ATH
Group of Companies

2018
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.

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Chairman's Report

I am pleased to present our Annual Report for the year ended 31 March 2018.

Financial year 2018 has been another exciting, eventful and profitable year for the ATH Group as revenues and profitability continue to increase on a consolidated basis with our regional expansion making steady progress and promising initial results already being delivered.

We took on opportunities and made crucial decisions to modernise our services and adapt to the ever-evolving state of technology and rapidly changing consumer behavior, whilst achieving long-term value for our shareholders.

Operation Highlights

This year we have worked prudently to pursue a balanced strategy of both organic growth and growth through acquisition.

In alignment with this theme, we have continued with the restructure of existing businesses in Fiji, improving the operations of our new acquisitions in Kiribati and Vanuatu while we have also started assisting the operations in the Cook Islands and Samoa in anticipation of settlement.

The regional expansion has also triggered a number of key appointments to support the Group's overall objective of improving operational efficiencies and realising synergies.

Key operating highlights during the year include:

- Vodafone Fiji continues to record strong customer growth with net subscribers exceeding 760,000 this year and continues to achieve strong performance in a highly competitive and dynamic market. The group consolidated revenue increased by almost 7.1%, from the previous year to $317 million as Internet consumption continues to grow.

- Data and Internet remains the key growth areas for the business so Vodafone Fiji is trialing 5G mobile to meet the increasing demand for data products and services.

- Recent acquisitions on the regional expansion trail, ATH (Kiribati) Limited and Telecom Vanuatu Limited have achieved good financial performances, largely as a result of the continuing investments made to overhaul and modernise their telecommunications networks.

- Results of this financial year include Telecom Vanuatu Limited's first full year results following the completion of our acquisition in March last year. The results demonstrate great promise with growing business turnover and increased mobile data penetration achieving a 200% increase.

- In Kiribati, business is going well with Net Profits and Revenues both achieving increases despite the obvious challenges of distance, high costs and recent competitive entry by a second licensee.

- Telecom Vanuatu and ATH Kiribati's improved performances this financial year have allowed us to gauge our regional capability and heighten confidence as we continue on the path of expanding our reach in the region.

- Data/Internet revenue was the main contributing income stream for the Group given the high demand in latest Smartphone devices and high internet usage.

- Commencement of the integration/merger of FINTEL and Telecom Fiji as part of ATH Group restructuring. The proposed integration will involve TFL acquiring FINTEL's business on a going concern basis together with FINTEL's assets, liabilities, rights and obligations. This transaction is subject to regulatory approvals so an application has been lodged with the Fiji Competition and Consumer Commission (FCCC) to approve the restructure. Pending the outcome of our application, it is anticipated that the transfer of assets and liabilities will be finalised in September this year. It is envisaged that current products and services offering will continue unhindered. However, we are not ruling out the possibility of replacing existing products and services should technology offer better options.

- On 26 June 2017, the holding company, Amalgamated Telecom Holdings Limited received the formal approval from the Office of the Regulator in accordance with section 31 of the Samoan Telecommunication Act for the transfer of shares authorising the change of control for various telecommunications licences and permits granted to Bluesky Samoa Limited.

Chairman's Report (Cont'd)

- Furthermore, on 1 November 2017, approval was received from the Business Trade Investment Board (BTIB) for registration as a foreign enterprise and to carry on business in the Cook Islands was also received.
- Improvement in financial results based on overall performance of companies in the Group compared to the prior year.
- Dividend paid/declared for the financial year was $18.99 million.

As in previous years, our key challenge was to maintain a balance between keeping pace with market developments and creating value for our stakeholders.

Regional Acquisition Update

Discussions on the Bluesky acquisition are still on foot given its multi-jurisdictional nature. Requisite approval for non-FCC (Federal Communications Commission) countries Samoa and Cook Islands have been granted. The remaining approvals required are for American Samoa, which falls under the jurisdiction of the US Authorities, namely the Federal Communications Commission (FCC), Committee for Foreign Investment in the United States (CFIUS) and various clearances from agencies falling under the Department of Justice known informally as Team Telecom. To-date, the applications are progressing and we expect to receive an update from the US authorities prior to the end of the year.

In the meantime, since receiving requisite local approvals in mid-2017, ATH and Vodafone Fiji have been supporting the Bluesky management in Samoa on day-to-day operations and aligning them into the Group's objectives.

During the financial year, FINTEL was awarded rights to manage the segment of the Tui Samoa cable that extends from Suva to Savusavu. This allows for further development opportunities we could explore whilst providing the northern island the same connectivity that we enjoy in Viti Levu.

ATH Share Price

ATH's share price has continued its upward trend. The ATH share price as at 31 March was $2.28, reflecting the market's positive long term view of the company and shareholder's confidence in the group's restructure, consolidation and regional expansion efforts to improve the group's performance and future.

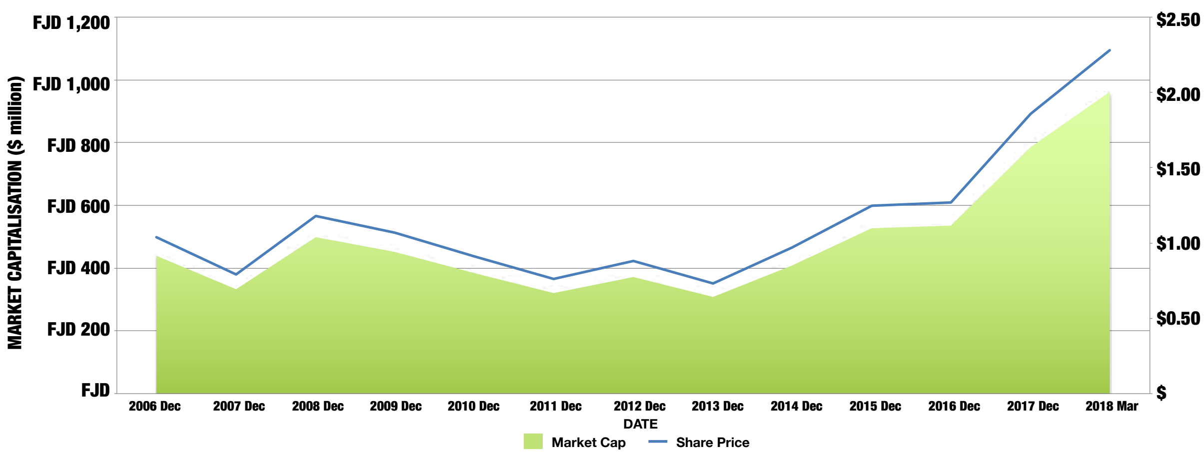
Consolidation and Restructure Outlook

For the region, we will continue to look at opportunities that are accretive to group earnings and contributive to long-term value for our shareholders, all as part of ATH's strategy of consolidation and investment. Wherever they exist, we will explore, and if fits our plan, we will pursue how best to participate in these markets.

There are obvious key markets like Papua New Guinea and the Solomons that ATH is keen to participate in, but there are also opportunities in other markets in the region that would also be considered. In view of the opportunities presenting themselves, ATH will take a measured approach in considering opportunities as they arise to ensure the greatest chances of success.

In regional investments, in addition to the financial and strategic merits of an acquisition or other investment, ATH primarily looks for key strategic local partners who will not only help drive business, but to also provide guidance on the ground. In that way, our partners play a crucial role in ensuring that we are attuned to the local and cultural contexts of the diverse markets we participate in. For ATH such an approach reflects true regional co-operation and goodwill as each local operation also get to benefit from the success of the business.

It has been three years since we embarked on this restructure, and the process is on-going. We will continue with our restructure efforts across the ATH Group as products and services in the market evolve, such as current push for the integration of TFL and FINTEL this year. We are focused on achieving sustainable results in the long term.



Chairman's Report (Cont'd)

We are making excellent progress, but obviously it is not an easy exercise, and needs to be managed well. This is one of the biggest drivers in Vodafone Fiji's appointment of Mr Pradeep Chand Lal as Regional Chief Executive Officer to deliver the synergies of the Group and in turn ensuring that ATH delivers improved returns to shareholders and remains an attractive investment conduit for its investors.

Appointments

Ms Sitla Chandra was appointed Acting Chief Executive Officer of Fiji Directories Limited on 11 January 2018. Ms Chandra has worked for FDL for almost 10 years. She was Finance Manager from January 2006 until January 2010 and also was the Company Secretary on rejoining the company in March 2013.

A number of key appointments were made within Vodafone Fiji, two of which came as a result of the regional acquisitions by ATH. On 21 December 2017, Vodafone Fiji's Chief Executive Officer Mr Pradeep Chand Lal was promoted to the role of Regional Chief Executive Officer. The new position was established to strengthen and drive the overall group strategies with the aim of creating regional growth opportunities.

Mr Ronald Prasad was promoted as Vodafone Fiji Chief Operating Officer (COO) on 31 January 2018. With Mr Lal taking on a regional role, the local operations of Vodafone Fiji are now managed by Mr Prasad.

Also as a consequence of ATH's regional expansion and the need to build a strong executive team to manage and drive growth, Mr Naibuka Saune was appointed as Head of Mergers and Acquisitions (Head of M&A) for ATH effective from 16 June 2017. Mr Saune was an investment consultant with the Fiji National Provident Fund.

This financial year also saw the departure of Mr Mothilal De Silva on 31 December 2017 at the completion of his contract as Telecom Fiji Limited (TFL) Chief Executive Officer (CEO). Mr De Silva had been CEO for the company since September 2013. During his term, he helped transform TFL and prepared the company for growth. Following Mr De Silva's departure, General Manager Business Sales and Retail Mr Charles Gounder was appointed as Acting CEO. Mr Gounder will continue in the role in an acting capacity until a CEO is appointed.

Acknowledgement

I take this opportunity to thank my fellow directors, for their continued support and counsel during the year. I would also like to thank all the directors on our various subsidiary boards for their valuable contribution on their respective subsidiary boards.

On behalf of the Board, I would like to thank our stakeholders, our dedicated ATH Group staff and our respective subsidiary management teams, all the CEOs and management of ATH companies for their efforts and contributions and a special welcome to our overseas based CEOs namely Messrs Divik Deo and Kamleshwar Sharma, for their outstanding efforts and continued co-operation throughout the year as we look forward to another successful year ahead.

Ajith Kodagoda
Chairman

Chief Executive Officer's Report

As ATH continues to spread its wings and take flight on an exciting journey to become a regional telecommunications group, I am pleased to present the ATH Group's Annual Report for 2018 and convey that we have recorded increases in revenue and profitability for the fifth consecutive year.

The Group's continuing uplift in our results has been achieved through the combined performances of all ATH subsidiary companies. The increases were generated through all of the Group's revenues streams with the main drivers being data network and Internet revenues.

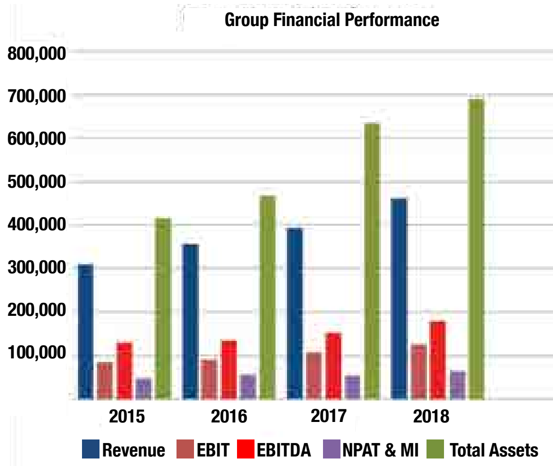
These continued improvements in the financial results are more noteworthy, especially, in light of the significant resources utilised in executing the group's regional expansion strategy. The outcomes thus far therefore reflect a balanced strategy of expansion via organic growth and regional acquisitions against the need to deliver returns to shareholders.

We are cognisant that while the expansionary growth strategy establishes the basis for increased future returns, the group must also bear in mind that it is extremely desirable to maintain the level of immediate returns to our shareholders. To this end, ATH appreciates the continued improvements in the operating companies for achieving its operational and financial objectives.

Financial Performance

Consolidated profit before tax for the Group for the year stood at $120.3 million, up 10%. Consolidated profit after tax was $96.6 million, an increase of 13% from last year while Consolidated profit after income tax attributable to the members of the holding company for the financial year increased to $64.9 million from $54.2 million. The Group's consolidated revenue grew by 16% to $460.4 million.

