that the useful economic lives assigned to assets and depreciations and amortization rates used are inappropriate. • The risk of possible impairment of assets as the Group is predominantly involved in revolving technology driven industry.	• We evaluated the design and tested the operating effectiveness of controls around the property, plant and equipment cycle and intangible assets cycle. • We tested the processes over the annual review of asset lives. • In addition, we tested whether the management's and directors' decisions on asset lives are appropriate by considering our knowledge of the business and practice in the telecom industry. • We found that the asset lives were consistent with those commonly used in the industry and appropriately reflected technological developments. • Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the companies in the group in carrying out impairment assessments of property, plant and equipment and intangible assets.
Accounting Treatment for Refundable Deposits for Acquisition of Shares in AST Telecom LLC and eLandia Technologies Inc.	
On 23 September 2016, Amalgamated Telecom Holdings Limited (ATH), Amper SA of Spain and Elandia International Inc. of USA entered into a Sale and Purchase Deed (SPD) where the primary transaction is for ATH's acquisition of 100% of the issued share capital in AST Telecom LLC of USA and 100% of the issued share capital in eLandia Technologies Inc. of USA for a purchase price of circa USD79 million. In recognition of a potential lengthy period to obtain the key consents, permits and regulatory approvals and complete legal formalities, the parties structured the payment of the purchase price as follows: a) USD26 million First Deposit (refundable) payable on execution of the SPD and escrow conditions; b) USD 4 million Second Deposit (refundable) payable six months from the date of execution of the SPD; and c) Balance of remaining purchase price to be paid on completion of the transaction and settlement. The first and second deposits are refundable in the event the parties do not receive approvals to complete any of the transactions contemplated in the SPD.	Based on our review and analysis of SPD and relevant information and documents provided by management together with the assessments and analysis by management, we considered the following in concluding if ATH has control of any of the companies in the Bluesky Group in the contemplated transaction as of 31 March 2017: • In accordance with IFRS 10 – Consolidated Financial Statements, the following three elements of control must be present (in assessing whether or not ATH has de facto control of any of the entities): a) Power over the investee; b) Exposure, or rights to variable returns from involvement with the investee; and c) The ability to use power over the investee to affect the amount of the investors returns. • The assessment of de facto control across the group and for each target entity would be conditional on whether or not ATH has power to direct the relevant activities. • According to SPD, whilst calculation of the pro-rata distributions that would accrue to ATH are variable, however, these distributions are in nature of holding fees in lieu of interest.

Independent Auditor's Report (Cont'd)

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Accounting Treatment for Refundable Deposits for Acquisition of Shares in AST Telecom LLC and eLandia Technologies Inc. (Cont'd)	
In the event that all of the required Government and Regulatory approvals are declined or cannot be obtained before the Long-Stop Date, then key terms of the SPD do not become binding and the parties are not obligated to complete the transaction. Furthermore, according to SPD, ATH is entitled to receive (as holding fees in lieu of interest on refundable deposits paid) portions of any distributions, including management fees and dividends, received by the seller. Also, with the satisfaction of certain conditions in the SPD, ATH has been able to secure the replacement of one of the sellers' nominee directors with an ATH nominee director in a number of target entities, subject to local Government restrictions and requirements. However, the director so appointed must vote in the same manner as the votes cast by the majority of the remaining seller's nominee directors unless it is illegal to do so or it would be a breach of the general duties of a director to do so. As of 31 March 2017, ATH was required to assess whether or not if any of the companies in the set of target entities in South Pacific (referred as Bluesky Group) in the contemplated transaction is controlled by ATH and therefore needed to be treated as ATH Group entity and included in its consolidated financial statements.	• ATH currently holds minority shareholdings in a number of Bluesky Group entities. However, it does not have title to further shares proposed to be acquired from Amper Group. Therefore, ATH does not presently have sufficient majority (direct or indirect) ownership in any of the target entities which would provide control by virtue of majority ownership, shareholder voting rights, director appointments or contractual agreements to have power to direct the relevant activities of those entities. • There are no rights or potential voting rights from any shareholders' agreement in the target entities that would confer on ATH the additional ability to exert control. • While in general, the directors appointed by ATH has certain powers to direct the activities of the relevant companies, these powers (in addition to rights granted to ATH under the restricted matters clause of the SPD) are constrained by the SPD to render them purely for the purpose of protection of the goodwill of the respective businesses. • Despite ATH having certain powers over the investee and rights to receive certain pro rata variable returns, ATH does not have the ability to use its powers to direct the relevant activities of the target entities in Bluesky Group to affect the amount of investor returns. • Accordingly, management is of the view that at this stage, ATH is not able to treat the entities in the Bluesky Group as ATH Group entities. Based on our analysis and assessments, we considered the managements' and directors' assessment to be appropriate.

Other Information

The management and directors are responsible for the other information. The other information that we received comprise listing requirements of South Pacific Stock Exchange included in the Annual Report of the group for the year ended 31 March 2017 but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act, 2015, and for such internal control as the management and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and directors are responsible for assessing the holding company and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the holding company or the companies in the group or to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the holding company's and the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the holding company's and the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the holding company's and the group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the holding company and the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Cont'd)

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

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

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the management and directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the holding company and the group have kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO

BDO
CHARTERED ACCOUNTANTS

Pradeep Patel
Partner

Suva, Fiji
28th June 2017

Statements of Profit or Loss and other Comprehensive Income
For the Year Ended 31 March 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Continuing Operations					
Revenue	7	394,702	356,211	42,679	34,629
Direct costs	8	(138,350)	(127,098)	-	-
Gross profit		256,352	229,113	42,679	34,629
Other income	9	20,018	13,799	1,632	90
Depreciation	15	(41,602)	(40,936)	(7)	(10)
Amortisation of intangible assets	16	(2,761)	(2,654)	-	-
Impairment loss on telecommunications and capital equipment	15	(696)	-	-	-
Personnel costs	10	(40,857)	(40,160)	(394)	(501)
Marketing and promotion expenses		(14,234)	(11,162)	(12)	(12)
Other operating expenses	12	(67,809)	(57,122)	(1,728)	(1,686)
Operating profit		108,411	90,878	42,170	32,510
Finance income - net	11	4	681	784	1,910
Profit from operations		108,415	91,559	42,954	34,420
Share of profit from associate	17(b)	141	-	-	-
Profit before income tax		108,556	91,559	42,954	34,420
Income tax expense	13(a)	(23,290)	(9,733)	(251)	(152)
Profit for the year		85,266	81,826	42,703	34,268
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		552	(1,883)	-	-
Total comprehensive income for the year		85,818	79,943	42,703	34,628

Statements of Profit or Loss and other Comprehensive Income For the Year Ended 31 March 2017 (Cont'd)

	Notes	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Profit attributable to:					
Equity holders of the holding company		54,222	56,725	42,703	34,268
Non-controlling interests		31,044	25,101	-	-
		85,266	81,826	42,703	34,268
Total comprehensive income attributable to:					
Equity holders of the holding company		54,779	54,808	42,703	34,268
Non-controlling interests		31,039	25,135	-	-
		85,818	79,943	42,703	34,268
Earnings per share for profit attributable to the equity holders of the holding company during the year (expressed in cents per share)					
- Basic and diluted earnings per share	14	12.8	13.4		

The above statements of profit or loss and other comprehensive income should be read in conjuction with the accompanying notes.

Statement of Changes in Equity for the Year Ended 31 March 2017

	Attributable to equity holders of the holding company						
Group	**Issued capital $'000**	**Share premium reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total $'000**
Balance as at 1 April 2015	105,526	2,074	-	85,960	193,560	29,969	223,529
Profit for the year	-	-	-	56,725	56,725	25,101	81,826
1% Transitional tax on undistributed profits	-	-	-	(662)	(662)	(227)	(889)
Dividends paid or provided (Note 30)	-	-	-	(33,768)	(33,768)	(16,335)	(50,103)
Other comprehensive income:							
Exchange difference on translation of foreign operations	-	-	(1,917)	-	(1,917)	34	(1,883)
Balance as at 31 March 2016	**105,526**	**2,074**	**(1,917)**	**108,255**	**213,938**	**38,542**	**252,480**
Profit for the year	-	-	-	54,222	54,222	31,044	85,266
1% Transitional tax on undistributed profits	-	-	-	(394)	(394)	(243)	(637)
Decrease in non-controlling interests of Fiji Directories Limited upon acquisition of shares of non-controlling interest	-	-	-	-	-	(254)	(254)
Transfer from share premium reserve (Note 24)	2,074	(2,074)	-	-	-	-	-
Dividends paid or provided (Note 30)	-	-	-	(25,326)	(25,326)	(19,600)	(44,926)
Other comprehensive income:							
Exchange difference on translation of foreign operations	-	-	557	-	557	(5)	552
Balance as at 31 March 2017	**107,600**	**-**	**(1,360)**	**136,757**	**242,997**	**49,484**	**292,481**

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

Statement of Changes in Equity for the Year Ended 31 March 2017 (Cont'd)

Holding Company	Issued capital $'000	Share premium reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 April 2015	105,526	2,074	120,856	228,456
Profit for the year	-	-	34,268	34,268
Dividends paid or provided (Note 30)	-	-	(33,768)	(33,768)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 March 2016	**105,526**	**2,074**	**121,356**	**228,956**
Profit for the year	-	-	42,703	42,703
Transfer from share premium reserve (Note 24)	2,074	(2,074)	-	-
Dividends paid or provided (Note 30)	-	-	(25,326)	(25,326)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 March 2017	**107,600**	**-**	**138,733**	**246,333**

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

Statements of Financial Position as at 31 March 2017

Assets	Notes	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Non-current assets					
Property, plant and equipment	15	324,957	268,880	30	10
Intangible assets	16	31,056	27,054	-	-
Investment in subsidiary companies	17(a)	-	-	228,598	182,023
Investments in associates	17(b)	12,258	-	12,614	-
Available-for-sale financial assets	17(c)	1,621	-	1,689	-
Held-to-maturity investments	21	23,056	30,989	23,056	30,989
Deferred tax assets	13(b)	5,220	8,277	1	1
Trade and other receivables	22	66,201	-	85,795	14,192
		464,369	335,200	351,783	227,215
Current assets					
Prepaid expenses		67	102	-	-
Advance tax	13(d)	-	-	-	45
Inventories	18	18,537	11,799	-	-
Held-to-maturity investments	21	33,526	26,447	7,930	4,251
M-PAiSA trust account		6,169	4,099	-	-
Trade and other receivables	22	65,900	63,769	34,670	33,256
Cash on hand and at banks		46,745	25,466	2,992	584
		170,944	131,682	45,592	38,136
Total assets		**635,313**	**466,882**	**397,375**	**265,351**
Shareholders' equity and liabilities					
Shareholders' equity attributable to members of the holding company					
Share capital	24(a)	107,600	105,526	107,600	105,526
Share premium reserve	24(b)	-	2,074	-	2,074
Foreign currency translation reserve	24(c)	(1,360)	(1,917)	-	-
Retained earnings		136,757	108,255	138,733	121,356
Equity attributable to the owners of the holding company		242,997	213,938	246,333	228,956
Non-controlling interests		49,484	38,542	-	-
Total shareholders' equity		292,481	252,480	246,333	228,956
Liabilities					
Non-current liabilities					
Deferred tax liabilities	13(c)	19,244	18,884	-	-
Borrowings	26	40,213	18,723	10,624	9,910
Provisions	27	2,234	-	-	-
Indefeasible Right of Use (IRU) lease liabilities	25	-	60	-	-
Trade and other payables	28	3,952	3,977	-	-
Deferred income	29	125	170	-	-
		65,768	41,814	10,624	9,910