For the holding company, net profit after income tax decreased slightly to $42.6 million mainly as the result of increased operating and financing expenses incurred in making our regional investments and building human resources capacity within the ATH group. These increased resource commitments all go towards realising ATH's regional expansion, which in the long-term could potentially surpass the size of the Fiji-based operations.



Subsidiary Companies

Vodafone Fiji Limited

Vodafone Fiji Limited continues to maintain its position as the flagship operator of the Group and the market leader in Fiji through its continued investment in technology, operations, products and people to ensure that the company remains attuned to its customers' needs.

It is gratifying to report that even with the sustained level of intense competition in Fiji that Vodafone Fiji was able to grow its consolidated revenue by 7% to $317 million while it correspondingly grew the customer base to around 760,000. In conjunction with these achievements, Vodafone Fiji also increased its 4G+ network coverage to more than 80% of Fiji's population. Such standout performances reflect the commitment invested in improving the customer experience.

Despite its pole position, Vodafone Fiji has not rested on its laurels and continues to forge ahead, being the first in the Pacific Island region to carry out pre-5G trials in anticipation of eventual commercialisation and full scale deployment of 5G technology.

During the year, the company undertook an exciting and challenging project to deliver on the eTransport project. This is the first nation-wide electronic transport fare system, initially representing a significant modernisation of bus fare payments but more importantly, results in widespread user deployment creating the critical mass of users required to facilitate eCommerce and participation in the digital economy.

Chief Executive Officer's Report (Cont'd)

The company's focus and commitment with enhancing the customer experience and investing in its people was recognised with a number of esteemed awards including the:

1. Excellence Award in Human Resources;
2. Global Telecom Innovation Award; and the
3. Prime Minister's International Business Awards for Excellence in Innovation.

In a remarkable achievement and a first for an operator in Fiji, Vodafone Fiji also secured the Global Performance Excellence Award issued by the Asia Pacific Quality Organisation for a second time.

Vodafone Fiji continues to assist ATH in delivering the operational know-how and skills to bring our regional acquisitions online and to deliver improved results at speed to ensure the success of ATH's investments in the region.

Telecom Fiji Limited

Telecom Fiji's net profits for the financial year 2018 improved despite recording a slight decrease in its operating revenues due to a reduction in fixed voice revenues.

In line with global movements, fixed line operating revenues decreased by 1.6%, but the company's gross profit and net profit increased by $1.7 million and $1.4 million respectively compared to the previous year. These were achieved through managing costs and increasing operational efficiencies.

Revenue from fixed line operation remains a challenging prospect in the near-term, however, with optical fiber positioned as the undisputed future-proof medium for high speed broadband, TFL has started connecting customers to broadband fiber.

Furthermore, in anticipation of the need for all operators to continue to expand capacity or coverage via 4G LTE Advanced and 5G technologies, TFL's optical fiber network is the only backhaul transmission technology that enables cell sites to deliver wireless broadband at its full, promised capacity.

Further augmenting the existing fiber network, is a 90-kilometre optical fiber segment from Rakiraki to Korovou that creates a self-healing network which boosts resilience and reliability for all its customers.

In line with its strategy to maintain and strengthen its online presence, Telecom Fiji developed and launched its Selfcare App, offering customers the convenience and flexibility of managing their voice and data accounts via their smartphones or tablets.

Going forward, Telecom Fiji will continue to pursue opportunities in the ICT sectors that grow revenue which includes modernising its network and IT infrastructure as well as support programmes that encourage improvement, learning and innovation and return value to shareholders.

FINTEL

FINTEL recorded a slight decrease in profits compared to last year Operating Profit of $7.4 million (2017: $7.5 million); Profit before Tax (PBT) of $8.3 million (2017: $8.3 million) and Net Profit after Tax (NPAT) of $6.6 million (2017: $6.8 million).

As wholesale bandwidth pricing remains under pressure from global price movements and regulation, the company continues to explore business opportunities in new cables coming to life in the region.

On this note, FINTEL has been selected to operate the Savusavu cable landing which connects Vanua Levu to Viti Levu. FINTEL also continues to bid for the landing of various regional cables into Fiji including the resale of bandwidth into these new destinations.

Given the importance of subsea optic fiber connectivity to Fiji and other connected Pacific Islands, FINTEL has committed to bandwidth on the planned Southern Cross Next cable which is intended to continue serving the region with connectivity beyond the life of the current Southern Cross cable. In addition, as part of its business continuity planning, the company continues to explore resilience and restoration connectivity options.

ATH (Kiribati) Limited

ATH (Kiribati) Limited (ATHKL) recorded increased sales revenue to $21.3 million, up from $18.8 million last year, consequently increasing Net profit after tax to $1.87 million from $1.29 million previously. ATHKL's improved performance stems from improvements made during the year. ATHKL's mobile subscriber based grew by 11% to 51,976 and it has retained over 99% of market share even with the market being deregulated for two years now.

There remain many remote atolls in Kiribati that cannot viably be provided modernised services on a commercial basis, however, the critical role of telecommunications as a catalyst and enabler of economic development cannot be overlooked. Therefore, in a bid to expand coverage and provide service beyond Tarawa, Christmas Islands and nearby atolls, ATHKL is in discussion with the World Bank and the Government of the Republic of Kiribati to cover all the outer islands. Achievement of near ubiquitous coverage and provision of telecommunications services in Kiribati would be remarkable achievement for the company and the nation.

Despite the economic challenges, ATHKL has delivered world class products and services, for example, mobile roaming, reliable 4G+ mobile broadband and award winning enterprise solutions.

Chief Executive Officer's Report (Cont'd)

We are well along our journey of proving that even small markets like Kiribati can experience world-class products and services that users in more developed markets are familiar with and we look forward to ATH (Kiribati) Limited to becoming a model operation for smaller markets.

Telecom Vanuatu Limited

Telecom Vanuatu Limited (TVL) recorded a 6% increase in its turnover compared to the previous year, achieved on the back of TVL's investment in a network overhaul culminating in the launch of 4G+ services late last year.

Being a full service provider that also provides fixed lines in its service portfolio, the challenge in TVL is the global decline of fixed line services and revenues. It is a universal fact that fixed lines incur significantly more resources to maintain. On the other hand, as optical fiber communications represents the future of our business, TVL is replacing fixed line with optical fiber and modernising the network.

The company looks to further augment and improve the quality of its network and services through planned upgrades of both its mobile and fiber infrastructure in the year ahead

Fiji Directories Limited

Fiji Directories Limited (FDL) recorded a 5.2% increase in its net profit after tax at $2.06 million.

Print media continues to be the main constituent of sales volumes and profits, however, with smartphone penetration now reaching 70% in Fiji, the company has anticipated the shift to digital media and is working on a refresh of its mobile and web offerings.

Outlook

ATH is now in full stride with executing its regional expansion strategy. While this brings about exciting prospects, the group will do all that is necessary to ensure its objectives of balancing the expansionary appetite to near-term financial performance.

As reported by the Chairman, ATH's acquisition of Amper SA's controlling interests in the Bluesky group remain on foot during the year.

In anticipation of this and other plays in the Pacific, ATH as a regional player, envisages that many of the operational improvement opportunities will at its core be similar to those undertaken already by the companies in Fiji. However, now the complexity will step up an additional level to account for the increased scope, risks, multi-jurisdictional competitive, legislative, regulatory and compliance matters that will be brought to bear while we try to craft harmonised policies that deliver a consistent look, feel and experience in each market.

The increased complexity will require ATH to commit more resources towards staffing and capability to formulate strategies, policies and compliance pathways to be developed at group level.

Work has already begun on realising regional synergies with Vodafone Fiji's appointment of Mr Pradeep Chand Lal as Regional Chief Executive Officer to support the operating companies and deliver tangible results as we move forward. In this vein, ATH is also building capability at the group level to support operating companies.

The group continues to explore opportunities in the Pacific region, share and discuss how best to engage with potential strategic partners. To this end a number of MoUs have been established with investors such as the Unit Trust of Samoa, the Vanuatu National Provident Fund and the Solomon Islands National Provident Fund to jointly explore a number of potential investments in telecommunications and technology in the region and we are excitedly anticipating the next steps of our voyage.

As mentioned previously, operators the world over are concerned about the impact bypass and disintermediation caused by the Internet and Over The Top technologies (OTT). In a review of operations in Fiji, it has been reassuring to note that while OTT traffic has now surpassed legacy switched voice traffic, the group has been able to grow its revenues and earnings.

Such results will allow companies to now fully focus on the future such as the deployment of 5G and the Internet of Things (IoT) technologies that are now both technically and commercially ready for commercial deployment from all the major vendors. As 5G technology has been developed specifically to cater to the expected orders of magnitude increase in connections that result from proliferation of IoT devices, the operating companies are exploring IoT use cases that are economical to roll out. Together with our regional expansion strategy, the ATH group is indeed eager and excited at how the future is shaping up.

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

Company Profile

Establishment and Ownership

Amalgamated Telecom Holdings Limited (ATH) was incorporated as a public company on 10 March 1998, as the vehicle through which 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) through a tender process 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 1,482 shareholders as at 31 March 2018.

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 also 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; and
- 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.

Vodafone Fiji Limited (Vodafone Fiji) is the country's leading provider of mobile telecommunications services and mobile phone money transfer service. Vodafone Fiji is owned on a 51%:49% basis by ATH and the FNPF respectively.

On 20 May 2015 Vodafone Fiji acquired 100% of Datec (Fiji) Limited. Datec {Fiji) Limited is one of Fiji's leading IT companies. This acquisition was made to solidify Vodafone Fiji's 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 that provides and operates international telecommunication facilities and connectivity for operators in Fiji and the region.

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

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

ATH Group Structure

Corporate Governance

ATH provides the following corporate governance statement for the year ended 31 March 2018 in accordance with the Reserve Bank of Fiji's Corporate Governance Code.

Role of the Board

The role of the Board is to drive the success of the company by taking responsibility in setting the company's strategic 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 tracking 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 and three (3) are Fiji Directors. A person may be nominated as a director at a general meeting if the person has been nominated by the directors, or by one or more members holding in aggregate at least 10% of all the voting shares, for election at that meeting. The Directors in office on 31 March 2018 are:

Name		Date of Appointment
Mr Ajith Kodagoda	Fiji Director	16 July 2009
Mr Umarji Musa	Fiji Director	19 August 2010
Mr David Kolitagane	Fiji Director	31 August 2016
Mr Taito Waqa	Strategic Investor Director	21 August 2008
Mr Arun Narsey	Strategic Investor Director	01 September 2010
Mr Tom Ricketts	Strategic Investor Director	07 August 2009
Mr Sanjay Lal Kaba	Strategic Investor Director	18 January 2017

The Directors are appointed/elected in accordance with the company's Memorandum and Articles of Association 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 19th Annual General Meeting. A further sum of $10,650 was paid as allowances for various Board sub-committee meetings. The company also met other expenses, mainly for travel and accommodation which were incurred during the course of their duties for ATH. ATH Directors were also covered under a Directors' and Officers' Insurance Policy and a Personal Accident Insurance Policy.

The Board met five times during the financial year ended 31 March 2018. Attendance was as follows:

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

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 of all the Directors and is also 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 includes 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,

Corporate Governance (Cont'd)

reviewing the quarterly and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange requirements.

Board Sub-Committee Meetings and Attendance during the financial year ended 31 March 2018 was as follows:

Name	Audit and Finance		Human Resources	
	Number of Meetings		Number of Meetings	
	Held	Attended	Held	Attended
Mr Ajith Kodagoda	4	4		
Mr Umarji Musa	4	4	8	8
Mr David Kolitagane				
Mr Taito Waqa			8	8
Mr Arun Narsey	4	4		
Mr Tom Ricketts	4	3		
Mr Sanjay Lal Kaba				

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 report 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 the 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 the 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.

Vodafone Fiji Limited

- **Mr Ajith Kodagoda** Chairman
- **Mr Russell Hewitt** Director
- **Mr Isikeli Tikoduadua** Director
- **Mr Robin Yarrow** Director
- **Mr Sanjay Lal Kaba** Director
- **Mr Andrew Fairgray** Director
- **Mr Pradeep Chand Lal** Regional Chief Executive Officer
- **Ms Elenoa Biukoto** Company Secretary


Vodafone Fiji has recorded another year of exceptional performance reinforcing its position as the leading mobile network in Fiji. Underpinning these results are our continued investments to ensure that the network technologies remain modern and fully capable of serving our customers requirements.