Statements of Financial Position as at 31 March 2017 (Cont'd)

	Notes	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Current liabilities					
Borrowings	26	130,945	19,633	122,648	5,068
Indefeasible Right of Use (IRU) lease liabilities	25	273	3,196	-	-
Provisions	27	28,075	29,115	16,912	21,153
Trade and other payables	28	108,089	114,595	757	264
Current tax liabilities	13(d)	3,513	1,950	101	-
E-value in circulation		6,169	4,099	-	-
		277,064	172,588	140,418	26,485
Total liabilities		342,832	214,402	151,042	36,395
Total equity and liabilities		**635,313**	**466,882**	**397,375**	**265,351**

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

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

Director

Director

Statements of Cash Flows for the Year Ended 31 March 2017

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Operating activities				
Receipts from customers	370,380	350,895	-	-
Payments to suppliers and employees	(218,567)	(234,508)	(1,420)	(1,306)
Dividends received	-	-	36,855	35,187
Net cash generated from operations	151,813	116,387	35,435	33,881
Interest received	3,341	3,798	2,075	2,766
Interest paid	(3,307)	(1,998)	(1,765)	(729)
Income taxes paid	(18,266)	(12,642)	(105)	(53)
Tax on undistributed profits paid	(991)	(539)	-	-
Net cash inflows from operating activities	132,590	105,006	35,640	35,865
Investing activities				
Payments for property, plant and equipment	(53,033)	(41,267)	(27)	(1)
Payments for intangible assets	(1,135)	(604)	-	-
Payments for business acquisition	(74,956)	(14,638)	(80,475)	-
Payment for investment in subsidiary companies	(45,428)	-	(46,575)	(162)
Proceeds from sale of property, plant and equipment, net of capital gains tax	653	476	-	2
Redemption of held-to-maturity investments	4,000	860	4,000	860
Proceeds / (payment) for held-to-maturity investments	2,280	(2,427)	-	-
Advance for relocation of telecommunication cables	-	2,377	-	-
Proceeds from insurance claims for damaged property, plant & equipment	228	-	-	-
Advances to related companies, net	-	-	-	(13,425)
Net cash used in investing activities	(167,391)	(55,223)	(123,077)	(12,726)
Financing activities				
Dividends paid to equity holders of the holding company	(29,547)	(27,436)	(29,547)	(27,436)
Dividends paid to non-controlling interests	(24,420)	(8,240)	-	-
(Repayment of) / proceeds from borrowings, net	110,813	(18,835)	119,141	4,012
Finance lease repayments	(2,992)	(1,783)	-	-
Net cash provided by / (used in) financing activities	53,854	(56,294)	89,594	(23,424)
Net increase / (decrease) in cash and cash equivalents	19,053	(6,511)	2,157	(285)
Effect of exchange rate movement on cash and cash equivalents	74	(989)	-	-
Addition in cash and cash equivalents from acquisition of shares in subsidiary company	9,773	20	-	-
Cash and cash equivalents at the beginning of the financial year	23,238	30,718	835	1,120
Cash and cash equivalents at end of year (Note 23)	52,138	23,238	2,992	835

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

Notes to the Financial Statements for the Year Ended 31 March 2017

NOTE 1. GENERAL INFORMATION

a) Reporting entity

Amalgamated Telecom Holdings Limited is a limited liability company incorporated and domiciled in Fiji. The holding company is listed on the South Pacific Stock Exchange, Suva. The address of its registered office and principal place of business is Harbour Front Building, Rodwell Road, Suva.

b) Consolidated financial statements

The financial statements for the year ended 31 March 2017 comprise "the holding company" referring to Amalgamated Telecom Holdings Limited and "the Group" referring to the companies whose accounts have been consolidated therein.

c) Parent company

The holding company's parent undertaking is Fiji National Provident Fund (FNPF), which is an entity incorporated in Fiji.

d) Principal activities

The principal activity of the holding company during the year was that of equity investments.

The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Limited	Telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services, and marketing and selling of prepaid transactions cards.
Vodafone Fiji Limited	Cellular mobile telecommunication services.
Fiji International Telecommunications Limited	International telecommunications facilities and provision of internet related services.
Fiji Directories Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Limited and its subsidiary, Datec Australia Pty Limited	Retailing of computer hardware and software, technical support services, equipment rental, and provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited (New subsidiary company)	Telecommunication services in the Republic of Vanuatu.

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

NOTE 2. BASIS OF PREPARATION

a) Basis of preparation

The financial statements of the holding company and of the group have been prepared under the historical cost convention. 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, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Those areas involving a higher degree of judgement or complexity, or those areas where assumptions and estimates are critical to the financial statements are disclosed in note 5.

b) Statement of compliance

The financial statements of the holding company and the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Fiji Institute of Accountants and with the requirements of the Companies Act, 2015.

c) Changes in accounting policies

New standards, interpretations and amendments effective from 1 April 2016

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 April 2016. None of the amendments have a material effect on the group's annual financial statements.

Amendments which are relevant to the group are summarised below:

Amendments to IAS 1 – Disclosure Initiative

The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of financial statements to their circumstances and the needs of users.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact to the group given that the group has not used a revenue-based method to depreciate its non-current assets.

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Changes in accounting policies (Cont'd)

Amendments to IAS 27 - Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the group's financial statements.

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 March 2017

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements. The group intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective.

New standards which are applicable to the group are:

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 - Leases

IFRS 16 Leases, which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statements of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Changes in accounting policies (Cont'd)

IFRS 16 - Leases (Cont'd)

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only IFRS 15 Revenue from Contracts with Customers is also adopted. The group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

IAS 7: Amendment – Disclosure Initiative

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

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

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

d) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of all the companies that comprises the group. A list of subsidiary companies appears in note 34 to the financial statements.

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.

When the holding company has less than the 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 the 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.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

Consolidation of a subsidiary company occurs when the holding company is determined to exert control over the subsidiary company and ceases when the holding company is determined not to be able to exert control of the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the group's statement of profit or loss as gain on bargain purchase.

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

The group derecognises the assets and liabilities of the former subsidiary (including goodwill) from the group's statement of financial position upon loss of control over a subsidiary company effective from the date the group losses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

The financial statements of subsidiary companies are prepared in compliance with group's accounting policies, except for long service leave and retirement benefits (refer note 3.19).

The financial statements of the subsidiary companies are prepared for the same reporting period as the holding company, which is twelve months ending 31 March.

The financial statements of Amalgamated Telecom Nominees Limited have not been incorporated in the consolidated financial statements for the reasons stated in note 34.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Basis of consolidation (Cont'd)

Associates (Cont'd)

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When an investment ceases to be an associate, the fair value of the investment at the date when it ceases to be an associate is regard as its carrying value on initial recognition as financial asset.

On disposal of investment in associates, the difference between the net disposal proceeds and its carrying amount is included in the statement of profit or loss.

Non-Controlling Interests

The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-Controlling Interest'.

The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

e) Presentation and functional currency

The consolidated financial statements are presented in Fiji Dollars (FJD), the group's functional and presentation currency, which is the primary economic environment in which the holding company operates. Each entity in the group uses the currency of the primary economic environment in which they operate as their functional currency.

Amounts are rounded to the nearest thousand ($'000), unless otherwise stated.

f) Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

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.

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The group provides telecommunication services which include fixed line, mobile and internet communication services, M-PAiSA services, sale of telecommunications related equipment, sale of computer hardware and software, technical support services, compilation and publication of the Fiji Telephone Directory and provision of call centre services.

a) Sale of telecommunication, data and internet services

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

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

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

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

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

Revenue is brought to account on an accrual basis.

b) Airtime and gaming revenue

Revenue from airtime and gaming services is recognised when earned.

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

c) M-PAiSA

M-PAiSA is a service provided by subsidiary company, Vodafone Fiji Limited (VFL), allowing customers to transfer money using a mobile phone. M-PAiSA is available to all VFL subscribers (Prepay and PostPay). Revenue from this service is earned on transfer and withdrawal transactions performed by customers. The tariff generated depends on the quantum of funds being transacted, and is applied on all transactions which cumulatively are reported as M-PAiSA transaction commission revenue.

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

3.1 Revenue recognition (Cont'd)

d) Sale of equipment

Sale of equipment is recognised when a group entity sells a product to the customer. Revenue is recognised at the point the product is dispatched from the warehouse or sold at a group retail outlet.

e) Revenue from published and on-line directory

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

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

f) Sale of computer hardware and software

Sale of computer hardware and software are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sale contract, the acceptance provisions have lapsed, or a group entity has objective evidence that all criteria for acceptance have been satisfied.

g) Sale of technical support services

Revenue from technical support and software development services is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increase or decreases in estimated revenue or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

h) Rental income

Rental income is recognised on a normal accrual basis. Rental income represents income earned from renting out of building space.

i) Interest income

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

j) Dividend income

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

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

3.2 Expenditure recognition

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

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

3.3 Borrowing costs

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

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

3.4 Dividend distribution

Dividend distribution to the holding company's shareholders is recognised as a liability in the holding company's and consolidated financial statements in the period in which the dividend is declared (or provided) by the holding company's directors.

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

3.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of a 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.

Cost of leasehold land includes the initial premium payment or price paid to acquire leasehold land including acquisition costs.

Freehold land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

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

3.5 Property, plant and equipment (Cont'd)

The annual depreciation rates are as follows:

- Leasehold land	Term of lease
- Leasehold buildings and improvements	2.5% - 10%
- Exchange plant and telecommunication infrastructure	6% - 10%
- Subscriber equipment	5% - 10%
- Trunk network plant	6% - 10%
- Plant and machinery	6% - 25%
- Equipment rental	10% - 33%
- Motor vehicles	12.5% - 25%
- Furniture, fittings and office equipment	10% - 25%
- Computer equipment	10% - 35%

Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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.

3.6 Leases

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 lessee

Assets held under finance leases are included as property, plant and equipment or intangible assets and are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the statements of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

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

3.6 Leases (Cont'd)

Group as lessee (Cont'd)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset, and the lease term.

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

3.7 Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiary companies is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

b) Computer software

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives.

c) IRU network capacity

The subsidiary company, Telecom Fiji Limited, had acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Optus Networks Pty Limited to lease IRU network capacity for a period of 12 years (for STM-1 and STM-4) via Australia and USA links. The acquisition price is recognised at cost less accumulated amortisation and impairment losses.

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

3.7 Intangible assets (Cont'd)

c) IRU network capacity (Cont'd)

The subsidiary company, Fiji International Telecommunications Limited, had also acquired indefeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Sothern Cross Cables Limited to lease IRU network capacity for a period of 3 to 15 years via Australia and USA links. The IRU network capacity is recorded at cost less accumulated amortisation and impairment losses.

The IRU network capacities are amortised over their estimated economic useful lives, as follows:

	Australia Link	USA Link
- STM-1	6% - 7%	6% - 7%
- STM-4	6% - 7%	6% - 7%

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

d) Spectrum licences

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

3.8 Business combination and goodwill

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included as administrative expenses. When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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

3.8 Business combination and goodwill (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in statements of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The transaction costs that the group incurs in connection with a business combination are expensed as incurred.

3.9 Foreign currency translation

a) 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 balance 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 statements of profit or loss in the period in which they arise.

b) Foreign operations

The statement of financial position and statement of profit or loss and other comprehensive income of foreign subsidiary companies which are deemed to be foreign operations are translated to Fijian Dollars at the exchange rate prevailing at the balance date and at the average annual exchange rate for the period respectively. The exchange differences arising on the translation are taken directly to other comprehensive income.