The company was the first operator in the South Pacific Islands to commence 5G trials in preparation to deploy 5G technology as it becomes necessary.

Vodafone Fiji's strategy is centred around meeting the ever increasing customer demand for faster and better broadband connectivity, ensuring the network supports the traffic growth, while offering a range of world class products and services which empowers our customers to thrive in a connected world.

Additionally, Vodafone Fiji is extremely excited to be implementing projects that will drive the development of mCommerce in Fiji and the Pacific. One of our key achievements with the potential to be a game changer in the Fijian market is the selection of Vodafone Fiji as the facilitator of the eTransport project, which enables the cashless electronic payment of fares by commuters. With over 800,000 customers now registered on the platform, the potential to build other eCommerce applications on this foundation are indeed ripe with potential.

Vodafone Fiji's M-PAiSA and International Money Transfer services (IMT) are additional pieces of the mCommerce ecosystem. We are extremely pleased to report a 60% growth in the volume of transactions now being executed on the IMT platform. Such growth is absolute proof of the efficiency and convenience of these services to our customers.

Vodafone Fiji philosophy of investing in people is the key to building and maintaining dynamic and empowered teams that are fully motivated for innovation and serving our customers which in turn drives success. The company continues to be recognised through awards such as the Excellence Award in Human Resources, Global Telecom Innovation Award, and the Prime Minister's International Business Awards for Excellence in Innovation.

Vodafone Fiji is currently the only telecommunications operator in the Pacific to be awarded the Global Performance Excellence Award twice by the Asia Pacific Quality Organisation.

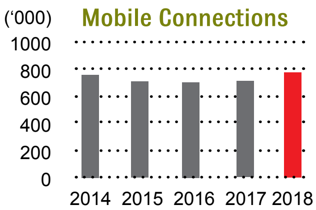
In its journey towards business excellence, this award is a testament of the company's "Vodafone Way" framework.

The company's mission is to enrich people's lives and Vodafone Fiji aims to achieve this by enhancing the customer experience through simple, intuitive and increasingly digital experiences, driving value and growth from its core activities.

This year the company relaunched its visual brand identity in alignment with the Vodafone Group as it aligns with evolving industry trends with the new tagline, "The Future is Exciting. Ready!" Vodafone Fiji brand recognition is guided by its customer loyalty strategies that ensure a strong relationship with customers.

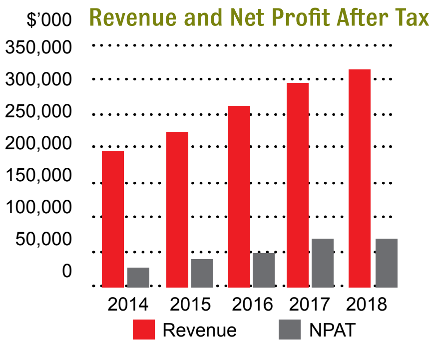
Financial Highlights

Vodafone Fiji continues to record strong customer growth as net subscribers increased over 760,000 this year.



Expansion of 4G and 4G+ network into new territories extended our high speed broadband footprint to more than 80% of Fiji's population.

Vodafone Fiji continues to achieve strong performance in a highly competitive and dynamic market. The group consolidated revenue increased by almost 7.1% from the previous year to $317 million.



To satisfy our customers' desires, Vodafone Fiji brings in the latest ranges of high-end to affordable smartphones in the market. This has led to an increase in smartphone penetration on Vodafone Fiji's network to over 70%.

Broadband Internet bandwidth consumption continues to increase as a consequence of the growing smartphone penetration. This is also evident from the revenue growth achieved this financial year as customers take full advantage of Vodafone Fiji's high-speed Internet services and data packages.

Data and Internet remain the key growth areas for the business. With the expansion in network infrastructure and 5G technology trials, we are well positioned to meet the increasing demand for data products and services.

Enterprise

Increasingly our enterprise customers are opting for convergence, that is, mobile, voice, data and ICT solutions bundled together under a single contract. This is driven by the need to seamlessly integrate to the Cloud, which is increasingly becoming an integral part of a holistic enterprise ICT solution. As businesses become more accustomed and comfortable deploying infrastructure, services and applications on Cloud technologies, the need for stable, reliable connectivity and managed services also correspondingly increases in importance. Therefore our enterprise customers are seeking secure and reliable solutions to support their efficient and effective operations.

Vodafone Fiji remains focused on building a comprehensive ICT portfolio rooted in our core strengths earned from trusted partnerships built over many years.

In anticipation of the growth opportunities, the company invested in a carrier grade Cloud platform that is able to provide both private and public Infrastructure as a Service (IaaS) offerings. The company also invested in upgrading various Network nodes to provide high availability connectivity solutions to its corporate customers.

Leveraging powerful CRM capabilities to support the Vodafone Way of Selling, the team has been able to use key customer insights to ensure that we are always tuned in to our customers requirements and fulfill our ability to work in unison with them and as a key enabler and partner for them.

Datec Fiji Limited

Datec Fiji Limited has made good progress in its role as the leading ICT company in Fiji by establishing a solid reputation in the corporate space.

The management team made positive changes to its Customer Service and ICT Solution offerings resulting in the company's turnover growing by 25% from last year. This result is a milestone for Datec (Fiji) Limited, and is a reflection of sound business practices and indicators of growth potential in the ICT industry.

In the new financial year the company plans to expand its ICT service offerings with new technologies and concepts that are fundamental to our customers' businesses. Achieving superior customer service through continuous improvement processes is also a focal point for the company driven through its ISO Quality Management Framework.

Sponsorship

Vodafone Fiji's passion for the Vanua is reflected through its ongoing commitment of supporting the local communities through various sponsorships.

The company continues to connect communities across Fiji through the fun-filled learning experiences via sponsoring numerous festivals.

Through our sponsorship of dynamic corporate and educational events, Vodafone Fiji has established a platform to empower young men and women to participate in life-enriching events to grow their capabilities and confidence as leaders and ambassadors for their communities.

Our Reach and Strategic Regional Partnerships and Projects

Vodafone Fiji has assisted ATH in expanding their footprint regionally. With Vodafone Fiji on board, ATH has access to appropriate management and other resources thus utilising our expertise and knowledge in mobile telecommunication to create vibrant, competitive, and robust mobile communications networks in the region.

Apart from Fiji, VFL now manages ATH's investment interests in markets such as Kiribati, Vanuatu as well as assisting the Cook Islands, and Samoa. These opportunities present VFL and ATH with great potential because not only will our regional footprint become much larger, it will also allow us to deliver benefits through regional product and service delivery, economies of scale, and other synergies that could be unlocked via consolidation.

VFL will continue to support ATH in its endeavour to seek and build partnerships and joint ventures with strategic and like minded local investors in the various jurisdictions we enter. We firmly believe that this approach is built on the notion of regional co-operation, goodwill and ensures the successes of the businesses are also shared locally.

Exploring New Boundaries

Vodafone Fiji looks ahead to achieving another successful year with its strategic differentiators - network leadership, customer experience excellence, and our dynamic team of professionals.

While recognising its culture of business excellence, Vodafone Fiji is persistently innovating to enrich the lives of customers to add value, connect people and communities.

The business continues to explore investing in next generation networks and connectivity technologies and as data continues to drive market growth.

Vodafone Fiji is strategically positioned with the right people and products to continue on this journey of transformation of technology, convergence and innovation.

As a business that ushers in the future through our technologies, products and services, Vodafone Fiji will strive to drive digital inclusion to ensure that we are all able to experience and benefit from the increasingly connected, digital future. So we are certain: "The Future is Exciting. Ready?"

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 Charles Goundar** Acting Chief Executive Officer
- **Mr Samuela Vadei** Company Secretary

Financial Highlights

For the financial year 2018, Telecom Fiji's operating revenues decreased slightly by 1.6% from the previous year to $88.6 million. This is indicative of the industry trends reflecting a decline in fixed voice revenues. However, the company has addressed this decline with the continuous push for growth in other revenue lines. As a result, Gross profit increased by $1.7 million and Profit before Income Tax closed at $22.19 million, an increase of $1.16 million from the previous financial year. After accounting for income tax expenses of $4.27 million, Net Profit after Tax of $17.92 million was achieved, an increase of $1.44 million from the previous financial year.

Major Projects

Extension of Fiber Optic Network from Rakiraki to Korovou

A milestone achievement for Telecom Fiji was the successful completion and commissioning of the Rakiraki to Korovou fiber project, laying backbone network infrastructure along a track of 90 kilometres. TFL embarked on this strategic project in its continuous endeavour to not only improve the overall resilience and reliability of its national high speed backbone network, but to also provide affordable telecommunications services to communities along this under- served corridor.

Enterprise ICT Projects

As an example of Telecom Fiji's leadership in the enterprise space, a full turn-key ICT project was delivered for the Marriot Resort at Momi. The project comprised setting up of network infrastructure within the property, deployment of an advanced IP-enabled PABX system, backbone multi-service network infrastructure, Wi-Fi coverage throughout the property, back-up microwave radio links, high capacity internet access and voice services. This flagship project demonstrated clearly Telecom Fiji's capabilities in providing fully integrated ICT solutions to our enterprise customers.

Broadband Network Expansion

Fiber-to-the-Home (FTTH)

FTTH technology was deployed in Denarau as a pilot for residential areas in our effort to bring better and faster broadband to people. The complexity of the technology, which required careful planning and design work resulted in a great proof of concept. The successful pilot provides a model rollout for FTTH in other targeted areas in the near future. Service uptake from residents on Denarau has been excellent with more customers choosing optical fiber for its unmatched speed, quality and reliability: overall an unparalleled broadband experience. Based on this strength of demand for fiber broadband, Telecom Fiji has announced the deployment of FTTH in other selected areas in future.

Fiber-to-the-X (The Push for Deep Fiber)

Apart from FTTH, Telecom Fiji continued to extend its fiber footprint deeper into the network, bringing our fiber closer to our customers. Telecom Fiji believes that with the continued phenomenal growth in Internet-based applications and social media, having a high fiber density is critical to support the growing demand for bandwidth.

Customer Experience

TFL Selfcare Application

TFL Selfcare, an android based application developed in-house, was launched allowing Telecom Fiji customers to manage their voice and data accounts using their smartphones or tablets.

The convenience of this application allows our customers to manage most aspects of their services at their fingertips. Customers can receive notifications and alerts on their broadband data usage, check bills online and view current promotions and request for changes to their existing plans. This is in line with Telecom Fiji's strategy to maintain and strengthen a greater online presence through allowing customers increased convenience and flexibility in having greater control over their own service choices.

Internet Peering for Better User Experience

To further improve the broadband experience, Telecom Fiji established direct peering connections in Sydney to enable a faster user experience for applications such as online gaming, social media content and other streaming content.

Service Delivery and Field Operations

Telecom Fiji undertook initiatives and process improvements to enhance service delivery capability in order to provide a painless customer experience. Part of our initiatives included establishing clear communications

with customers, having our technicians meet appointment times, setting quality benchmark standards and ensuring our installations and services meet the established standards.

Core Infrastructure Transformation and Enhancements

IP/MPLS Core Network Upgrade

Telecom Fiji commenced upgrade works on its IP/MPLS core network. The core network supports all broadband and data traffic for enterprise customers, government and also provides connectivity to FINTEL's Cable Landing Station for international services. The project is expected to take 12 months. The modernised core network will be highly scalable to support high bandwidth demands and offer greater resiliency and will also support differentiated service levels.

Satellite Network

Telecom Fiji's satellite service, now upgraded and branded as SkyConnect, provides improved coverage and capacity to serve rural communities and outer island resorts. With the upgrade of the Yaqara Earth Station, the company can now provide schools, government stations, medical centres and postal services with high-speed broadband in the most remote parts of Fiji. This upgrade will enhance programmes such as distance learning, maritime safety and emergency services which are crucial for the development of rural communities.

Corporate Social Responsibility

Telecom Fiji is committed to giving back to the community under our Corporate Social Responsibility programme motivated by our motto of "Sharing Happiness" and "Empowering Fijians".

The company has supported and participated in various community programmes throughout Fiji. These include various specific fundraising activities to support children living with disabilities, charitable contributions to Save the Children Fiji, supported the Hibiscus Festival and Friendly North Festival whereby all funds collected from both the carnivals would be directed towards charitable organisations in Fiji for assistance towards the less fortunate and needy.

A contribution was also made towards the Bushell's Fiji's Biggest Morning Tea initiative for the fight against cancer. The contribution was handed over to the Fiji Cancer Society.

Fiji Business Excellence Awards

In its second year of participation, Telecom Fiji was awarded a prize in the Fiji Business Excellence Awards (FBEA). This recognises the company's commitment to ongoing improvement in its processes, systems, and entire operations, to ensure that the company complies with industry standards and best practices. Various quality improvement programmes were implemented supporting TFL's vision and mission of becoming the undisputed leader in ICT solutions. The company will continue its quality improvement and enhancement programmes under the FBEA framework.

Human Resources

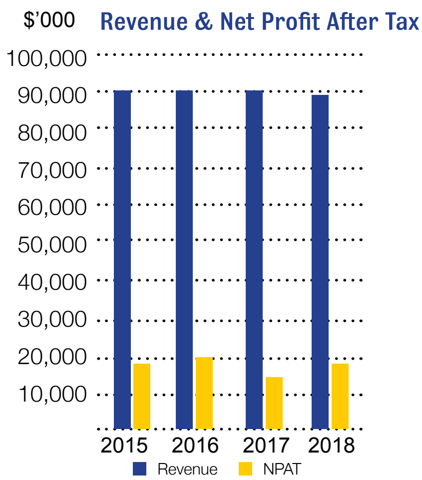
The company strongly believes in building and maintaining a strong, healthy and a motivated workforce. The tradition of staff recognition awards and programmes continued.

In future, more staff engagement and recognition programmes will be introduced to ensure the company continues to recognise and reward outstanding performance. Furthermore, the company continually strives to create and always maintain a culture of teamwork and respect.

Telecom Fiji also recognises the need to continuously develop expertise in the technical areas of the operation and is investing significantly into building human capacity to support business growth.

Outlook

Telecom Fiji will continue to explore new opportunities in the emerging ICT sectors and driving revenue growth from new enterprise services. The company is also strongly focused on digital transformation with the aim of achieving greater operational efficiency and customer engagement through digital and social channels. Modernising its Network and IT infrastructure is also a key focus area for the company in the near future, which will enable rollout of better and more flexible and customised services. Further the company will embrace quality programmes to nurture a culture of continuous improvement, learning and innovation, and benchmark performance against industry best practices to ensure it continuously delivers value to shareholders.



Fiji International Telecommunications Limited

- **Mr Ajith Kodagoda** Chairman
- **Mr Sashi Singh** Director
- **Mr Vilash Chand** Director
- **Mr Naibuka Saune** Director
- **Mr George Samisoni**
  Chief Executive Officer and
  Company Secretary

Overview

The demand for international connectivity continued to grow as Internet bandwidth consumption experienced an average of 40% year-on-year growth. As such, the on-going growth is spurring sub-sea cable network operators to undertake extensive network upgrade and deployments with new investment in sub-sea cable systems globally now averaging USD 2.5 billion annually.

Closer to home, in the Oceania region, a total of USD 1 billion investment is projected between 2015 and 2020 (source: Tele Geograpy) and as a result, 95% of Pacific island countries, territories, and states will be connected to sub-sea cables in the next two years.

In seeking to expand connectivity for Fiji and connected countries and to secure connectivity until 2050, FINTEL has committed to the new Southern Cross Next cable system with an investment of USD 20 million. Southern Cross Next is targeted to be operational in mid-2020.

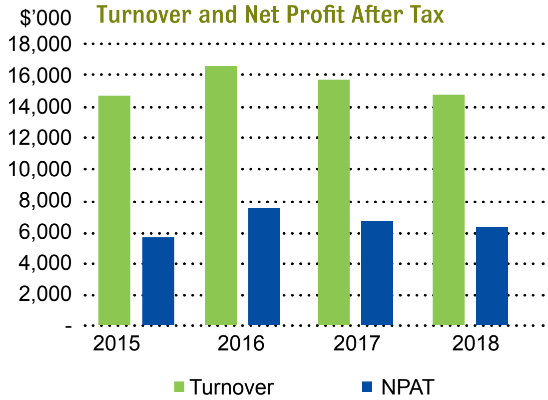
The commitment will progressively provide cheaper and high-speed international backbone capacity for the development of Internet in Fiji and the Pacific region.

Financial Performance

Financial performance was above budget with the company recording an Operating Profit of $7.4 million ($7.5 million: 2017); resulting in Profit before Tax (PBT) of $8.3 million ($8.3 million: 2017) and Net Profit after Tax (NPAT) of $6.6 million ($6.8 million: 2017) for the year ended 31 March 2018. FINTEL declared a dividend of $5.1 million ($5.3 million: 2017). Subsequently, a special dividend of $10.0 million was declared, increasing the total dividend amount declared to $15.1 million.

The positive performance in the context of continued price pressure and gateway market challenges is forecasted to continue. However, the direct interconnection with three Pacific Island cable systems, together with the associated value added services and the growing demand for international broadband will provide the future delivery of key business objectives and are the key growth drivers for FINTEL's business.

Turnover and Net Profit After Tax



Operational Performance

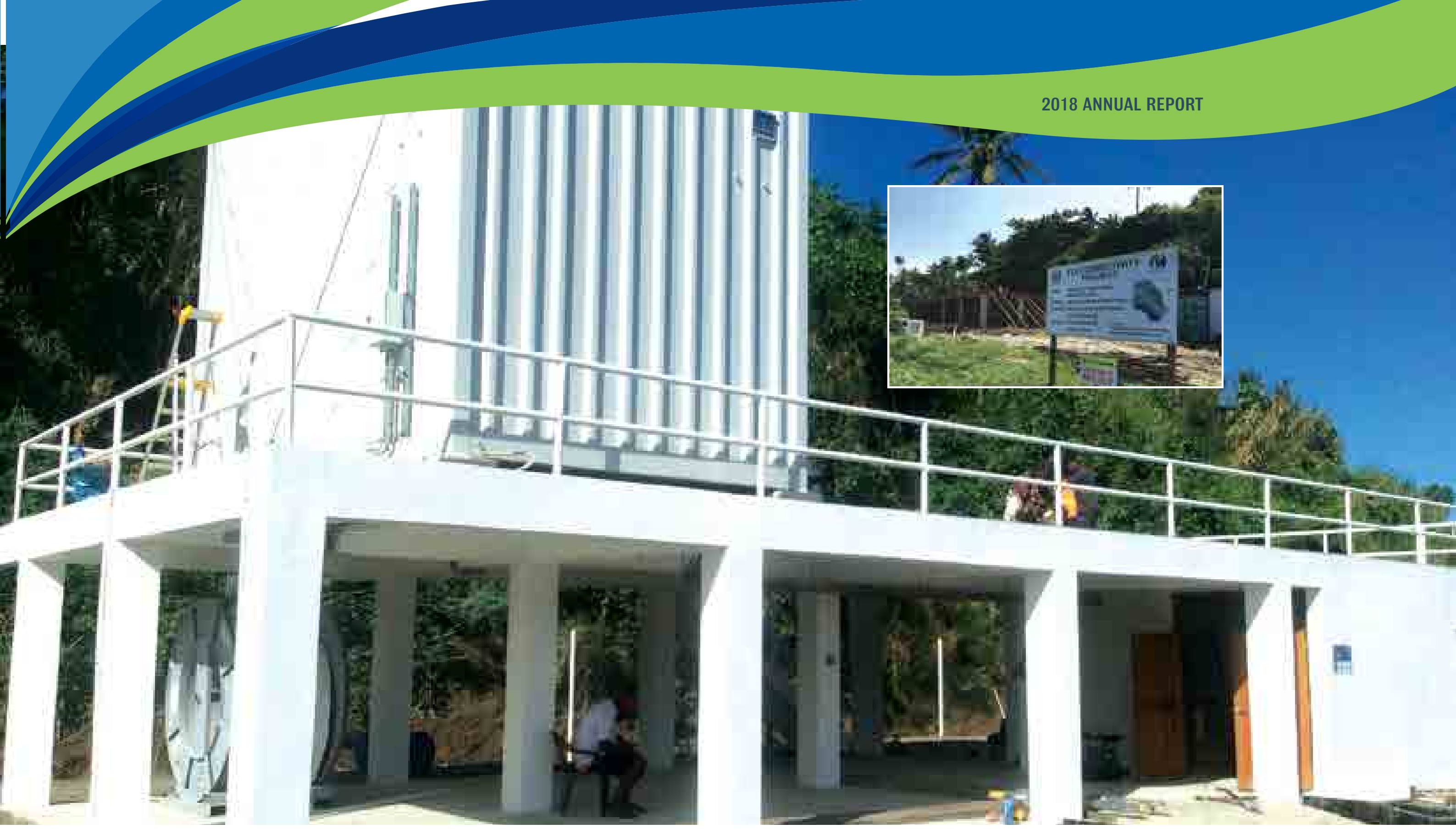
FINTEL's network development activities continue to focus on the enhancement of its core product and service offerings namely international connectivity, tele-housing and co-location services at FINTEL's Vatuwaqa Communications Centre. This is in line with our objectives to provide efficient and effective services to the domestic, regional and international corporate customers.

Internet, data and wireless network (Kidanet) infrastructure, technology and bandwidth expansion will continue to drive growth of business to customers.

Outlook

International and Regional Sub-Sea Cable Systems

The revised end of life of the Southern Cross Cable system is assessed to be reached in year 2030. To ensure the continuity of high speed, low latency and reliable services, FINTEL has committed to the Southern Cross Next sub-sea cable system, which will deliver international telecommunications access to 2050.



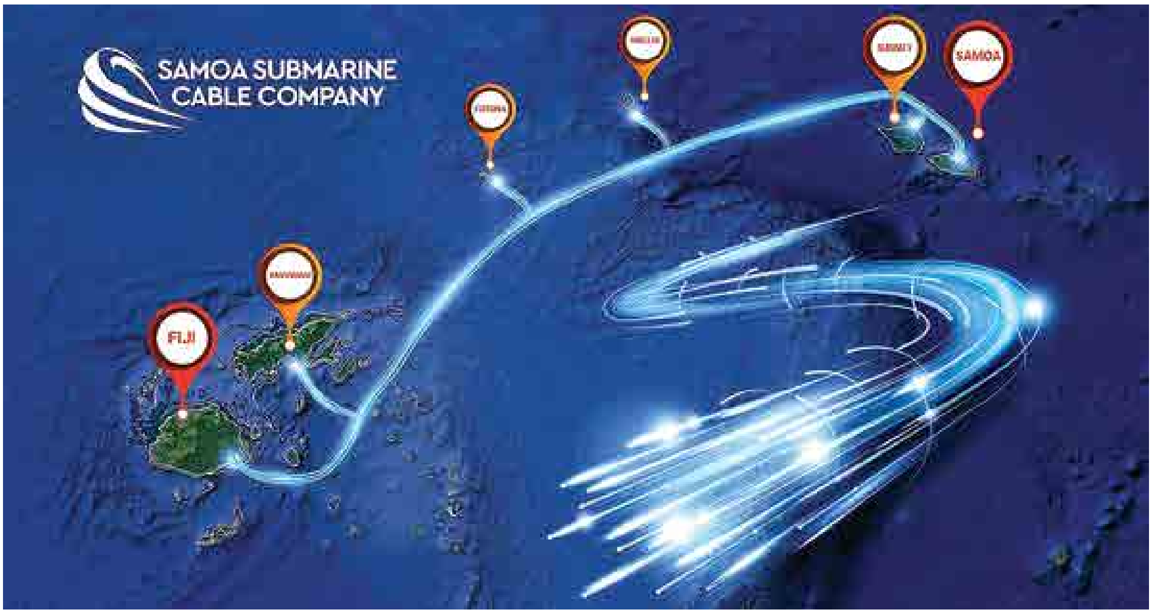
The Hawaiki sub-sea cable system, running from USA to Australia and New Zealand which includes a branching unit in Fiji, is also an option for FINTEL. The system targets being operational in June 2018 and the branching unit provides a viable alternative for Fiji to increase its international connectivity options for redundancy and resilience should the need arise.