3.10 Impairment of non-financial assets

At each balance 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.

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

3.10 Impairment of non-financial assets (Cont'd)

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 the statements of 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 recognized immediately in the statements of 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.

3.11 Government grants

Government grants are recognised in the statements of financial position initially as deferred income where there is reasonable assurance that they will be received and that the group will comply with the conditions attached to them. Grants that compensate the group for expenses incurred are recognised as revenue in the statements of profit or loss on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognised in the statements of profit or loss as revenue on a systematic basis over the useful life of the asset.

3.12 Income tax

Income tax expense represents the sum of the tax currently payable and deferred 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 are 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 profit nor accounting profit.

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

3.12 Income tax (Cont'd)

Deferred tax (Cont'd)

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

Current and deferred tax for the year

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

3.13 Value Added Tax (VAT)

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

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

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

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

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

3.14 Non-current assets held for sale and discontinued operations

The group classifies non-current assets (and disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the group's control and the group remains committed to a sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

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

3.15 Inventories

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

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

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

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

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

3.16 Financial instruments

a) Financial assets

i) Initial recognition and measurement

Financial assets within the scope of IAS 39 – Financial instruments: Recognition and measurement are classified as loans and receivables, held-to-maturity investments and available-for-sale financial assets. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, in the case of assets not at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The loans and receivables of the group includes cash in hand and at bank and trade and other receivables which have been explained under note 19, 22 and 23, respectively.

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

3.16 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

ii) Subsequent measurement (Cont'd)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to- maturity when the group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The held to maturity investments of the group include investment in government stock and short term deposits with banks which are explained in note 19 and 21, respectively.

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 statement of financial position date. Equity investments not held for trading are classified under this category.

These investments are initially recognized at fair value plus transaction costs. Subsequent to initial recognition, fair value changes are recognized in other comprehensive income under investment revaluation reserve until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

Dividend on available-for-sale financial assets is recognised in the statement of profit or loss as part of income when the company's right to receive payment is established.

The available-for-sale financial assets of the group include investments in Bluesky Pacific Holding Limited which are explained in note 17 (c).

iii) Derecognition

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

- The rights to receive cash flows from the asset have expired;
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the group has transferred substantially all the risks and rewards of the asset, or

  (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

3.16 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

iii) Derecognition (Cont'd)

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the group's continuing involvement in it. In such case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv) Impairment of financial assets

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

Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

3.16 Financial instruments (Cont'd)

a) Financial assets (Cont'd)

iv) Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

Interest income is recorded in the statements of profit or loss. Loans, together with the associated allowances, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to statements of profit or loss.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 – Financial instruments: Recognition and measurement are classified as loans and borrowings. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The financial liabilities of the group include trade and other payables, finance lease liabilities, loans and borrowings (including bank overdraft).

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The loans and borrowings of the group includes finance lease liabilities, borrowings, provisions and trade and other payables which have been explained under note 20, 25, 26,27 and 28, respectively.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

3.16 Financial instruments (Cont'd)

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

The details on the fair value of the financial assets and financial liabilities of the group is explained under notes 19 and 20, respectively.

3.17 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents include cash on hand, cash in banks; and short term deposits with banks, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statements of financial position.

3.18 Provisions

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

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

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

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

3.19 Employee benefits

Wages and salaries

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

Annual leave and sick leave

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

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

Long service leave and retirement benefits

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

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

Bonus plans

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

Termination benefits

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

Defined contribution plans

Contributions to Fiji National Provident Fund, Kiribati Provident Fund and Vanuatu National Provident Fund are expensed when incurred.

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

3.20 Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

3.21 Segment reporting

Operating Segments

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

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

The group has disclosed three reportable operating segments as follows:

- Fixed line telecommunications ("Fixed Line Telecom") segment includes all fixed line telecommunication services including the sale or lease of telecommunications related office equipment, accessories and services including prepaid telephony and card services;
- Mobile telecommunications ("Mobile Telecom") segment includes all mobile telecommunication services including the sale of associated equipment, accessories and services;
- Other segment comprises provision of international public and dedicated telecommunications, data and internet services, sale of computer hardware and software, provision of technical support services and directory services.

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

Geographical segment

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

The holding company and four subsidiary companies operates in Fiji while its two subsidiary companies operates in Kiribati and Vanuatu.

The segment reporting has been disclosed under note 36.

3.22 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.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

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

a) Market risk

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

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

i) Foreign exchange risk

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

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

As at year end, liabilities denominated in foreign currencies are significant and hence changes in the US dollar and Euro by 10% (increase or decrease) are expected to have a significant impact on the net profit and equity balances currently reflected in the group's financial statements.

The carrying amount of the group's significant foreign currency denominated monetary liabilities at the end of balance date are as follows:

	Group	
	2017	2016
	F$'000	F$'000
US Dollars	9,722	19,705
Euro	6,733	5,786

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

a) Market risk (Cont'd)

i) Foreign exchange risk (Cont'd)

Further, the following table details the group's sensitivity to a 10% increase and decrease in the Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/weaken by 10% against the USD and the Euro with all other variables held constant, pre-tax profit impact is as follows:

	Group			
	Profit or (loss) 2017		Profit or (loss) 2016	
	Strengthen F$'000	Weaken F$'000	Strengthen F$'000	Weaken F$'000
US Dollars	884	(1,080)	1,790	(2,188)
Euro	612	(748)	526	(643)

ii) Interest rate risk

The group has interest-bearing assets in the form of short-term and long-term deposits. Generally, these are at fixed interest rates and hence, there are no interest rate risks during the period of investment. For re-investment of short and long term deposits, the group negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return.

Given the fixed nature of interest rates on this, the group has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the group does not require simulations to be performed over impact on net profits arising from changes in interest rates.

The holding company has loan facilities with its parent entity (Fiji National Provident Fund), Westpac Banking Corporation and Bank of South Pacific Limited at fixed interest rates.

Further, in current year, the holding company has obtained a significant loan from Australia and New Zealand Banking Group Limited in respect to acquisition of subsidiary company, Telecom Vanuatu Limited and to fund the transaction to acquire Amper SA interest in certain subsidiaries of Bluesky Group. Given the loans have been obtained as a bridging facility, the repayment arrangement is committed to 12 months term, with extension for a further 6 months available.

Accordingly, the holding company is not exposed to interest rate risk.

The subsidiary company, Telecom Vanuatu Limited, also has significant interest-bearing borrowings from ANZ (Vanuatu) Limited. The borrowings are at fixed interest rate over the remaining 5 year term of the loan. Accordingly, the subsidiary company is not exposed to interest rate risk.

Furthermore, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, also has significant interest-bearing borrowings and finance lease facility from ANZ Bank (Kiribati) Limited. The borrowings are at fixed interest rate over the remaining 5 year term of the loan and finance lease is for a short term (period of 12 months). Accordingly, the subsidiary company is not exposed to interest rate risk.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

a) Market risk (Cont'd)

ii) Interest rate risk (Cont'd)

In relation to bank overdrafts, the group is exposed to interest rate risk as bank overdrafts are provided at floating interest rates.

The risks are managed closely by the directors and the management within the approved policy parameters. For additional borrowings, the group negotiates an appropriate interest rate with banks and other lenders with the board approval and borrows from banks and other financial institutions which offers the overall commercial terms, including the interest rate.

b) Credit risk

Credit risk is the risk of financial loss as a result of failure by a customer or counterparty to meet its contractual obligations. Credit risk is managed at group and at individual company level. Credit risk arises from cash at banks, deposits with banks, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Deposits are made only with reputable financial institutions which are regulated by Reserve Bank of Fiji with known sound financial standing.

All new customers undergo a credit check before a credit account is allowed. Individual credit limits are set based on internal ratings in accordance with limits set by the executive management. The utilisation of credit limits is regularly monitored. Sales to retail customers can be on credit depending on whether the customer has a pre-approved credit account, otherwise sales are transacted in cash. The group holds security deposits for a large number of its customers.

i) Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions:

Group

	2017 $'000	% of Allocation	2016 $'000	% of Allocation
Held-to-maturity investments (Note 21)	56,582	24%	57,436	39%
Trade and other receivables (Note 22)	132,101	56%	63,769	44%
Cash at bank	46,745	20%	25,466	17%
Total credit exposure	235,428	100%	146,671	100%

Holding company

	2017 $'000	% of Allocation	2016 $'000	% of Allocation
Held-to-maturity investments (Note 21)	30,986	19%	35,240	42%
Trade and other receivables (Note 22)	127,118	79%	47,448	57%
Cash at bank	2,992	2%	584	1%
Total credit exposure	161,096	100%	83,272	100%

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations for its financial liabilities. Prudent liquidity risk management requires maintaining sufficient cash and marketable securities to ensure availability of funding. The group monitors liquidity through rolling forecasts of the group's cash flow position and maintaining adequate funding arrangements. Also, reasonable portion of revenues are billed and collected in advance or generally within 30 days.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date against the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group			
31 March 2017	Less than 1 year $'000	Between 1 and 2 years $'000	Between 3 and 5 years $'000	Total $'000
Financial liabilities:				
Trade and other payables (Note 28)	88,567	-	-	88,567
Finance lease liabilities (Note 25)	273	-	-	273
Provisions (Note 27)	28,075	2,234	-	30,309
Borrowings (Note 26)	130,945	9,472	30,741	171,158
	247,860	11,706	30,741	290,307

	Group				
31 March 2016	Less than 1 year $'000	Between 1 and 2 years $'000	Between 3 and 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities:					
Trade and other payables (Note 28)	97,950	50	-	-	98,000
Finance lease liabilities (Note 25)	3,196	60	-	-	3,256
Provisions (Note 27)	29,115	-	-	-	29,115
Borrowings (Note26)	19,633	5,647	11,082	1,994	38,356
	149,894	5,757	11,082	1,994	168,727

4.2 Other risks

a) Operational risk

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

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Other risks (Cont'd)

b) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies which govern the telecommunication sector in Fiji. Specifically, retail and wholesale prices are regulated by Fiji Commerce Commission and the group's operating environment is regulated by Telecommunications Authority of Fiji, Communications Commission of Kiribati and Telecommunications and Radio Communications of Vanuatu.

4.3 Capital risk management

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

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

	Group	
	2017	2016
	$'000	$'000
The gearing ratios at 31 March 2017 and 2016 were as follows:		
Total borrowings (Note 26)	171,158	38,356
Less: Cash on hand and at bank	(46,745)	(25,466)
Less: Short term deposits	(6,180)	(751)
Net debt	118,233	12,139
Total equity	292,481	252,480
Total capital (Total equity plus Net debt)	410,714	264,619
Gearing ratio (Net debt / Total capital x 100)	29%	5%
Debt to equity ratio % (Net debt / Total equity)	40%	5%

4.1 Fair value estimation

The carrying value less allowance for doubtful debts of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities are estimated to approximate their fair values.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the group's accounting policies, which are described in note 3, the directors and the management are required to make judgements, 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.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Estimates and judgements 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 recognized 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.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates, 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.

a) 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 allowance for impairment is created. The directors' and management's assessment of recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 31 March 2017, allowance for impairment amounting to $696,000 (2016: $Nil) has been made on property, plant and equipment. The directors and the management reasonably believe that no further indicators for impairment exist as at balance date.

b) Expected useful life of property, plant and equipment

In relation to acquired property, plant and equipment, the directors and the management apply judgement to determine the depreciation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The directors' and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

c) Amortisation / impairment of intangible assets

In relation to acquired intangible assets, the directors and the management apply judgement to determine the amortisation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, amortization is accelerated or allowance for impairment is made. The directors' and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

The directors and the management reasonably believe that no indicators for impairment exist as at balance date and therefore, no impairment provision was made during the year.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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 +120 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly fully provided for. Receivables considered uncollectable are written off in the year in which they are identified.

e) Deferred tax assets

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

f) Deferred tax liabilities

Deferred tax liabilities are recognised on taxable temporary differences over accounting and tax carrying amounts in respect of property, plant and equipment, computer software, IRU network capacity and unrealised exchange gain, and are measured at the tax rates that are expected to apply in the period in which the liabilities are expected to be settled.

The management's decision in recording its deferred tax liabilities require significant judgement about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that may be different from the assessment.

g) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified. The directors and the management have performed a comprehensive assessment of the inventories as at balance date, and reasonably believe that adequate provisions have been maintained.

h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The subsidiary companies, Telecom Fiji Limited and Fiji International Telecommunications Limited, have arrangements for Indefeasible Rights of Use capacity which have been accounted as finance leases. Refer notes 16 (c) and 25.

NOTE 6. ACQUISITION OF TELECOM VANUATU LIMITED

On 27 March 2017, the holding company, acquired 100% shareholding in Telecom Vanuatu Limited, incorporated and domiciled in Vanuatu for a purchase consideration of FJD 44,107,798.

The fair values of the identifiable assets and liabilities of Telecom Vanuatu Limited at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 31 March 2017 was assumed to be the effective date of transaction):

	Telecom Vanuatu Limited
Assets	**FJD'000**
Cash in hand and at bank	9,773
Property, plant and equipment	55,756
Inventories	2,405
Trade and other receivables	6,278
Total assets	74,212
Liabilities	
Trade payable and other liabilities	2,055
Interest bearing borrowing	25,445
Provision	8,315
Total liabilities	35,815
Total identifiable net assets acquired	38,397
Purchase consideration paid for 100% equity	44,108
Goodwill on acquisition (Note 16a))	**5,711**
Net cash outflow from the acquisition	34,335

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

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

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

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

NOTE 7. REVENUE

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Access fees	16,596	14,199	-	-
Call revenue	145,178	150,527	-	-
Card services revenue	1,521	1,950	-	-
Computer hardware, software and technical support services revenue	21,488	15,461	-	-
Data network and internet revenue	136,731	113,071	-	-
Dividends from subsidiary companies	-	-	42,679	34,629
Directory revenue	4,374	4,467	-	-
Equipment and ancillaries revenue	59,517	48,053	-	-
Gaming revenue	1,491	1,607	-	-
Other sales and services	7,806	6,876	-	-
Total revenue	394,702	356,211	42,679	34,629

NOTE 8. DIRECT COSTS

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Airtime and PSTN charges	60,025	68,103	-	-
Computer hardware, software and technical support services	14,343	8,657	-	-
Directory production costs	418	437	-	-
Equipment and ancillary costs	59,862	46,888	-	-
Satellite/Bandwidth charges	3,702	3,013	-	-
Total direct costs	138,350	127,098	-	-

NOTE 9. OTHER INCOME

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Amortisation of government grant	45	45	-	-
Bad debts recovered	28	96	-	-
Exchange gain:				
- realized	1,803	102	-	-
- unrealized	1,598	1,117	816	-
Gain on sale of property, plant and equipment	433	-	-	2
Insurance claim	6,435	-	-	-
Surplus on liquidation of subsidiaries (a)	-	156	-	50
Reversal of excess accrual of prior years	-	6,136	-	-
Reversal of provision for stock obsolescence	-	122	-	-
Reversal of allowance for doubtful debts	54	57	-	-
Rental income	6,357	5,217	-	-
Holding fees	808	-	808	-
Other miscellaneous income	2,457	751	8	38
Total other income	20,018	13,799	1,632	90

(a) Prior year surplus on liquidation of subsidiaries relates to liquidation of subsidiary companies, ATH Technology Park Limited, ATH Call Centre Limited, Transtel Limited, Xceed Pasifika Limited, and Internet Services Fiji Limited, under the Members' Voluntary Winding Up in prior year.

NOTE 10. PERSONNEL COSTS

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Wages and salaries, including leave pay and other benefits	34,031	34,267	341	439
Superannuation contributions (Note 33(d))	3,374	3,363	44	53
Other personnel costs	3,452	2,530	9	9
Total personnel costs	40,857	40,160	394	501

NOTE 11. FINANCE INCOME / (COST) - NET

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Finance income:				
- Interest income on held-to-maturity investments	3,106	2,869	1,985	2,106
- Interest income on advances to related parties	-	-	559	531
Finance cost:				
- Interest on borrowings	(3,102)	(2,188)	(1,760)	(727)
Total finance income - net	4	681	784	1,910

NOTE 12. OTHER OPERATING EXPENSES

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Auditor's remuneration:				
- Audit fees - BDO	156	146	20	16
- Audit fees - other auditors	35	70	-	-
- Other services - BDO	58	89	22	30
- Other services - other auditors	7	7	-	-
Allowance for doubtful debts	-	22	-	-
Bad debts	6	74	-	-
Consultancy and contractors fees	959	691		-
Directors' remuneration - fees and allowances	226	259	63	63
Electricity	7,371	6,674	10	10
Unrealised exchange loss	-	-	446	709
Insurance	4,770	4,345	52	59
Legal and professional fees	4,783	120	285	30
Licence and support service fees	15,783	16,124	-	-
Loss on disposal of property, plant and equipment	65	779	-	-
Operating leases	3,684	3,070	65	66
Provision for stock obsolescence	856	158	-	-
Repairs and maintenance	4,187	3,903	1	4
Travelling and transportation	2,532	948	259	82
Other miscellaneous expenses	22,331	19,643	505	617
Total other operating expenses	67,809	57,122	1,728	1,686

NOTE 13. INCOME TAX

Income Tax Rate

Income tax expense, deferred tax assets and deferred tax liabilities for the year ended 31 March 2017 have been computed using tax rate of 10% for the holding company and 20% for the subsidiary companies, except for at the rate of 25% and 35% for Amalgamated Telecom Holdings (Kiribati) Limited, and at the rate of nil for Telecom Vanuatu Limited.

a) Income tax expense	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Numerical reconciliation of income tax to prima facie tax expense				
Profit before income tax	108,556	91,559	42,954	34,420
Prima facie tax expense	22,932	18,384	4,295	3,442
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Export income allowances	(84)	(83)	-	-
Non-deductible expenses	736	576	224	171
Exempt income – dividend and others	(9)	(9)	(4,268)	(3,463)
Tax concessions and incentives	(452)	(292)	-	-
Tax effect of temporary differences and tax losses recognised	(15)	(413)	-	-
Recoupment of prior year unrecognised tax losses	-	(4,736)	-	-
Recognition of deferred tax assets on prior year tax losses	-	(2,467)	-	-
Under provision of income tax and deferred income tax in prior years	184	387	-	2
Others	(2)	(1,614)	-	-
Income tax expense	23,290	9,733	251	152
Income tax expense comprises of:				
Current tax liability	19,873	14,595	251	152
Movement in deferred tax assets	3,057	(2,996)	-	-
Movement in deferred tax liabilities	360	(1,866)	-	-
	23,290	9,733	251	152

b) Deferred tax assets	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Allowance for doubtful debts for trade and other receivables	3,394	3,460	-	-
Provision for employee entitlements	1,027	1,047	1	1
Provision for stock obsolescence	612	496	-	-
Provision for dealer and distributor incentive	-	536	-	-
Tax losses	-	2,467	-	-
Deferred revenue	252	197	-	-
Others	(65)	74	-	-
Total deferred tax assets	5,220	8,277	1	1

NOTE 13. INCOME TAX (CONT'D)	Group		Holding Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
c) Deferred tax liabilities				
Prepaid expenses	14	21	-	-
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity and spectrum licences for accounting and income tax purpose	19,220	18,613	-	-
Unrealised exchange gain	10	250	-	-
Total deferred tax liabilities	19,244	18,884	-	-
d) Advance tax / (Current tax liability)				
Balance at 1 April	(1,950)	43	45	163
Tax liability for current year	(19,808)	(14,298)	(251)	(150)
Tax paid during the year	18,266	12,642	105	53
Others	44	(40)	-	(19)
Under provision of income tax in prior years	(65)	(297)	-	(2)
Balance at 31 March	(3,513)	(1,950)	(101)	45

NOTE 14. EARNINGS PER SHARE	Group	
	2017	2016
	$'000	$'000
Basic and diluted earnings per share		
Basic and diluted earnings per share are calculated in accordance with the policy outlined in note 3.20.		
Profit attributable to equity holders of the holding company	54,222	56,725
Weighted average number of ordinary shares in issue (Nos.)	422,105	422,105
Basic and diluted earnings per share (expressed in cents per share)	12.8	13.4

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land and buildings	Telecommu-nications equipment and plant	Computer equipment	Furniture, fittings and office equipment	Motor vehicles	Capital equipment	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 March 2017								
Opening net book amount	20,850	216,748	2,718	3,768	1,938	1,403	21,455	268,880
Additions	429	29,736	347	519	2,635	451	9,295	43,412
Acquisition upon business combination (Note 6)	19,191	31,943	190	904	679	-	2,849	55,756
Additions transferred to intangible asset - computer software	-	-	-	-	-	-	(709)	(709)
Net foreign currency movements	(59)	475	10	-	-	-	29	455
Disposals	(1)	(480)	(6)	(25)	(1)	-	-	(513)
Transfers	-	24,883	149	101	-	-	(25,159)	(26)
Depreciation	(1,207)	(37,814)	(609)	(868)	(1,104)	-	-	(41,602)
Impairment loss (a)	-	(367)	-	-	-	(329)	-	(696)
Closing net book amount	39,203	265,124	2,799	4,399	4,147	1,525	7,760	324,957
At 31 March 2017								
Cost	38,445	701,903	53,903	18,834	10,807	2,003	4,911	830,806
Acquisition upon business combination	19,191	31,943	190	904	679	-	2,849	55,756
Accumulated depreciation	(18,200)	(457,993)	(51,294)	(15,339)	(7,339)	-	-	(550,165)
Accumulated impairment allowance	(233)	(10,729)	-	-	-	(478)	-	(11,440)
Net book amount	39,203	265,124	2,799	4,399	4,147	1,525	7,760	324,957

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Leasehold land and buildings $'000	Telecommu-nications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2016								
Opening net book amount	13,985	215,075	2,998	3,955	2,073	2,159	2,475	242,720
Additions	718	38,871	1,252	665	662	-	19,894	62,062
Acquisition upon business combination	7,996	1,528	144	126	76	-	-	9,870
Additions transferred to intangible asset - computer software	-	-	-	-	-	-	(11)	(11)
Disposals	(245)	(3,976)	(5)	-	(29)	-	-	(4,255)
Transfers	-	1,056	11	22	-	-	(903)	186
Utilised during the year	-	-	-	-	-	(781)	-	(781)
Depreciation	(1,604)	(35,806)	(1,682)	(1,000)	(844)	-	-	(40,936)
Reversal of impairment loss (a)	-	-	-	-	-	25	-	25
Closing net book amount	20,850	216,748	2,718	3,768	1,938	1,403	21,455	268,880
At 31 March 2016								
Cost	38,251	706,971	53,941	20,161	10,912	1,552	21,455	853,243
Accumulated depreciation	(17,168)	(479,861)	(51,223)	(16,393)	(8,974)	-	-	(573,619)
Accumulated impairment allowance	(233)	(10,362)	-	-	-	(149)	-	(10,744)
Net book amount	20,850	216,748	2,718	3,768	1,938	1,403	21,455	268,880

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) Based on the impairment assessment performed by a subsidiary company, impairment loss amounting to $696,000 has been recognised during the year ended 31 March 2017 (2016: reversal of impairment allowance of $25,000).