The Fiji-Samoa (Tui Samoa) sub-sea cable system came into service in February 2018. The system also includes a cable segment landing in Vanua Levu (Savusavu) to connect the island to Viti Levu and is expected to drive long-term development on the northern island. FINTEL was awarded the contract to manage and operate the Savusavu cable landing. The project is targeted to be in service by July 2018.

Pacific Island sub-sea cable systems directly connected with FINTEL for their access to the global telecommunications highway now include Tonga, Vanuatu, Samoa (Western and American Samoa) and Wallis and Futuna.

FINTEL's commitment to the Southern Cross Next sub-sea cable system will provide direct connectivity with Kiribati, Tokelau, Nauru and the Federated States of Micronesia. FINTEL is also currently bidding for the landing of New Caledonia's second sub-sea cable system.

These projects are a strong sign of the importance that FINTEL and Fiji play in the regional telecommunications connectivity landscape. With ATH's regional expansion, we are confident that we will continue to play a critical role in regional connectivity.



- **Mr Ajith Kodagoda** Chairman
- **Mr Pradeep Chand Lal** Director
- **Mr Ivan Fong** Director
- **Mr Naibuka Saune** Director
- **Mr Russell Hewitt** Director
- **Mr Divik Deo** Chief Executive Officer and Company Secretary

Overview

Telecom Vanuatu Limited (TVL) is the premier service provider for fixed and mobile telecommunications services, delivering 4G+, 3G, fiber optics and ADSL technologies to the people of Vanuatu. Our service footprints spans across approximately 900 kilometers covering the most remote islands in the North and South.

During 2017, TVL embarked on a major network transformation project to bring high speed mobile broadband to the people of Vanuatu. The project was completed in good time for the launch of 4G+ services in November. In parallel, TVL also met its obligation under the Universal Access Policy (UAP), rolling out coverage in rural and uneconomic areas.

The company undertook organisational restructuring with emphasis on customer excellence. These strategies resulted in a 6% growth in turnover from the previous financial year. The outlook for the following year is to invest in network stability, ICT and value added services.

The 4G+ Network Transformation Strategy for Growth

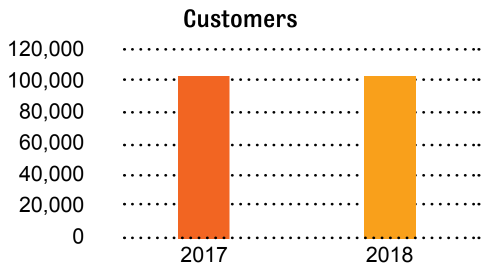
Our brand new 4G+ cellular data network was launched on 21 November 2017, revolutionising the service landscape and user experience in Vanuatu. We currently have the largest 4G+ network footprint in Vanuatu. Almost half of our mobile data network runs on 4G+ and almost all our sites support 3G as a baseline for the best user-experience. On 4G+, speeds of up to 100Mbps are now being experienced in Port-Vila and the main centres in Espuritu Santo, Malekula, Pentecost and Tanna. This is a tremendous uplift over speeds of around 3Mbps with the previous network.

Our investment in refreshing the network was followed up with an aggressive marketing campaign - “Vanuatu’s Largest, Fastest Network”, compelling launch offers on smartphones, mobile broadband routers and pocket Mi-Fi devices at extremely attractive packages. Revamped data packages tailored to consumer needs and consumption patterns were also made available.

In line with our network rejuvenation, TVL customers connected to our legacy Wi-Max system have been migrated to 4G+. On completion of customer migrations, the WIMAX system will be decommissioned as it has reached end of life.

The 4G+ network also serves as a useful alternative to the company’s ADSL and Fiber network as a means of delivering broadband in the fastest and most efficient manner.

As an indicator of our substantial progress, our mobile data penetration increased by 192% from the previous financial year and reached 49% of the mobile subscriber base.



Mobile data traffic on the network doubled the previous year’s consumption and continues to trend upwards, showing healthy signs of the growth potential in the market. We believe that the 4G+ coverage will remain the focal point of the business in the coming years.

Ten UAP Sites Rolled Out in Rural and Remote Areas of Vanuatu

Mobile coverage was extended to some of the most remote and rural islands under the TRR’s (Telecommunications and Radiocommunications Regulator) UAP programme to provide services to the unserved or underserved population. The company rolled out 10 new mobile sites with a requisite minimum data speed of 2Mbps. This initiative is aimed at bridging the digital divide by enabling people to have access to online information and promote inclusiveness in Vanuatu.

Customer Excellence for Better Experience

As part of the customer excellence initiative, a new cloud based call-centre system was deployed. The new system monitors service levels in real time and customer enquiries are logged to ensure follow through and increase in first call resolutions, as part of our on-going initiative to improve customer experiences.

Organisational Restructure to Align with Strategic Objectives

Several organisational restructures were implemented to align with the company's strategic objectives. The frontline team was segmented to serve corporate and consumer markets to better focus on each of these segments and improve responsiveness to market demand. The restructure resulted in the creation of cross-functional teams to accelerate the decision-making process and responsiveness to market. The CFTs will provide a platform for leadership development for our people.

Several staff were attached with their counterparts in Vodafone Fiji to learn, adopt and implement relevant industry best practices in the company. Staff were also sent on training and development seminars organised by PITA. Restructures will continue to align with the strategic objectives of the business.

Disaster Relief to the People of Ambae

Quick action by our staff led to the distribution of essential food items and prepaid top-up to the people of Ambae for their security at the height of the volcanic eruptions. The situation in Ambae remains fluid with relocation of people to nearby islands. TVL will continue to discharge its service obligations to assist with the relocation until such time the island is evacuated.

Community Engagement

The main street of Port Vila came to a standstill with two major TVL sponsored events - the Street Soccer and the Street Battle Dance. These events which involved the youths were a success. It also provided them with platforms to showcase their talents in the hope that they can be recognised and turned into meaningful vocations. Similar events are also planned for next year.

Business Performance

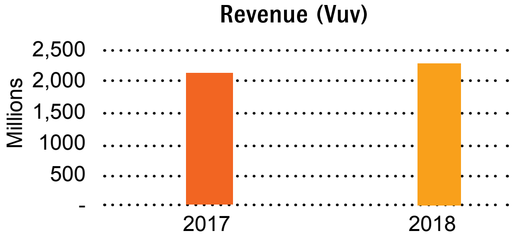
Net Income from normal operations grew by 1% from the previous year, after taking into account the effects of impairment loss, insurance proceeds and gain on sale of property. The company's turnover grew by 6%, driven by mobile data revenues and device sales - the direct result of our 4G+ strategy.

Data revenue from fiber sales and services also increased with investment made in the GPoN in previous years. Data penetration as a percentage of total subscribers closed at 46%.

Revenue from fixed line services experienced gradual decline mostly due to fixed-mobile substitution. TVL has plans to stabilise this decline in the coming year.

The total subscriber base of the company closed at 99,798.

Revenue (Vuv)



Looking Ahead

High speed broadband on mobile and fixed services will continue to be the focal point of the business. This will be overlaid with ICT and value added services. There are indications from the market for a demand for cloud-based services such as hosted PABX. Coupled with the company's strategic asset in the fiber network and synergies with the group entities, these present fruitful opportunities for growth in future.

Amalgamated Telecom Holdings (Kiribati) Limited

- **Mr Arun Narsey** Chairman
- **Mr Pradeep Chand Lal** Director
- **Mr Ivan Fong** Director
- **Mr Kamleshwar Sharma** Chief Executive Officer and Company Secretary

Amalgamated Telecom (Kiribati) Limited (ATHKL) continues the journey of its strategic transformation, expanding its subscriber base and as a result rapidly growing mobile and broadband services in Kiribati.

The company's commitment to maintain its position as the leading service provider in Kiribati remains resolute as we continue to build on the improvements we have made since entering the island nation three years ago.

ATHKL continues to invest in world-class products and services and as a case in point, the much improved availability of our 4G network is gradually boosting business opportunities for ATHKL.

During the financial year, ATHKL focused on improving the efficiency of network operations and enhancing network performance. We also invested in the setup of a new ISP on Kiritimati Island that has strengthened ATHKL's footprint and provides a positive outlook for revenue growth.

After the successful rollout of mobile roaming and M-PAiSA Services, ATHKL also rolled out Value Added Services (VAS), providing additional services to our customers.

As part of our involvement and support for the community, ATHKL sponsored various initiatives across the nation, focusing on educational, cultural and social development programmes.

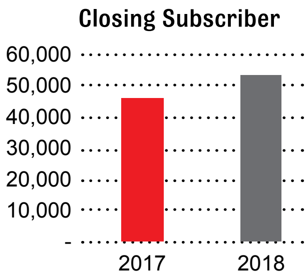
ATHKL is proud to have sponsored Kiribati's national tennis team that won gold at the regional games this year.

As testament to the quality of products and services we deliver, ATHKL won the Global Business Awards in London for their PABX Solution. This is a marvelous achievement not only for ATHKL but for the nation of Kiribati as it demonstrates our ability to be a leader in the global arena.

Financial Performance

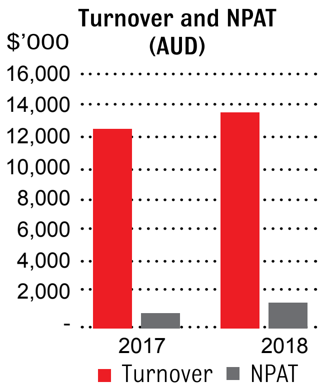
ATHKL continues to invest in the economy and continuously offers new and exciting services and data bundle plans to its customers.

These have led to an impressive growth in the business performance. This financial year, ATHKL's mobile subscriber base grew by 11% closing at 51,976.



Even after the deregulation of the market, ATHKL still leads with over 99% market share.

With the increased market penetration from the growth in subscriber base, coupled with strong hold in corporate data sector, ATHKL was able to grow its turnover by 10% during the financial year. The company's total turnover increased to AUD 13.5 million, compared to AUD 12.3 million last year.



Outlook

ATHKL's way forward is to futher invest in its network and deliver excellent experiences to its customers.

The company intends to optimise the existing network and grow its broadband and PABX solutions for the business sector.

ATHKL aims to solidify its position as the leading Telecom provider in Kiribati while leveraging the core strengths and driving value through investments.

Vodafone ATH Fiji Foundation

- **Mr Lionel D S Yee** Chairman
- **Mr Ivan Fong** Director
- **Mr Rajnesh Rajendra Prasad** Director
- **Mr Vikash Prasad** Director
- **Mr Shiu Nandan** Director
- **Ms Elenoa Biukoto** Director
- **Ms Maria L Mausio** Director
- **Ms Ambalika D Kutty**
  Foundation Executive and Secretary

Overview

Vodafone ATH Fiji Foundation is Fiji's leading corporate charity with the overall goal of creating lasting and sustainable social, economic, and environmental transformation for Fijian communities. The work of the Foundation is achieved through annual contributions from Vodafone Fiji Limited, Amalgamated Telecom Holdings Limited, staff members and numerous key partners that leverage the support of the Foundation.

Over the last 13 years the Foundation has contributed circa $19 million to these social investment goals, resulting in positive benefits rippling through and making meaningful changes to many communities throughout the nation.

The Foundation is guided by the following policies:
1) Increase access to innovative educational opportunities;
2) Improve the health of Fijians;
3) Empower young Fijians economically;
4) Preserve and protect the environment;
5) Strengthen the monitoring and evaluation of the Foundation's work.

The Foundation's vision for a stronger and connected Vanua is an inherent element of every programme undertaken by the Foundation. In addition, with an overarching theme of creating smarter and connected communities, these set the scene for guiding the project specific objectives of income generation, venture creation, entrepreneurial projects, reinvesting social profit to maximise the impact, success and sustainability of the projects we undertake.

During the financial year, the Foundation implemented 145 projects including:
1) 69 Mobile for Good;
2) 5 Sustainable Funding;
3) 21 Double your Dollar; and
4) 50 World of Difference projects with 5 charities around Fiji.

World of Difference (WoD) and Mobile for Good

The Foundation's World of Difference programme financially compensates volunteers doing the community work that they are extremely passionate about. By our estimates the impacts and social returns of the WoD programme exceed the financial contributions many times over. Our WoD charity partners are:
1) Fiji Disabled Peoples Federation;
2) Spinal Injury Association;
3) Western Charity Alliance;
4) Nadroga District Council of Social Services (NDCOSS);
5) Lifeline Fiji;
6) Capacity Building and Story Telling (CBST); and
7) Fiji Council of Social Services (FCOSS).