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

HOLDING COMPANY	Computer equipment $'000	Furniture, fittings and office equipment $'000	Total $'000
Year ended 31 March 2017			
Opening net book amount	3	7	10
Additions	26	1	27
Depreciation	(2)	(5)	(7)
Closing net book amount	27	3	30
At 31 March 2017			
Cost	140	140	280
Accumulated depreciation	(113)	(137)	(250)
Net book amount	27	3	30
Year ended 31 March 2016			
Opening net book amount	10	9	19
Additions	-	1	1
Depreciation	(7)	(3)	(10)
Closing net book amount	3	7	10
At 31 March 2016			
Cost	135	147	282
Accumulated depreciation	(132)	(140)	(272)
Net book amount	3	7	10

NOTE 16. INTANGIBLE ASSETS	Group		Holding Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Goodwill (a)	9,112	3,401	-	-
Computer software (b)	1,692	1,490	-	-
Indefeasible Rights of Use capacity (c)	14,476	16,068	-	-
Spectrum Licences (d)	5,776	6,095	-	-
Total intangible assets, net	31,056	27,054	-	-

Intangible assets are as follows:

a) Goodwill

Gross carrying amount:				
Balance as at 1 April (a)	3,401	-	-	-
Additions on business acquisition (b)	5,711	3,401	-	-
Balance as at 31 March	9,112	3,401	-	-

i) On 29 May 2015, subsidiary company, Vodafone Fiji Limited acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Limited and its Subsidiary Company for a purchase consideration of $3.3 million. Accordingly, goodwill of $3.401 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition-date.

The acquisition is expected to provide the group with increased share of the telecommunication market through access to Datec (Fiji) Limited and subsidiary company's customer base. The group also expects to reduce costs through economies of scale. For the year ended 31 March 2017, Datec (Fiji) Limited and subsidiary company has contributed $18,652,922 to the group's revenue and $1,318,152 to the profit before income tax of the group.

ii) On 27 March 2017, the holding company acquired 100% shareholding in Telecom Vanuatu Limited for a purchase consideration of $44.108 million. Goodwill of $5.711 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition-date. (Refer note 6)

Goodwill is not amortized, but is reviewed for impairment annually or when there is an indication that Goodwill may be impaired.

Based on the impairment assessment made by management, no impairment has been recognised on Goodwill for the year ended 31 March 2017 as the management reasonably believes that no indicators for impairment exist.

b) Computer software

Gross carrying amount:				
Balance as at 1 April	33,596	33,602	-	-
Additions	177	-	-	-
Reclassified from property, plant and equipment	709	11	-	-
Adjustments	-	(17)	-	-
Balance as at 31 March	34,482	33,596	-	-
Accumulated amortisation:				
Balance as at 1 April	32,106	31,466	-	-
Amortisation	684	640	-	-
Balance as at 31 March	32,790	32,106	-	-
Net book amount - Computer software	1,692	1,490	-	-

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 16. INTANGIBLE ASSETS (CONT'D)	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
c) Indefeasible Rights of Use capacity				
Gross carrying amount:				
Balance as at 1 April	78,969	78,337	-	-
Adjustment	(240)	-	-	-
Additions	428	632	-	-
Balance as at 31 March	79,157	78,969	-	-
Accumulated amortization:				
Balance as at 1 April	57,979	56,166	-	-
Amortisation	1,780	1,813	-	-
Balance as at 31 March	59,759	57,979	-	-
Accumulated impairment allowance:				
Balance as at 1 April	4,922	4,922	-	-
Balance as at 31 March	4,922	4,922	-	-
Net book amount - Indefeasible Rights of Use capacity	14,476	16,068	-	-

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

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

d) Spectrum Licences	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Gross carrying amount:				
Balance as at 1 April	6,392	3,063	-	-
Adjustments	(22)	-	-	
Additions on business acquisition	-	3,329	-	-
Balance as at 31 March	6,370	6,392	-	-
Accumulated amortisation:				
Balance as at 1 April	297	96	-	-
Amortisation	297	201	-	-
Balance as at 31 March	594	297	-	-
Net book amount - Spectrum Licences	5,776	6,095	-	-

NOTE 16. INTANGIBLE ASSETS (CONT'D)

d) Spectrum Licences (Cont'd)

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

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

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

As at 31 March 2017, all conditional requirements have been fulfilled.

NOTE 17. INVESTMENT IN SUBSIDIARY COMPANIES, ASSOCIATE AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

Equity investments in subsidiary companies, all of which are unlisted, are carried at cost less any accumulated allowances for impairment and denominated in local currencies (Refer note 34 for additional details on subsidiary companies). Carrying values of investment in subsidiary companies are as follows:

(a) Subsidiary Companies

	Group		Holding Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Telecom Fiji Limited	-	-	107,600	107,600
Fiji Directories Limited (i)	-	-	2,530	1,210
Fiji International Telecommunications Limited	-	-	27,600	27,600
Vodafone Fiji Limited	-	-	45,450	45,450
Amalgamated Telecom Holdings (Kiribati) Limited	-	-	163	163
Telecom Vanuatu Limited (ii)	-	-	45,255	-
Total non-current investment in subsidiaries, net	-	-	228,598	182,023

(i) On 20 October 2016, the holding company, acquired remaining 10% shareholding in Fiji Directories Limited from Edward H O'Brien for a purchase consideration of $1,320,463.

(ii) On 27 March 2017, the holding company, acquired 100% shareholding in Telecom Vanuatu Limited from MT International Ventures PCC, an investment vehicle wholly owned by Mauritius Telecom for a purchase consideration of $44,107,798 and incurred other direct related acquisition cost of $1,148,047.

NOTE 17. INVESTMENT IN SUBSIDIARY COMPANIES, ASSOCIATE AND AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

(b) Associate Company

	Group		Holding Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Bluesky SamoaTel Investments Limited - Samoa	12,258	-	12,614	-
Reconciliation for investments in associate:				
Acquisition of shares:				
- Purchase consideration	12,117	-	12,117	-
- Other direct related acquisition cost	-	-	497	-
Share of profit	141	-	-	-
Total non-current investment in associate, net	12,258	-	12,614	-

(c) Available-for-sale financial assets

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Non-current				
Bluesky Pacific Holding Limited - Samoa	1,621	-	1,689	-
Reconciliation for investments:				
Acquisition of shares:				
- Purchase consideration	1,621	-	1,621	-
- Other direct related acquisition cost	-	-	68	-
Total non-current investment, net	1,621	-	1,689	-

NOTE 18. INVENTORIES

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Merchandise and consumables	20,675	13,836	-	-
Less: provision for stock obsolescence (a)	(2,529)	(2,522)	-	-
	18,146	11,314	-	-
Bus consoles transferred from capital work in progress	558	558	-	-
Provision for stock obsolescence	(558)	(558)	-	-
	-	-	-	-
Goods in transit	391	485	-	-
Total inventories, net	18,537	11,799	-	-

NOTE 18. INVENTORIES (CONT'D)

(a) Movement in the provision for stock obsolescence of the group is as follows:

	Group 2017 $'000	Group 2016 $'000
As at 1 April	2,522	2,539
Addition on business acquisition	-	417
Additional provision during the year (Note 12)	856	158
Reversal of provision during the year (Note 9)	-	(122)
Amounts written off during the year	(849)	(470)
As at 31 March	2,529	2,522

NOTE 19. FINANCIAL ASSETS BY CATEGORIES

Group

Financial assets by categories	**Held-to-maturity investments**		**Loans and receivables**		**Available-for-sale financial assets**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Non-current						
Fiji Government Registered stock (Note 21)	23,056	30,989	-	-	-	-
Available-for-sale financial assets (Note 17(c))	-	-	-	-	1,621	-
Trade and other receivables (Note 22)	-	-	4,983	-	-	-
Total non-current financial assets	23,056	30,989	4,983	-	1,621	-
Current						
Fiji Government Registered stock (Note 21)	7,930	4,000	-	-	-	-
Term deposits (Note 21)	25,596	22,447	-	-	-	-
Trade and other receivables (Note 22)	-	-	48,368	47,770	-	-
Cash on hand and at bank	-	-	46,745	25,466	-	-
Total current financial assets	33,526	26,447	95,113	73,236	-	-

NOTE 19. FINANCIAL ASSETS BY CATEGORIES (CONT'D)

Holding Company

Financial assets by categories	Held-to-maturity investments 2017 $'000	Held-to-maturity investments 2016 $'000	Loans and receivables 2017 $'000	Loans and receivables 2016 $'000	Available-for-sale financial assets 2017 $'000	Available-for-sale financial assets 2016 $'000
Fiji Government Registered stock (Note 21)	23,056	30,989	-	-	-	-
Available-for-sale financial assets (Note 17(c))	-	-	-	-	1,689	-
Trade and other receivables (Note 22)	-	-	19,728	14,192	-	-
Total non-current financial assets	23,056	30,989	19,728	14,192	1,689	-
Current						
Fiji Government Registered stock (Note 21)	7,930	4,000	-	-	-	-
Term deposits (Note 21)	-	251	-	-	-	-
Trade and other receivables (Note 22)	-	-	33,161	32,541	-	-
Cash on hand and at bank	-	-	2,992	584		
Total current financial assets	7,930	4,251	36,153	33,125	-	-

NOTE 20. FINANCIAL LIABILITIES BY CATEGORIES

Financial liabilities by categories	Financial liabilities at amortised cost — Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Non-current				
IRU lease liabilities (Note 25)	-	60	-	-
Borrowings (Note 26)	40,213	18,723	10,624	9,910
Provisions (Note 27)	2,234	-	-	-
Trade and other payables (Note 28)	-	50	-	-
Total non-current financial liabilities	42,447	18,833	10,624	9,910
Current				
IRU lease liabilities (Note 25)	273	3,196	-	-
Borrowings (Note 26)	130,945	19,633	122,648	5,068
Provisions (Note 27)	28,075	29,115	16,912	21,153
Trade and other payables (Note 28)	88,567	97,950	757	264
Total current financial liabilities	247,860	149,894	140,317	26,485

The fair value of the financial assets and financial liabilities do not significantly vary from the value based on amortised cost methodology.

NOTE 21. HELD-TO-MATURITY INVESTMENTS

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Fiji Government Registered stock (a)	23,050	30,980	23,050	30,980
Add: unamortised premium	6	9	6	9
Total non-current held-to-maturity investments	23,056	30,989	23,056	30,989
Current				
Fiji Government Registered stock (a)	7,930	4,000	7,930	4,000
Term deposits (b)	25,596	22,447	-	251
Total current held-to-maturity investments	33,526	26,447	7,930	4,251
Total held-to-maturity investments	56,582	57,436	30,986	35,240

(a) The carrying values of the Fiji Government Registered stock are considered to be the reasonable approximation of the fair values.

The holding company has pledged government bonds amounting to $14,000,000 as security for the loan obtained during the prior years from its parent entity, Fiji National Provident Fund. (Refer Note 26(a)).

Furthermore, the holding company has also pledged government bonds amounting to $16,980,000 as security for the loan obtained during the year from ANZ Banking Group Limited. (Refer 26 (f)).

(b) Term deposits include short term deposit of $6,180,000 (2016:$751,000) which matures within three months. Accordingly, this deposit has been considered as cash and cash equivalents for the purpose of the statements of cash flows. (Refer Note 23).

Term deposits held with financial institutions attract interest rates in the range of 1.7% up to 4.65% per annum, and will mature within 12 months from balance date.