During the year, under WoD, the Foundation, in close collaboration with its charity partners, managed to deliver over $10 million in mobility devices, medical supplies and aid appliances for disabled persons. This work also enabled a new partnerships to be forged with the National Sporting Federation ensuring better activities and outcomes for persons with disabilities.

FCOSS accessed a grant of over $200,000 for "Resilience Building Youth Training" Workshops around Fiji and a series of events and activities for senior citizens, marking International Day for Older persons. Over $2 million worth of volunteer services were mobilised with direct engagement and collaboration with over 300 national and regional civil society organisations. In addition, there were 50 new partner engagements, 120 capacity building events, mobilisation of 90 digital advocates for social media and 20 community trainings on storytelling adding to over 700 activities and events.

Western Charity Alliance/NDCOSS, together with the Foundation funded 40 clubs and provided financial literacy education to 15 community clubs. It also increased mobilisation of some 300 volunteers to mWomen symposiums and supported 43 communities and schools through engaging other partners who had the potential to address issues pertaining to western communities.

In conjunction with Life Line Fiji, close to 25,000 people were engaged through our social media channel advocating suicide prevention. In addition, a total of 200 training sessions were conducted with volunteers, provincial workers, school prefects, teachers and religious faith based organisations.

The Foundation continues to run its World of Difference and Mobile for Good programmes through the support and co-operation of International and Regional partners. During the year, the Foundation partnered with Civicus, International Civil Society Week (ICSW) to stage the first ever global gathering of civil society organisations in Fiji from 4-8 December 2017. The focus of the conference was "Our planet, Our Struggles, Our Future". The response was overwhelming with 700 attendees from 120 countries present at the week-long event.

We also launched mClimate in partnership with the Pacific Island Development Forum. mClimate seeks to raise awareness on climate change, environment preservation, land degradation, ridge to reef, blue ocean, food security, coral conservation and in support of the Cop23 and Sustainable Development Goals.

Sustainable Funding

The Foundation's sustainable funding programme was extended to 5 charity partner organisations to implement projects focused on the health and well-being of our communities. The aim of the funding has been to prevent blindness, make available mobility devices, medical supplies for disabled, conduct NCDs and Cancer screenings. As a result, over 10,000 people were screened for NCDs. Over 150 cataract operations were conducted and 10,000 reading glasses were distributed at a value of $1.5 million worth of were provided with the kind assistance of the Rotary Club of Taveuni, Lions Club of Ba, and Lions Club of Labasa.

Beyond Funder and Partner Synergies

Vodafone ATH Fiji Foundation, in partnership with the FCOSS National Volunteer Centre, convened the tenth Corporate Philanthropy Seminar with the theme of "creating connected and smarter communities". Corporate organisations, tourism industry experts, not for profit sectors and government departments shared models and strategies which aimed to engage organisations to collectively work towards maximising the social impact. The Foundation is proud to have received the Corporate Social Responsibility award from the Nasinu Chamber of Commerce to commemorate our efforts in helping communities address social issues in Fiji.

Double Your Dollar – Vodafone Fiji Employee Engagement

The Vodafone Fiji Team raised $90,938.75 under the Double your Dollar programme. Underpinning the "Passion for Vanua" and our charitable giving is Vodafone Fiji's business excellence agenda. We continually refine our processes and measure performances to achieve the best results. The Foundation's activities range from coaching, advocating, mentoring, capacity building, information sharing and social profit generation.

Outlook

The Foundation deploys a multi-angle approach that aims to create greater social impact by providing grants for entrepreneurial and income generation projects planned and implemented by community based organisations. These projects are implemented by registered women and youth clubs that have proper administration, governance structure and business plans that demonstrate sustainability and ability to create social impact.

This network is getting stronger with communities, key partners and institutions. The Foundation's continued passion towards philanthropy is what drives the Foundation to reach out to more Fijians this year. We continued to address pressing issues affecting the fabrics of the Fijian society. Utilising partner synergies, key communities and focusing on programmes, the Foundation has enhanced the capacity of community based organisations to address some of the biggest contemporary social crises faced by the Fijian communities.

Last year, in excess of $474,733 worth of social good has been done and the Foundation touched the lives of the following individuals and charities:

Vodafone ATH Fiji Foundation (Cont'd)

Grant Disbursements 2018

Mobile for Good	$182,805.00		
Fiji TV_McorpProject	$7,900.00	Purple Rose Club	$ 2,500.00
Naiselesele Primary School	$4,985.00	Nabau Development Committee	$ 2,500.00
Toki Village Youth Club	$ 2,500.00	Saweta Apostle Youth Club	$ 2,500.00
Nadanaivalu Youth Club	$ 2,500.00	Navola Youth Club	$ 2,500.00
Bucalevu Youth Club	$ 2,500.00	Waikanikia Youth Club	$ 2,500.00
Tobu Village Youth Club	$ 2,500.00	Matababani Youth Club	$ 2,500.00
Agape Youth Club	$ 2,500.00	Matawalu Farmers Club	$ 2,500.00
Tuvutau Youth Voca Fret Entertainment	$ 2,500.00	Veisauvou Women's Club	$ 2,500.00
Family Unity Club	$ 2,500.00	Henibua Youth Club	$ 2,500.00
Chevalier Youth Trust Board	$ 2,500.00	Vonokula Youth Club	$ 2,500.00
Veitacini Family Youth Club	$ 2,500.00	Waivurevou Youth Club	$ 2,500.00
Labasa Special Youth Club	$ 2,500.00	Kabokira Youth Club	$ 2,500.00
Rotary Club of Taveuni	$ 2,500.00	Nasaqa youth Club	$ 2,500.00
Kabokira Women's Club	$ 2,500.00	Turiwailevu Youth Club	$ 2,500.00
Delaibau Youth Club	$ 2,500.00	Lautoka Orphanage	$ 5,000.00
Vanuakula Youth Club	$ 2,500.00	Natokawaqa Pygmies Club	$ 2,500.00
Nadula New Generation Youth Club	$ 2,500.00	Naserelagi Youth Club	$ 2,500.00
Lavena Primary School	$ 2,490.00	Navatulevu Women's Club	$ 2,500.00
Naleba College	$ 2,490.00	Ratu Ilaisa Memorial School	$ 2,490.00
Bouma District School	$ 2,490.00	Vakacereivalu Memorial School	$ 2,490.00
Tabia Sanatan College	$ 2,490.00	Nakautoga Youth Club	$ 2,500.00
International Kung Fu Youth Club	$ 2,500.00	Muana I Cake Youth Club	$ 2,500.00
Erenalaya Youth Club	$ 2,500.00	Nabukadra Village Youth Club	$ 2,500.00
Vunikeli Youth Club	$ 2,500.00	Tuvavatu Youth Club	$ 2,500.00
Waitunutunu Youth Club	$ 2,500.00	Naqele Investment Youth Club	$ 2,500.00
Senikakala Youth Club	$ 2,500.00	Nakura Duavata Youth Club	$ 2,500.00
Seninawanawa Youth Club	$ 2,500.00	Kocoma Youth Club	$ 2,500.00
Lomate Youth Club	$ 2,500.00	Vuanimaba Women's Club	$2,500.00
Siberia Islamic Youth Club	$ 2,500.00	Navakawau Women's Club	$ 2,500.00
Kunanitu Brothers Youth Club	$ 2,500.00	Dreketi Village Youth	$ 2,500.00
Koronubu Sangam School	$ 2,490.00	Uluisuvani Youth Club	$ 2,500.00
Ucunivatu Primary School	$ 2,490.00	Vuna Youth Club (Yalovata)	$ 2,500.00
Medamu Youth Club	$ 2,500.00	Qeleni Youth Club	$ 2,500.00
Suweni Women's Club	$ 2,500.00	Natadrayasi Youth Club	$ 2,500.00
		Sasa Youth Club	$ 2,500.00

ATH Annual Report 2017/2018 (Cont'd)

Double Your Dollar	$18,257.00		
Jai Hind Youth Club	$1,000.00	National Volunteer Centre	$1,000.00
Fiji Spinal Injury Association	$1,000.00	Northern Charity Alliance	$1,000.00
Sarava Bhal Ramayan Madali	$1,000.00	Northern Charity Alliance	$ 501.00
Sita Ram Mandir-Makoi	$1,000.00	Fiji Muslim Youth	$1,000.00
Makoi Methodist Church	$ 342.00	Aashivaad Ramayan Nandli	$1,000.00
National Volunteer Centre	$1,000.00	Save the Children	$ 920.00
Nadroga DCOSS	$1,000.00	National Volunteer Centre	$ 506.80
Western Charity Alliance	$1,000.00	Northern Charity Alliance	$1,000.00
Northern Charity Alliance	$450.00	Spinal Injury Association	$1,000.00
Fiji Cancer Society	$1,000.00	Northern Charity Alliance	$1,000.00
		Fiji Disabled Peoples Federation	$ 537.20
Sustainable Funding	**$86,272.00**		
Rotary Club of Taveuni	$11,000.00		
Lions Club of Ba	$15,000.00		
Lions Club of Labasa	$20,272.00		
Spinal Injury Association	$20,000.00		
Sai Prema Foundation Fiji	$20,000.00		
World of Difference	**$187,399.00**	**Grand Total**	**$474,733.00**

Fiji Directories Limited

- **Mr Arun Narsey** Chairman
- **Mr Umarji Musa** Director
- **Mr Ivan Fong** Director
- **Ms Sitla Chandra** Acting Chief Executive Officer and Company Secretary

Overview

Fiji Directories Limited (FDL) continues to lead the delivery of directory services in Fiji ensuring that updated searches and efficient listings are offered to our users and clients. Financial year 2018 was a challenging one for FDL as the company worked hard to achieve its targets despite lacking a Chief Executive Officer for some time.

Ms Sitla Chandra took over CEO duties on an acting basis on 11 January, 2018 on the back of 10 years of experience in finance, strategic planning and senior management. She was considered the most appropriate internal candidate to oversee business operations until a permanent appointment is made.

With the penetration of smartphones, FDL is revamping and improving the look and feel of its websites, www.yellowpages.com.fj and www.whitepages.com.fj. The new versions will be user-friendly for Internet and smartphone access. Work is also underway to develop a mobile platform for FDL and other ATH group companies, which will include support for the development of Android and IOS applications. While we build for the future, print directories are still of great importance and value and FDL continues to uphold its high level of service, bringing people closer to products and services in Fiji and the Pacific.

A new information technology manager has been appointed to ensure the strategic direction of FDL continues with success as we move ahead to accommodate the evolving technological developments in our societies.

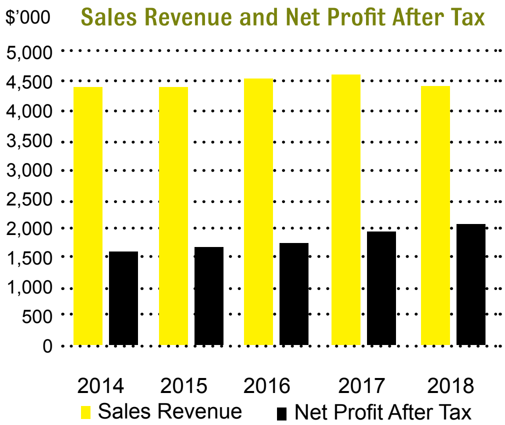
Printing and circulation was maintained at 100,000 copies for the 2018 issue. Post Fiji Limited continues to be the key distributor of the phone directory through their outlets Fiji wide.

The 2019 issue will have a new and improved layout, featuring glossy key information pages such as medical practitioners and government ministry service information so that important information and phone numbers are easily available and accessible for users.

Financial Results

FDL recorded a Net Profit after Tax of $2.06 million for the financial year 2018, up 5.62% compared to the previous year. Reduction in operating expenses and other costs by 16.63% has been the major contributing factor to an increase in Net Profit after Tax for the financial year.

The company declared a dividend of $1.8 million, an increase of 2.86% compared to the divided declared and paid to shareholders in the previous financial year.



The Future

While print media is still important and valuable to our users and clients, the business is moving ahead to a revamped yellow and white pages website. The first stage was enhancing its domain and network security that will in turn, augment FDL's online presence through digital advertising campaigns and open up new advertising options for current and potential customers.