NOTE 22. TRADE AND OTHER RECEIVABLES

Non-current				
Advance to Amalgamated Telecom Nominees Limited (a)	4,983	-	4,983	-
Advance to Amalgamated Telecom Holdings (Kiribati) Limited	-	-	14,745	14,192
Refundable deposit and others (b)	61,218	-	66,067	-
Total non-current trade and other receivables	66,201	-	85,795	14,192

NOTE 22. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Current				
Trade receivables (c)	68,656	61,749	-	-
Less: unearned income	(1,620)	(1,700)	-	-
	67,036	60,049	-	-
Less: allowance for doubtful debts (d)	(19,089)	(17,377)	-	-
Trade receivables, net	47,947	42,672	-	-
Advance to Amalgamated Telecom Nominees Limited (a)	-	4,983	-	4,983
Receivable from related parties	421	115	6	226
	48,368	47,770	6	5,209
Dividends receivable	-	-	33,155	27,332
	48,368	47,770	33,161	32,541
Accrued revenue	1,821	2,572	-	-
Prepayments, other receivables and advances	15,765	13,486	1,509	715
Less: allowance for doubtful debts (d)	(54)	(59)	-	-
Total current trade and other receivables, net	65,900	63,769	34,670	33,256

(a) Advance to Amalgamated Telecom Nominees Limited (ATN) is unsecured, subject to interest at the rate of 1.2% per annum. In the current year, the directors of ATH and ATN have decided to hold the process of winding up the company. Accordingly, as at balance date, advance to ATN has been reclassified as non-current assets in cognisance of the possibility of continuing the scheme given the current regional expansion.

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

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

The first two payments for the transaction have been paid as refundable deposits at USD 30,000,000 (FJD 61,218,243) while the final payment and settlement is awaiting certain consents from the Federal Communication Commission of USA and approvals and waivers from the Committee of Foreign Investments in the United States (CFIUS). As at 31 March 2017, the holding company did not have control of Bluesky Group and therefore the payments have been recognised as 'Refundable Deposits' in the financial statements.

Upon completion of the transaction, the deposit amount is expected to be transferred to investment in subsidiaries. Accordingly, it has been classified as non-current assets for the purpose of statement of financial position.

(c) Trade receivables principally comprise amounts outstanding for sale of telephones, office equipment and computer equipment and rendering of telecommunication, data and internet related services. Trade receivables are non-interest bearing and are generally settled on 15 - 60 day terms.

NOTE 22. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Movements in the allowance for doubtful debts of trade and other receivables are as follows:

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
As at 1 April	17,436	17,329	-	269
Addition on business acquisition	2,084	558	-	-
Additional allowance during the year (Note 12)	-	22	-	-
Reversal of allowance for doubtful debts (Note 9)	(54)	(57)	-	-
Amounts written off during the year	(323)	(416)	-	(269)
As at 31 March	19,143	17,436	-	-

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The individually impaired receivables mainly relates to customers who have defaulted in payments. The other classes within trade and other receivables do not contain impaired assets.

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

(e) As at 31 March 2017 and 2016, the ageing analysis of group's trade receivables (net of allowance for doubtful debts) is as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
			60 - 90 days	>90 days
	$ '000	$ '000	$ '000	$ '000
31 March 2017	47,947	39,072	956	7,919
31 March 2016	42,672	32,180	3,293	7,199

NOTE 23. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash on hand and at bank	46,745	25,466	2,992	584
Short term deposits (Note 21(b))	6,180	751	-	251
Bank overdraft (Note 26)	(787)	(2,979)	-	-
Total cash and cash equivalents	52,138	23,238	2,992	835

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 24. SHARE CAPITAL

	2017 $'000	2016 $'000
(a) Issued and Paid Up Capital		
Balance as at 1 April (422,104,868 ordinary shares)	105,526	105,526
Transfer from share premium reserve account (iii)	2,074	-
	107,600	105,526

(i) All issued shares are fully paid.

(ii) On 22 December 2015, the Government of Fiji diversified its 72,966,104 of its 145,932,209 shares in the holding company through a Special Crossing on the South Pacific Stock Exchange. This reduced the Government's shareholding from 34.6% to 17.3%.

The successful acquirers were the ultimate parent entity, Fiji National Provident Fund (60,671,022 shares), Unit Trust of Fiji (10,655,738 shares) and BSP Life (Fiji) Limited (1,639,344 shares).

(iii) In accordance with provisions of the section 196 (a) and section 737 of the Companies Act 2015, the share premium reserve has been reclassified as part of the existing total issued share capital.

(b) Share premium reserve

	2017 $'000	2016 $'000
Balance as at 1 April	2,074	2,074
Transfer to issued capital (a) (iii)	(2,074)	-
	-	2,074

(c) Foreign currency translation reserve

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

NOTE 25. INDEFEASIBLE RIGHT OF USE (IRU) LEASE LIABILITIES

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Southern Cross Cables Limited	-	60	-	-
Total non-current finance lease liabilities	-	60	-	-
Current				
Southern Cross Cables Limited	61	748	-	-
Optus Networks Pty Limited (a)	212	2,448	-	-
Total current finance lease liabilities	273	3,196	-	-

(a) In accordance with the agreement with Optus Networks Pty Limited for the purchase of IRU network capacity, the repayment term consists of monthly repayments of over 2 to 5 year period. In the opinion of the management of subsidiary company, Telecom Fiji Limited, the fair value of the liability equals to the carrying amount, and accordingly the payable value has not been discounted to present value.

NOTE 26. BORROWINGS	Group		Holding Company	
	2017	2016	2017	2016
Non-current	$'000	$'000	$'000	$'000
Term loans - Fiji National Provident Fund (a)	812	2,712	812	2,712
Term loan - Bank of South Pacific (b)	612	1,208	612	1,208
Term loan - Westpac Banking Corporation (c)	9,200	5,990	9,200	5,990
Term loan - ANZ Bank (Kiribati) Limited (d)	6,836	8,813	-	-
Term loan - ANZ Bank (Vanuatu) Limited (e)	22,393	-	-	-
Finance lease liabilities - Westpac Banking Corporation (g)	360	-	-	-
Total non-current borrowings	40,213	18,723	10,624	9,910
Current				
Term loans - Fiji National Provident Fund (a)	1,945	11,972	1,900	1,835
Term loan - Bank of South Pacific (b)	595	574	595	574
Term loan - Westpac Banking Corporation (c)	1,426	2,659	1,426	2,659
Term loan - ANZ Bank (Kiribati) Limited (d)	1,549	1,449	-	-
Term loan - ANZ Bank (Vanuatu) Limited (e)	3,052	-	-	-
Term loan - ANZ Banking Group Limited (f)	118,727	-	118,727	-
Finance lease liabilities - Westpac Banking Corporation (g)	146	-	-	-
Finance lease liabilities - ANZ Bank (Kiribati) Limited (d)	2,718			
Bank overdraft - Westpac Banking Corporation (g)	787	2,979	-	-
Total current borrowings	130,945	19,633	122,648	5,068
Total borrowings	171,158	38,356	133,272	14,978

(a) Term loans - Fiji National Provident Fund

Borrowing by Amalgamated Telecom Holdings Limited

On 21 August 2013, the holding company obtained a loan amounting to $9,000,000 from its parent entity, Fiji National Provident Fund, to finance the purchase of 51% of Government's shareholding in Fiji International Telecommunications Limited. The interest rate on the loan is fixed at 3.5% over the term of the loan with maturity date of 21 August 2018. The loan is payable at monthly repayments of $164,000 inclusive of interest. The loan is secured by Deed of Assignment over Government bonds amounting to $14,000,000. Subsequent to balance date, on 19 April 2017, FNPF had partially released loan security on ATH Government Bonds totalling $9,000,000.

Borrowing by Telecom Fiji Limited

The FNPF loan facility also allows the subsidiary company to redraw the excess loan repayments made at any given time with 5 working days' notice during the term of the loan on the condition that there is no breach in security and financial covenants. The excess loan payments made reduces the overall loan balance and can be withdrawn without any penalty or fees. As at 31 March 2017, the available redraw facility amounts to $9,387,500.

Effective 1 April 2014, the interest rate on the loan has been fixed at 4.25% for the first 2 years of the loan term and will be varied for the remaining 2 years of the loan term. The loan is payable at monthly repayments of $1,034,000 inclusive of interest.

NOTE 26. BORROWINGS (CONT'D)

(a) Term loans - Fiji National Provident Fund (Cont'd)

Borrowing by Telecom Fiji Limited (Cont'd)

Term loan from ultimate parent entity, Fiji National Provident Fund (FNPF), is secured by:

(i) 1st registered mortgage debenture over all the assets of the subsidiary company except for TFL New Wing building in Suva.

(ii) Comprehensive insurance cover over the property of the subsidiary company with improvements thereon.

Borrowing by Vodafone Fiji Limited

The subsidiary company, Vodafone Fiji Limited, had taken term loan of $20,000,000 from ultimate parent entity, Fiji National Provident Fund, at an competitive rate. The loan was rolled-over for three years effective from 27 April 2014 with options for repayment after year 1 or year 2. The loan has been fully settled within the financial year.

(b) Term loan - Bank of South Pacific

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

(c) Term loan - Westpac Banking Corporation

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

(d) Bank Loan and Finance Lease - ANZ Bank (Kiribati) Limited

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

The term loan from ANZ Bank (Kiribati) Limited is subject to competitive interest rate per annum with monthly repayments of AUD109,265.

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

i) Limited Guarantee given by the holding company to the amount of AUD9,577,000 plus interest and costs.

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

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

(e) Bank Loan - ANZ Bank (Vanuatu) Limited

The term loan from ANZ Bank (Vanuatu) Limited is subject to competitive interest rate per annum with monthly repayments of VUV153,064,038.

The term loan is secured over the subsidiary company's assets.

NOTE 26. BORROWINGS (CONT'D)

(f) Term loan - ANZ Banking Group Limited

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

The loan facility from ANZ Banking Group Limited are secured and subject to competitive interest rates.

The term loan is secured by the following:

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

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

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

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

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

(g) Bank overdraft and Finance Lease - Westpac Banking Corporation

i) The subsidiary company, Vodafone Fiji Limited, has bank overdraft facility of $20,000,000 with Westpac Banking Corporation which is unsecured, and is subject to maintaining certain financial covenants.

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

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

b) Undertakings including its uncalled and called but unpaid capital.

c) Letter of Support from its subsidiary company, Vodafone Fiji Limited.

(h) Bank Facilities - ANZ Banking Group Limited

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

NOTE 27. PROVISIONS

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Non-current				
On business acquisition - Employee entitlements	2,234	-	-	-

Current	Employee entitlements (a) $'000	Directory production costs $'000	Dealer and distributor incentive $'000	Dividends $'000	Total $'000
Group					
As at 1 April 2016	5,278	50	2,682	21,105	29,115
On business acquisition	6,081	-	-	-	6,081
Additional provisions recognized	4,836	53	-	25,326	30,215
Paid during the year	(5,061)	(46)	(2,682)	(29,547)	(37,336)
Carrying amount as at 31 March 2017	11,134	57	-	16,884	28,075
Holding Company					
As at 1 April 2016	48	-	-	21,105	21,153
Additional provisions recognized	25	-	-	25,326	25,351
Paid during the year	(45)	-	-	(29,547)	(29,592)
Carrying amount as at 31 March 2017	28	-	-	16,884	16,912

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
(a) Employee entitlements consists of the following:				
Non- current				
Retirement benefits	2,234	-	-	-
Current				
Annual leave	782	815	28	48
Bonus	4,271	4,463	-	-
Retirement benefits	6,081	-	-	-
Total current employee entitlements	11,134	5,278	28	48
Total employee entitlements	13,368	5,278	28	48

Annual leave

Generally annual leave is taken within one year of entitlement and accordingly it is expected that a significant portion of the total annual leave balance will be utilised within the next financial year. Note 3.19 outlines the accounting policy and underlying basis for these provisions.

NOTE 27. PROVISIONS (CONT'D)

Long service leave and retirement benefits

Long service leave and retirement benefits are accrued for employees entitled to the same under their terms of employment. Note 3.19 outlines the accounting policy and underlying basis for these provisions.

Bonus

Bonus provisions are expected to be settled within 12 months after the end of the financial year. Note 3.19 outlines the accounting policy and underlying basis for these provisions.

NOTE 28. TRADE AND OTHER PAYABLES

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Trade payables and accruals (a)	-	50	-	-
Subscriber deposits	3,952	3,927	-	-
Total non-current trade and other payables	3,952	3,977	-	-
Current				
Trade payables and accruals (a)	64,702	68,669	757	260
Owing to related parties	251	315	-	4
Advance for relocation of telecommunication cables (b)	4,014	4,546	-	-
Dividend payable	19,600	24,420	-	-
	88,567	97,950	757	264
Security deposits	1,997	1,997	-	-
Deferred revenue	17,525	14,648	-	-
Total current trade and other payables	108,089	114,595	757	264
Total trade and other payables	112,041	118,572	757	264

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

The fair value of current liabilities and non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

(b) As at balance date, the subsidiary company, Telecom Fiji Limited has received $6,273,091 (2016: $6,273,091) (VEP) for relocation of underground and overhead telecommunication cables for the Nadi and Suva road upgrading project. As at balance date, the relocation of underground and overhead telecommunication cables work is currently in progress and the subsidiary company has incurred a cost of $2,259,138 (2016: $1,727,435) which have been off-set against the advance received.

NOTE 29. DEFERRED INCOME

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Non-current				
Government grant	6,459	6,459	-	-
Less: Accumulated amortization	(6,334)	(6,289)	-	-
Total deferred income, net	125	170	-	-

NOTE 30. DIVIDENDS

Ordinary shares

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Interim dividend for the year	8,442	12,663	8,442	12,663
Final dividend for the year	16,884	21,105	16,884	21,105
Total dividends	25,326	33,768	25,326	33,768

NOTE 31. CONTINGENT LIABILITIES

Following is a summary of estimated contingent liabilities:

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Bank and performance guarantees	1,373	1,359	-	-

a) Legal claims

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

b) Other contingent liabilities

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

ii) The holding company has given a limited guarantee to ANZ Bank (Kiribati) Limited for the term loan obtained by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, to the amount of AUD 9,577,000 plus interest, costs and other amount relating to the facility.

NOTE 32. COMMITMENTS

a) Capital commitments

Capital expenditure commitments as at balance date are as follows:

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Property, plant and equipment	50,090	32,474	59	74

Capital expenditure commitments primarily relate to various capital investment projects, programs and initiatives approved by the Board of Directors of the holding company and the subsidiary companies.

NOTE 32. COMMITMENTS (CONT'D)

b) Operating lease expenses

i) The group leases various premises and lands under non-cancellable operating leases. These leases have varying terms, review clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Group		Holding Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one year	7,951	6,700	63	63
Later than one year but not later than five years	8,420	9,401	-	-
Later than five years	34,557	28,563	-	-
	50,928	44,664	63	63

ii) The subsidiary company, Vodafone Fiji Limited has entered into various lease agreements with various parties for its warehouses and retail outlets throughout the country. The terms of the lease vary from 2 to 5 years and lease rentals range from $1,000 to $20,000 per month.

Vodafone Fiji Limited has also entered into various lease agreements with various parties for its base stations. The term of the various leases range from 1 to 99 years and lease rentals range from $1,000 to $12,000 per annum.

iii) The subsidiary company, Datec (Fiji) Limited, is committed to pay annual rent of approximately $317,000 (2016:$292,800) in relation to its premises.

c) Finance lease liability

Finance lease commitments contacted for certain plant and equipment are payable as follows:

Not later than one year	2,901	-	-	-
Later than one year but not later than five years	370	-	-	-
Future finance charges	(47)	-	-	-
Net finance lease liability	3,224	-	-	-
Reconciled to:				
Current borrowings (Note 26)	2,864	-	-	-
Non-current borrowings (Note 26)	360	-	-	-
	3,224	-	-	-

NOTE 32. COMMITMENTS (CONT'D)

d) Sponsorship agreement with Fiji Rugby Union

On 2 February 2014, the subsidiary company, Vodafone Fiji Limited, has entered into a sponsorship agreement with Fiji Rugby Union.

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

e) Sponsorship agreement with Fiji Football Association

On 6 December 2013, the subsidiary company, Vodafone Fiji Limited, entered into a sponsorship agreement with Fiji Football Association.

As per the terms of the agreement, Fiji Football Association (Association) has granted sponsorship rights in respect to its competitions, the Association and, the district affiliate teams on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company and its Consortium sponsor for sponsorship in cash and sponsorship in kind for a period of 5 years.

f) Sponsorship agreement with Fiji National Rugby League Limited

On 25 September 2013, the subsidiary company, Vodafone Fiji Limited, entered into a sponsorship agreement with Fiji National Rugby League Limited.

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

g) Consortium Sponsorship Participation Agreement

The subsidiary company, Telecom Fiji Limited, is committed to pay a sum of $174,000 per year for 5 years effective from February 2014 to the Government's Sports Fund for rugby sponsorship under the Consortium Sponsorship Participation Agreement with its fellow subsidiary company, Vodafone Fiji Limited.

h) Licence fees

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

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

i) During the year, Datec Fiji Limited entered into a forward exchange contract with Westpac Banking Corporation amounting to $1,410,330 (2016: $Nil) with due dates from April 2017 to May 2017.

NOTE 32. COMMITMENTS (CONT'D)

j) Operating lease income

The group has leased out its building space under non-cancellable operating leases. The lease has varying terms, review clauses and renewal rights. On renewal, the term of the lease is renegotiated. The group also earns rental income from colocations.

Commitments for minimum lease income in relation to non-cancellable operating leases are receivable as follows:

	Group		Holding Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Within one year	754	859	-	-
Later than one year but not later than five years	616	806	-	-
	1,370	1,665	-	-

NOTE 33. RELATED PARTY DISCLOSURES

a) Parent entity

The parent entity of the holding company is Fiji National Provident Fund, which is an entity incorporated in Fiji.

b) Directors

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

Mr Ajith Kodagoda – Chairman
Mr Arun Narsey
Mr Umarji Musa
Mr David Kolitagane – appointed on 31 August 2016
Mr Taito Waqa
Mr Tom Ricketts
Mr Isikeli Voceduadua – resigned on 31 August 2016
Mr Sanjay Kaba – appointed on 18 January 2017

Directors' remuneration is disclosed under Note 12.

c) Sales of services and interest

The following transactions were carried out with related parties:

	Group		Holding Company	
	2017	2016	2017	2016
By ATH:	$'000	$'000	$'000	$'000
Interest income from other related entity	60	60	-	-
Interest income from subsidiary companies	-	-	-	531

During the year, the group provided telecommunication related services to the ultimate parent entity, Fiji National Provident Fund and its related entities, Government of Fiji, other Government owned entities, directors and director related entities and to executives. These services were provided at normal commercial rates, terms and conditions.

NOTE 33. RELATED PARTY DISCLOSURES (CONT'D)	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
d) Superannuation				
Fiji National Provident Fund	3,374	3,363	44	53

e) Purchases of services

Following is a summary of different purchase transactions the holding company had with the subsidiary companies and the related companies, and the group had with the related companies during the year:

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Advertising expense	24	12	-	-
Interest expenses and fees	274	867	132	197
Operating leases – parent entity	63	66	63	66
Rental	698	568	-	-

f) Key management personnel compensation

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

The aggregate compensation to key management personnel are as follows:

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
Salaries and other short-term employee benefits	5,078	4,732	297	369
g) Year-end balances arising from sales/purchases of services				
Receivables from related parties (Note 22):				
- Subsidiary companies (including dividends)	-	-	33,155	27,552
- Ultimate parent entity	74	109	-	-
- Other related parties of the group	347	6	6	6
Payables to related parties (Note 28):				
- Ultimate holding entity	251	315	-	4
h) Loans and advances to / (from) related parties				
Advance to other related entity - Amalgamated Telecom Nominees Limited (Note 22)	4,983	4,983	4,983	4,983

Refer Note 22 for terms underlying the advance to other related entity.

	Group 2017 $'000	Group 2016 $'000	Holding Company 2017 $'000	Holding Company 2016 $'000
i) Borrowings from ultimate parent entity				
Term loans (Note 26)	2,757	14,684	2,712	4,547
j) Held-to-maturity investments				
Term deposits held with the HFC Bank (Note 21)	12,000	12,000	-	-

NOTE 34. SUBSIDIARY COMPANIES

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

	Immediate parent	Class of shares	Equity holding 2017	Equity holding 2016
Telecom Fiji Limited	ATH	Ordinary	100%	100%
Fiji International Telecommunications Limited (FINTEL)	ATH	Ordinary	100%	100%
Vodafone Fiji Limited (VFL)	ATH	Ordinary	51%	51%
Fiji Directories Limited	ATH	Ordinary	100%	90%
Datec (Fiji) Limited (DFL)	VFL	Ordinary	100%	100%
Datec Australia Pty Limited	DFL	Ordinary	100%	100%
Amalgamated Telecom Holdings (Kiribati) Limited	ATH	Ordinary	100%	100%
Telecom Vanuatu Limited	ATH	Ordinary	100%	-

(a) Datec Australia Pty Limited, Amalgamated Telecom Holdings (Kiribati) Limited and Telecom Vanuatu Limited are incorporated in Australia, Republic of Kiribati and Republic of Vanuatu respectively. All other companies are incorporated in Fiji. All the subsidiaries have the same balance date as the parent entity which is 31 March.