Going forward, the primary business undertaking for the next financial year is predicated on the improvements on our websites and mobile apps to deliver new, accessible, user-friendly and modern look and feel for the yellow and white pages.

This enterprise will continue to facilitate local businesses and international companies advertising in Fiji with great market coverage through print, web and mobile.

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Financial Statements
For The Year Ended 31 March 2018

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 2018, 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 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	Sale of computer hardware and software, ICT services, equipment rental, 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	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 $42,644,306 (2017: $42,702,695).

The consolidated profit after income tax attributable to the members of the holding company for the financial year was $64,926,113 (2017: $54,222,338).

Directors' Report (Cont'd)

Dividends

Interim dividends of $10,552,622 and final dividends of $8,442,097 were provided by the holding company during the year ended 31 March 2018 (2017: interim dividends of $8,442,097 were paid and final dividends of $16,884,195 were provided).

Reserves

The directors recommend that no transfers be made to or from reserves except for movements required under International Financial Reporting Standards.

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.

Directors' Report (Cont'd)

Significant Events During the Year

During the year:

a) The holding company, Amalgamated Telecom Holdings Limited (ATH) commenced to integrate subsidiary Fiji International Telecommunications Limited (FINTEL) with fellow subsidiary Telecom Fiji Limited (TFL) as part of ATH Group restructuring. It is envisaged, the proposed integration will involve TFL acquiring FINTEL's business on a going concern basis together with FINTEL's assets, liabilities, rights and obligations. This transaction is subject to regulatory approvals and the completion of required regulatory and other required formalities.

b) On 26 June 2017, the holding company, Amalgamated Telecom Holdings Limited received the formal approval from the Office of the Regulator in accordance with section 31 of the Samoan Telecommunication Act for the transfer of shares authorizing the change of control for various telecommunications licences and permits granted to Bluesky Samoa Limited. Furthermore, on 1 November 2017, approval from the Business Trade Investment Board (BTIB) for registration as a foreign enterprise and to carry on business in the Cook Islands was also received.

   However, share transfers of Bluesky Samoa Limited and Telecom Cook Islands Limited and appointment of ATH Nominee directors to replace AST Nominee directors for the above two entities (effective change of control) was not transferred, given the US approvals for Bluesky transactions by the Federal Communication Commission of USA (FCC), Committee of Foreign Investments in United States (CFIUS) and security review of the transaction by Team Telecom remained pending as of the date of this report and the parties agreed in principle to complete the transaction at the eLandia group level instead of on a piecemeal basis.

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.

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' Report (Cont'd)

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 22nd day of June 2018.

....
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 2018:

   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 2018 and of the performance and cash flows of the holding company and the group for the year ended 31 March 2018;

   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 22nd day of June 2018.

.... Director

.... Director

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
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Suva, Fiji

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 2018, 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 entities it controlled during the year.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

22 June 2018

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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 2018, 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 2018, 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.

Key audit matter	How our audit addressed the matter
Accuracy of Revenue including Deferred Revenue due to Complex Billing Systems - Group	
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.

Independent Auditor's Report (Cont'd)

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

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td colspan="2">Accounting Treatment for Refundable Deposits for Acquisition of Shares in AST Telecom LLC and eLandia Technologies Inc. - Holding Company and Group</td></tr>
<tr><td>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.

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.</td><td>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 2018:

• 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.

• Even though the relevant approvals for the share transfers of Bluesky Samoa Limited and Telecom Cook Islands Limited were received during 2018 financial year, the actual share transfers of Bluesky Samoa Limited and Telecom Cook Islands Limited and appointment of ATH Nominee directors to replace AST Nominee directors for the above two entities (effective change of control) was not transferred, given the US approvals for Bluesky transactions by the Federal Communication Commission of USA (FCC), Committee of Foreign Investments in United States (CFIUS) and security review of the transaction by Team Telecom remained pending as of 31 March 2018 and the parties agreed in principle to complete the transaction at the eLandia group level instead of on a piecemeal basis.

• 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.</td></tr>
</table>

Independent Auditor's Report (Cont'd)

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

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td colspan="2">Accounting Treatment for Refundable Deposits for Acquisition of Shares in AST Telecom LLC and eLandia Technologies Inc. – Holding Company and Group (Cont'd)</td></tr>
<tr><td>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.

On 26 June 2017, ATH received the formal approval from the Office of the Regulator in accordance with section 31 of the Samoan Telecommunication Act for the transfer of shares authorizing the change of control for various telecommunications licences and permits granted to Bluesky Samoa Limited. Furthermore, on 1 November 2017, approval from the Business Trade Investment Board (BTIB) for registration as a foreign enterprise and to carry on business in the Cook Islands was also received.

As of 31 March 2018, 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.</td><td>• 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.</td></tr>
<tr><td colspan="2">Assessment of Useful Lives for Property, Plant and Equipment and Intangible Assets, and Impairment of Assets - Group</td></tr>
<tr><td>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.</td><td>• 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.</td></tr>
</table>

Independent Auditor's Report (Cont'd)

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

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 2018 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.

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.

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)

- 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 7of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the holding company and group's financial information to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the management and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with 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

Wathsala Suraweera
Partner
Suva, Fiji

22 June 2018

Statements of Profit or Loss and other Comprehensive Income
For the Year Ended 31 March 2018

	Notes	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Continuing Operations					
Revenue	6	460,416	394,702	44,892	42,679
Direct costs	7	(162,676)	(138,350)	-	-
Gross profit		297,740	256,352	44,892	42,679
Other income	8	26,914	20,018	4,433	1,632
Depreciation	14	(50,984)	(41,602)	(19)	(7)
Amortisation of intangible assets	15	(3,135)	(2,761)	-	-
Impairment loss on telecommunications and capital equipment	14	(258)	(696)	-	-
Personnel costs	9	(49,486)	(40,857)	(702)	(394)
Marketing and promotion expenses		(15,900)	(14,234)	(28)	(12)
Other operating expenses	11	(79,227)	(67,809)	(2,094)	(1,728)
Operating profit		125,664	108,411	46,482	42,170
Finance income / (cost) - net	10	(5,734)	4	(3,910)	784
Profit from operations		119,930	108,415	42,572	42,954
Share of profit from associate	16(b)	462	141	-	-
Profit before income tax		120,392	108,556	42,572	42,954
Income tax benefit / (expense)	12(a)	(23,744)	(23,290)	72	(251)
Profit for the year		96,648	85,266	42,644	42,703
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		437	552	-	-
Total comprehensive income for the year		97,085	85,818	42,644	42,703

Statements of Profit or Loss and other Comprehensive Income
For the Year Ended 31 March 2018 (Cont'd)

	Notes	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Profit attributable to:					
Equity holders of the holding company		64,926	54,222	42,644	42,703
Non-controlling interests		31,722	31,044	-	-
		96,648	85,266	42,644	42,703
Total comprehensive income attributable to:					
Equity holders of the holding company		65,365	54,779	42,644	42,703
Non-controlling interests		31,720	31,039	-	-
		97,085	85,818	42,644	42,703
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	13	15.4	12.8		

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

Statement of Changes in Equity for the Year Ended 31 March 2018

	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 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 23)	2,074	(2,074)	-	-	-	-	-
Dividends paid or provided (Note 29)	-	-	-	(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**
Profit for the year	-	-	-	64,926	64,926	31,722	96,648
1% Transitional tax on undistributed profits	-	-	-	(138)	(138)	(48)	(186)
Dividends paid or provided (Note 29)	-	-	-	(18,995)	(18,995)	(22,050)	(41,045)
Other comprehensive income:							
Exchange difference on translation of foreign operations	-	-	437	-	437	(2)	435
Balance as at 31 March 2018	**107,600**	**-**	**(923)**	**182,550**	**289,227**	**59,106**	**348,333**

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 2018 (Cont'd)

Holding Company	Issued capital $'000	Share premium reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 April 2016	105,526	2,074	121,356	228,956
Profit for the year	-	-	42,703	42,703
Transfer from share premium reserve (Note 23)	2,074	(2,074)	-	-
Dividends paid or provided (Note 29)	-	-	(25,326)	(25,326)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 March 2017	**107,600**	**-**	**138,733**	**246,333**
Profit for the year	-	-	42,644	42,644
Dividends paid or provided (Note 29)	-	-	(18,995)	(18,995)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 March 2018	**107,600**	**-**	**162,382**	**269,982**

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

Statements of Financial Position as at 31 March 2018

Assets	Notes	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Non-current assets					
Property, plant and equipment	14	357,437	324,957	116	30
Intangible assets	15	29,742	31,056	-	-
Investment in subsidiary companies	16(a)	-	-	230,360	228,598
Investment in associates	16(b)	12,720	12,258	12,614	12,614
Available-for-sale financial assets	16(c)	1,621	1,621	1,689	1,689
Held-to-maturity investments	20	9,000	23,056	9,000	23,056
Deferred tax assets	12(b)	4,678	5,220	1	1
Trade and other receivables	21	63,894	66,201	84,591	85,795
		479,092	464,369	338,371	351,783
Current assets					
Prepaid expenses		65	67	-	-
Advance tax	12(d)	-	-	207	-
Inventories	17	23,903	18,537	-	-
Held-to-maturity investments	20	47,534	33,526	22,018	7,930
M-PAiSA trust account		20,000	6,169	-	-
Trade and other receivables	21	70,570	65,900	43,573	34,670
Cash on hand and at banks		48,283	46,745	6,822	2,992
		210,355	170,944	72,620	45,592
Total assets		**689,447**	**635,313**	**410,991**	**397,375**
Shareholders' equity and liabilities					
Shareholders' equity attributable to members of the holding company					
Share capital	23(a)	107,600	107,600	107,600	107,600
Foreign currency translation reserve	23(c)	(923)	(1,360)	-	-
Retained earnings		182,550	136,757	162,382	138,733
Equity attributable to the owners of the holding company		289,227	242,997	269,982	246,333
Equity attributable to non-controlling interests		59,106	49,484	-	-
Total shareholders' equity		348,333	292,481	269,982	246,333
Liabilities					
Non-current liabilities					
Deferred tax liabilities	12(c)	20,090	19,244	-	-
Borrowings	25	66,156	40,213	42,529	10,624
Provisions	26	2,002	2,234	-	-
Trade and other payables	27	3,936	3,952	-	-
Deferred income	28	80	125	-	-
		92,264	65,768	42,529	10,624

Statements of Financial Position as at 31 March 2018 (Cont'd)

	Notes	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Current liabilities					
Borrowings	25	86,850	130,945	78,832	122,648
Indefeasible Right of Use (IRU) lease liabilities	24	252	273	-	-
Provisions	26	25,444	22,258	19,052	16,912
Trade and other payables	27	113,269	113,906	596	757
Current tax liability	12(d)	3,035	3,513	-	101
E-value in circulation		20,000	6,169	-	-
		248,850	277,064	98,480	140,418
Total liabilities		341,114	342,832	141,009	151,042
Total equity and liabilities		**689,447**	**635,313**	**410,991**	**397,375**

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 2018

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Operating activities				
Receipts from customers and others	473,872	370,380	627	-
Payments to suppliers and employees	(315,203)	(218,567)	(3,126)	(1,420)
Dividends received	-	-	39,757	36,855
Net cash generated from operations	158,669	151,813	37,258	35,435
Interest received	2,721	3,341	1,784	2,075
Interest paid	(8,563)	(3,307)	(5,664)	(1,765)
Income taxes paid	(22,813)	(18,266)	(236)	(105)
Tax on undistributed profits paid	(186)	(991)	-	-
Net cash inflows from operating activities	129,828	132,590	33,142	35,640
Investing activities				
Payments for property, plant and equipment	(79,680)	(53,033)	(107)	(27)
Payments for intangible assets	(1,293)	(1,135)	(838)	-
Payments for business acquisition	-	(74,956)	-	(80,475)
Payment for investment in subsidiary companies	-	(45,428)	(1,760)	(46,575)
Proceeds from sale of property, plant and equipment, net of capital gains tax	5,026	653	-	-
Redemption of held-to-maturity investments	7,930	4,000	7,930	4,000
Proceeds / (payment) for held-to-maturity investments	(9,068)	2,280	(7,968)	-
Repayment of advances by Amalgamated Telecom Holdings Nominees Limited	2,500	-	2,500	-
Proceeds from insurance claims for damaged property, plant & equipment	154	228	-	-
Net cash used in investing activities	(74,431)	(167,391)	(243)	(123,077)
Financing activities				
Dividends paid to equity holders of the holding company	(16,884)	(29,547)	(16,884)	(29,547)
Dividends paid to non-controlling interests	(19,600)	(24,420)	-	-
(Repayment of) / proceeds from borrowings, net	(21,589)	110,813	(12,049)	119,141
Finance lease repayments	(373)	(2,992)	-	-
Net cash provided by / (used in) financing activities	(58,446)	53,854	(28,933)	89,594
Net increase / (decrease) in cash and cash equivalents	(3,049)	19,053	3,966	2,157
Effect of exchange rate movement on cash and cash equivalents	(298)	74	(136)	-
Addition in cash and cash equivalents from acquisition of shares in subsidiary company	-	9,773	-	-
Cash and cash equivalents at the beginning of the financial year	52,138	23,238	2,992	835
Cash and cash equivalents at end of year (Note 23)	48,791	52,138	6,822	2,992

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 2018

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 2018 comprise "the holding company" referring to Amalgamated Telecom Holdings Limited and "the Group" referring to the companies whose accounts have been consolidated therein and the group's interest in associates. The company and its subsidiaries are incorporated and domiciled in Fiji, Kiribati and Vanuatu.