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

NOTE 35. ASSOCIATED ENTITIES

Entity	Place of Incorporation	% Owned	Investment Book Value ($)
Amalgamated Telecom Holdings (PNG) Limited (non-operating entity)	PNG	50%	1
Bluesky SamoaTel Investments Limited	Samoa	24.88%	12,258,281

NOTE 36. SEGMENT REPORTING

a) Operating Segments

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Group $'000
31 March 2017					
Revenue					
External customer	70,389	311,008	13,305	-	394,702
Inter-segment	11,561	5,169	49,682	(66,412)	-
Other income	12,061	6,824	1,133	-	20,018
Share of profit from associate	-	-	141	-	141
Total revenue	94,011	323,001	64,261	(66,412)	414,861
Expenses					
Depreciation and amortisation	15,506	27,092	2,015	(250)	44,363
Finance cost/(income)	(297)	1,876	(1,596)	13	(4)
Direct and other expenditure	58,496	212,847	9,459	(18,856)	261,946
Total expenses	73,705	241,815	9,878	(19,093)	306,305
Segment profit before tax	20,306	81,187	54,383	(47,319)	108,556
Operating assets	131,270	258,777	448,765	(203,499)	635,313
Operating liabilities	40,645	155,213	160,436	(13,462)	342,832
Other disclosures					
Capital expenditure	13,239	29,415	758	-	43,412
Net written down book value of property, plant and equipment acquired upon business combination	-	-	55,756	-	55,756
31 March 2016					
Revenue					
External customer	73,542	256,339	26,330	-	356,211
Inter-segment	11,192	3,010	46,276	(60,478)	-
Other income	6,583	6,971	245	-	13,799
Total revenue	91,317	266,320	72,851	(60,478)	370,010
Expenses					
Depreciation and amortisation	17,835	23,789	2,216	(250)	43,590
Finance cost/(income)	96	1,833	(2,620)	10	(681)
Direct and other expenditure	58,385	177,642	24,869	(25,354)	235,542
Total expenses	76,316	203,264	24,465	(25,594)	278,451
Segment profit before tax	15,001	63,056	48,386	(34,884)	91,559
Operating assets	140,371	234,933	321,739	(230,161)	466,882
Operating liabilities	51,185	159,972	50,075	(46,830)	214,402
Other disclosures					
Capital expenditure	15,997	45,006	1,059	-	62,062

NOTE 36. SEGMENT REPORTING (CONT'D)

b) Geographical segments

	Fiji $'000	Outside Fiji $'000	Elimination $'000	Group $'000
31 March 2017				
Revenue				
External customer	375,887	18,815	-	394,702
Inter-segment	66,043	369	(66,412)	-
Other income	19,833	185	-	20,018
Share of profit from associates	-	141	-	141
Total revenue	461,763	19,510	(66,412)	414,861
Expenses				
Depreciation and amortisation	41,804	2,809	(250)	44,363
Finance cost / (income)	(1,258)	1,241	13	(4)
Direct and other expenditure	267,636	13,166	(18,856)	261,946
Total expenses	308,182	17,216	(19,093)	306,305
Segment profit before tax	153,581	2,294	(47,319)	108,556
Operating assets	732,006	106,806	(203,499)	635,313
Operating liabilities	290,461	65,833	(13,462)	342,832
Other disclosures				
Capital expenditure	40,566	2,846	-	43,412
Net written down book value of property, plant and equipment acquired upon business combination	-	55,756	-	55,756
31 March 2016				
Revenue				
External customer	344,413	11,798	-	356,211
Inter-segment	60,478	-	(60,478)	-
Other income	13,602	197	-	13,799
Total revenue	418,493	11,995	(60,478)	370,010
Expenses				
Depreciation and amortisation	42,541	1,299	(250)	43,590
Finance cost / (income)	(1,482)	791	10	(681)
Direct and other expenditure	252,153	8,743	(25,354)	235,542
Total expenses	293,212	10,833	(25,594)	278,451
Segment profit before tax	125,281	1,162	(34,884)	91,559
Operating assets	661,647	35,396	(230,161)	466,882
Operating liabilities	224,801	36,431	(46,830)	214,402
Other disclosures				
Capital expenditure	62,062	-	-	62,062
Net written down book value of property, plant and equipment acquired upon business combination	346	9,524	-	9,870

Notes to the Financial Statements for the Year Ended 31 March 2017 (Cont'd)

NOTE 37. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

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

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

The first two payments for the transaction have been paid as refundable deposits at USD 30,000,000 (FJD 61,218,243) while the final payment and settlement is awaiting certain consents from the Federal Communication Commission of USA and approvals and waivers from the Committee of Foreign Investments in the United States (CFIUS). As at 31 March 2017, the holding company did not have control of Bluesky Group and therefore the payments have been recognised as 'Refundable Deposits' in the financial statements.

According to SPD, ATH is entitled to receive (as holding fees in lieu of interest on refundable deposits paid) portions of any distributions, including management fees and dividends, received by the seller.

In an effort to facilitate the primary transaction, ATH also acquired a number of minority shares of various classes in a number of the target entities. During the year ended 31 March 2017, the holding company had acquired 24.88% shares in Bluesky SamoaTel Investments Limited of Samoa and 4.66% in Bluesky Pacific Holdings Limited of Samoa from minority shareholders for a purchase consideration of USD 5,849,113 and USD 775,191 (FJD 12,117,493 and FJD 1,620,721), respectively. Bluesky SamoaTel Investments Limited is a holding company which has 75% interest in Bluesky Samoa Limited of Samoa. The principal activity of Bluesky SamoaTel Investments Limited is that of equity investments and the principal activity of Bluesky Samoa Limited is that of telecommunication services in Samoa. Bluesky Pacific Holdings Limited of Samoa has equity interest in Telecom Cook Islands Limited.

b) On 20 October 2016, the holding company, acquired remaining 10% shareholding in Fiji Directories Limited from Edward H O'Brien (Fiji) Limited for a purchase consideration of FJD 1,320,463.

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

The financial effects of the above events, have been incorporated in the financial statements for the year ended 31 March 2017.

NOTE 38. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

NOTE 39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 28 June 2017.

South Pacific Stock Exchange - Listing Requirements

1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 March 2017:

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Umarji Musa	5,000	-

2. Shareholding of those persons holding the 20 largest blocks of shares:

Shareholders	No. Of Shares
Fiji National Provident Fund	306,631,619
Government of Fiji	72,966,105
Unit Trust of Fiji (Trustee Company) Limited	19,588,195
Fijians Trust Fund	5,000,000
Amalgamated Telecom Nominees Limited	4,700,193
Yasana Holdings Limited	3,091,363
BSP Life (Fiji) Limited	1,819,668
FHL Trustees Limited – Fijian Holdings Unit Trust	1,757,840
Carlisle (Fiji) Limited	250,893
Kiran Lata Kumar	190,000
Naitasiri Provincial Council	155,670
JP Bayly Trust	111,500
RFMF Army Medical Scheme	100,000
Nakuruvakarua Company Limited	100,000
Gerald William Sydney Barrack	100,000
Lomaiviti Provincial Council	94,340
Rewa Provincial Council	94,300
Hari Punja A & Sons Limited	89,907
Macuata Provincial Council	76,500
Fijicare Insurance Limited	66,422

3. Distribution of share holding under Section 6.31(v):

Holding	No. of Holders	Total % Holding
Less than 500 shares	30	0.00
500 to 5,000 shares	1,261	0.52
5,001 to 10,000 shares	123	0.24
10,001 to 20,000 shares	38	0.14
20,001 to 30,000 shares	10	0.06
30,001 to 40,000 shares	6	0.05
40,001 to 50,000 shares	12	0.14
50,001 to 100,000 shares	12	0.22
100,001 to 1,000,000 shares	4	0.17
Over 1,000,000 shares	8	98.45
Total	**1,504**	**100%**

4. Mr Ajith Kodagoda has waived emolument due to him on his appointment as Chairman of the Board of Directors on 18 August 2010.

South Pacific Stock Exchange - Listing Requirements (Cont'd)

5. Disclosure on the trading results of each subsidiary under Section 6.31(viii):

(Amount in $'000)	Telecom Fiji Limited	Vodafone Fiji Limited & Subsidiary Companies	FINTEL	Fiji Directories Limited	ATH Kiribati Limited	Telecom Vanuatu Limited
Sales revenue	89,953	295,646	15,702	4,607	18,816	-
Other Operating revenue (excluding dividends)	4,057	7,987	15	98	554	-
	94,010	303,633	15,717	4,705	19,370	-
Depreciation and amortisation	15,506	24,283	1,862	139	2,809	-
Impairment	696	-	-	-	-	-
Cost of Sales	20,354	118,804	1,450	417	7,027	-
Other expenses	36,726	80,877	4,910	1,744	6,139	-
Finance cost/(income) net	(296)	635	(768)	(43)	1,241	-
Income tax expense/(benefit)	4,544	15,678	1,463	494	860	-
	77,530	240,277	8,917	2,751	18,076	-
Net profit after income tax (excluding dividends)	16,480	63,356	6,800	1,954	1,294	-
Operating assets	131,269	226,616	45,086	6,304	32,594	74,212
Operating liabilities	40,645	125,627	5,819	3,574	30,018	35,815
Shareholders' equity	90,625	100,989	39,267	2,730	2,576	38,397

* The accounts for Telecom Vanuatu Limited (new subsidiary) was consolidated on 31 March 2017 and its Assets and Liabilities has been reflected in this disclosure.

6. Share Register

Amalgamated Telecom Holdings Limited
Harbour Front Building
Rodwell Road
Suva
Phone: (679) 3308-700

South Pacific Stock Exchange - Listing Requirements (Cont'd)

7. Group Consolidated Ten Years Financial Performance

	For the 12 months ended 31 March 2017 ($'000)	For the 12 months ended 31 March 2016 ($'000)	For the 12 months ended 31 March 2015 ($'000)	For the 12 months ended 31 March 2014 ($'000)	For the 12 months ended 31 March 2013 ($'000)	For the 12 months ended 31 March 2012 ($'000)	For the 12 months ended 31 March 2011 ($'000)	For the 12 months ended 31 March 2010 ($'000)	For the 12 months ended 31 March 2009 ($'000)	For the 12 months ended 31 March 2008 ($'000)
Operating Revenue	394,702	356,211	310,668	281,004	270,469	249,411	247,068	254,783	284,214	269,597
EBIT	108,411	90,878	85,272	46,664	(31,040)	51,251	36,775	32,136	72,768	88,083
EBITDA	153,611	134,468	129,903	93,109	26,171	108,603	94,023	80,500	116,830	130,735
Net Earnings	54,222	56,725	49,812	14,469	(15,905)	18,362	4,142	15,382	33,144	46,149
Earnings per share	12.8 cents	13.4 cents	11.8 cents	3.4 cents	(4.0 cents)	4.0 cents	1.0 cents	3.6 cents	7.9 cents	10.9 cents
Return on equity	22.3%	26.5%	25.7%	8.4%	(9.3%)	8.9%	2.1%	7.2%	15.2%	21.4%
Total Assets	635,313	466,882	417,105	396,813	444,481	518,839	504,054	508,137	502,410	415,554
Return on assets	19.2%	23.0%	22.7%	10.7%	(5.6%)	8.9%	5.2%	7.4%	18.3%	26.3%
Current Ratio	0.61 times	0.76 times	0.82 times	0.86 times	0.84 times	0.77 times	0.46 times	0.50 times	0.68 times	0.58 times
Net Debt	118,233	12,139	22,394	46,606	63,781	85,098	102,493	87,883	69,204	12,120
Gearing	29%	5.0%	9.0%	19.0%	23.0%	24.0%	30.0%	26.3%	22.3%	4.9%
Interest cover	34.9 times	41.5 times	28.9 times	9.9 times	(8.6) times	6.2 times	5.1 times	4.4 times	*	*
Net cash flow from operating activities	132,590	105,006	116,340	94,252	92,739	78,949	76,082	72,340	62,201	94,196
Capital expenditure	43,412	71,932	60,810	24,636	52,429	27,699	73,376	63,920	69,489	53,184
Dividend per share	$0.06	$0.08	$0.07	$0.05	$0.045	$0.03	$0.03	$0.05	$0.08	$0.09
Net Tangible Asset per share	$0.50	$0.44	$0.41	$0.35	$0.35	$0.44	$0.51	$0.58	$0.57	$0.56
Market price per share	$1.32	$1.20	$1.01	$0.80	$0.84	$0.75	$0.89	$1.00	$1.16	$0.91
Maximum market price per share	$1.32	$1.25	$1.01	$0.86	$0.89	$0.89	$1.01	*	*	*
Minimum market price per share	$1.08	$1.00	$0.81	$0.60	$0.70	$0.65	$0.88	*	*	*
Price Earnings ratio	10.3 times	8.9 times	8.6 times	23.5 times	(21.0) times	18.8 times	89 times	27.8 times	14.7 times	8.3 times
Dividend Yield	4.5%	6.7%	6.9%	6.3%	5.4%	4.0%	3.4%	5%	6.9%	9.9%

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