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 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	Sale of computer hardware and software, ICT services, equipment rental, 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	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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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 judegment 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) and in compliance with the requirements of the Companies Act, 2015.

c) Changes in accounting policies

New standards, interpretations and amendments effective from 1 April 2017

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 April 2017. 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:

IAS 7: Amendment – Disclosure Initiative

These amendments are effective from 1 January 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.

IAS 12: Amendment – Recognition of Deferred Tax Assets for Unrealised Losses

The amendment to IAS 12 is effective from 1 January 2017 and clarifies the accounting for deferred tax assets related to debt instruments measured at fair value but are not deemed to be impaired. Deductible temporary differences arise from unrealised losses on debt instruments measured at fair value. This is regardless of whether the instrument is recovered through sale, or by holding it to maturity. Therefore, entities are required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if other recognition criteria for deferred taxes is met.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Changes in accounting policies (Cont'd)

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 March 2018

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.

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 statement 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.

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only if 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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 2. BASIS OF PREPARATION (CONT'D)

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 33 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.

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 loses 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).

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

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 33.

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.

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 regarded 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 2018 (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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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 is 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 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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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.

The annual depreciation rates are as follows:

- Leasehold lands	Terms of leases
- Leasehold buildings and improvements	2.5% - 10%
- Exchange plant and telecommunication infrastructure	6% - 20%
- 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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

3.5 Property, plant and equipment (Cont'd)

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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

3.7 Intangible assets (Cont'd)

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 3 years (for IP Transit) and 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. The subsidiary company has also been entering into an agreement with Optus Network Pty Limited annually for IP Transit.

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. On 20 January 2015, the Southern Cross Cables Limited extended the commercial life of the Southern Cross Cables by a period of 5 years, extending until 2030. 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
- IP Transit	100%	100%
- 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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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 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.

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 acquiree 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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

3.12 Income tax (Cont'd)

Deferred tax (cont'd)

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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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 statements of profit or loss. The losses arising from impairment are recognised in the statements 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 18, 21 and 22, respectively.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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 statements 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 18 and 20, 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 statements 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 16 (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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

3.16 Financial instruments (Cont'd)

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 statements 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 statements 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 19, 24, 25,26 and 27, 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.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the 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 18 and 19, respectively.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

3.19 Employee benefits (Cont'd)

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.

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 35.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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. 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	
	2018	**2017**
	F$'000	**F$'000**
US Dollars	89,396	114,353
Euro	12,540	6,733

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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) 2018		Profit or (loss) 2017	
	Strengthen F$'000	Weaken F$'000	Strengthen F$'000	Weaken F$'000
US Dollars	8,127	(9,932)	10,392	(12,700)
Euro	1,140	(1,393)	612	(748)

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 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's interest in certain subsidiaries of Bluesky Group. Given the significant portion of the loan amounting to USD $30million 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, this loan is not exposed to interest rate risk.

However, the holding company also has a loan from Australia and New Zealand Banking Group Limited for which repayments are based on notional term of 14 years and are at variable interest rate. Also, the subsidiary company, Telecom Vanuatu Limited, has significant interest-bearing borrowings from ANZ (Vanuatu) Limited at variable interest rate.

As at 31 March 2018, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been $792,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Furthermore, the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, also has significant interest-bearing borrowings from ANZ Bank (Kiribati) Limited. The borrowings are at fixed interest rate over the remaining 4 year term of the loan. Accordingly, the subsidiary company is not exposed to interest rate risk.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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.

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:

	2018 $'000	% of Allocation	2017 $'000	% of Allocation
Group				
Held-to-maturity investments (Note 20)	56,534	24%	56,582	24%
Trade and other receivables (Note 21)	134,464	56%	132,101	56%
Cash at bank (Note 22)	48,283	20%	46,745	20%
Total credit exposure	239,281	100%	235,428	100%
Holding company				
Held-to-maturity investments (Note 20)	31,018	19%	30,986	20%
Trade and other receivables (Note 21)	128,164	77%	120,465	78%
Cash at bank (Note 22)	6,822	4%	2,992	2%
Total credit exposure	166,004	100%	154,443	100%

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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 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 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 2018	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 3 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Financial and other liabilities:					
Trade and other payables (Note 27)	93,526	-	-	-	93,526
IRU lease liabilities (Note 24)	252	-	-	-	252
Provisions (Note 26)	25,444	2,002	-	-	27,446
Borrowings (Note25)	86,850	7,002	16,954	42,200	153,006
	206,072	9,004	16,954	42,200	274,230

	Group			
31 March 2017	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 3 and 5 years $'000**	**Total $'000**
Financial and other liabilities:				
Trade and other payables (Note 27)	94,384	-	-	94,384
IRU lease liabilities (Note 24)	273	-	-	273
Provisions (Note 26)	28,075	2,234	-	30,309
Borrowings (Note 25)	130,945	9,472	30,741	171,158
	253,677	11,706	30,741	296,124

4.2 Other risks

a) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud. 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.

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 Fijian Competition and Consumer Commission and the group's operating environment is regulated by Telecommunications Authority of Fiji, Communications Commission of Kiribati and Telecommunications and Radio Communications Regulator of Vanuatu.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

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	
	2018 $'000	2017 $'000
The gearing ratios at 31 March 2018 and 2017 were as follows:		
Total borrowings (Note 25)	153,006	171,158
Less: Cash on hand and at bank	(48,283)	(46,745)
Less: Short term deposits	(5,000)	(6,180)
Net debt	99,723	118,233
Total equity	348,333	292,481
Total capital (Total equity plus Net debt)	448,056	410,714
Gearing ratio (Net debt / Total capital x 100)	22%	29%
Debt to equity ratio % (Net debt / Total equity)	29%	40%

4.4 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.

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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 2018, allowance for impairment amounting to $258,000 (2017: $696,000) 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.

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) ***Business Combinations***

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the holding company takes into consideration potential voting rights that currently are exercisable. 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. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and in determining whether control is transferred from one party to other.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

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

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 15 (c) and 24.

NOTE 6. REVENUE

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Access fees	21,057	16,596	-	-
Call revenue	165,916	145,178	-	-
Card services revenue	380	1,521	-	-
Computer hardware, software and technical support services revenue	21,644	21,488	-	-
Data network and internet revenue	157,591	136,731	-	-
Dividends from subsidiary companies	-	-	44,892	42,679
Directory revenue	4,260	4,374	-	-
Equipment and ancillaries revenue	76,701	59,517	-	-
Gaming revenue	1,114	1,491	-	-
Other sales and services	11,753	7,806	-	-
Total revenue	460,416	394,702	44,892	42,679

NOTE 7. DIRECT COSTS

Airtime and PSTN charges	65,239	60,025	-	-
Computer hardware, software and technical support service	17,542	14,343	-	-
Directory production costs	732	418	-	-
Equipment and ancillary costs	73,396	59,862	-	-
Satellite/Bandwidth charges	5,767	3,702	-	-
Total direct costs	162,676	138,350	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 8. OTHER INCOME

	Group		Holding Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Amortisation of government grant	45	45	-	-
Bad debts recovered	10	28	-	-
Exchange gain:				
- realized	1,761	1,803	204	-
- unrealized	1,040	1,598	143	816
Gain on sale of property, plant and equipment	4,946	433	-	-
Insurance claim	6,231	6,435	-	-
Reversal of allowance for doubtful debts (note 21 (c))	-	54	-	-
Rental income	7,791	6,357	-	-
Holding and other fees	4,084	808	4,084	808
Other miscellaneous income	1,006	2,457	2	8
Total other income	26,914	20,018	4,433	1,632

NOTE 9. PERSONNEL COSTS

Wages and salaries, including leave pay and other benefits	42,335	34,031	588	341
Superannuation contributions	3,822	3,374	73	44
Other personnel costs	3,329	3,452	41	9
Total personnel costs	49,486	40,857	702	394

NOTE 10. FINANCE INCOME / (COST) – NET

Finance income:				
- Interest income on held-to-maturity investments	2,802	3,046	1,692	1,925
- Interest income on advances to related parties	60	60	60	619
Finance cost:				
- Interest on borrowings	(8,596)	(3,102)	(5,662)	(1,760)
Total finance income - net	(5,734)	4	(3,910)	784

NOTE 11. OTHER OPERATING EXPENSES

Auditor's remuneration:				
- Audit fees - BDO	136	156	17	20
- Audit fees – other auditors	79	35	-	-
- Other services - BDO	85	58	27	22
- Other services - other auditors	45	7	-	-
Allowance for doubtful debts (note 21(c))	2,638	-	-	-
Bad debts	23	6	-	-
Consultancy and contractors fees	1,373	959	-	-
Directors' remuneration - fees and allowances	379	226	63	63
Electricity	9,795	7,371	12	10
Unrealised exchange loss	-	-	-	446
Insurance	5,482	4,770	35	52
Legal and professional fees	2,205	4,783	956	285
Licence and support service fees	18,361	15,783	-	-
Loss on disposal of property, plant and equipment	1	65	-	-
Operating leases	6,326	3,684	64	65
Provision for stock obsolescence (note 17(a))	397	856	-	-
Repairs and maintenance	4,269	4,187	-	1
Travelling and transportation	2,121	2,532	250	259
Other miscellaneous expenses	25,512	22,331	670	505
Total other operating expenses	79,227	67,809	2,094	1,728

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 12. INCOME TAX

Income Tax Rate

Income tax expense, deferred tax assets and deferred tax liabilities for the year ended 31 March 2018 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.

	Group		Holding Company	
a) Income tax expense / (benefit)	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Numerical reconciliation of income tax to prima facie tax expense				
Profit before income tax	120,392	108,556	42,572	42,954
Prima facie tax expense	23,584	22,932	4,257	4,295
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Export income allowances	(117)	(84)	-	-
Non-deductible expenses	823	736	453	224
Exempt income - dividend and others	(9)	(9)	(4,725)	(4,268)
Tax concessions and incentives	(489)	(452)	-	-
Tax effect of temporary differences and tax losses recognised	(22)	(15)	-	-
Under/ (over) provision of income tax and deferred income tax in prior years	(26)	184	(57)	-
Others	-	(2)	-	-
Income tax expense / (benefit)	23,744	23,290	(72)	251
Income tax expense / (benefit) comprises of:				
Current tax liability / (asset)	22,356	19,873	(72)	251
Movement in deferred tax assets	542	3,057	-	-
Movement in deferred tax liabilities	846	360	-	-
	23,744	23,290	(72)	251
b) Deferred tax assets				
Allowance for doubtful debts for trade and other receivables	2,767	3,394	-	-
Provision for employee entitlements	1,226	1,027	1	1
Provision for stock obsolescence	433	612	-	-
Deferred revenue	190	252	-	-
Others	62	(65)	-	-
Total deferred tax assets	4,678	5,220	1	1

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 12. INCOME TAX (CONT'D)	Group		Holding Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
c) Deferred tax liabilities				
Prepaid expenses	13	14	-	-
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity and spectrum licences for accounting and income tax purpose	20,060	19,220	-	-
Unrealised exchange gain	17	10	-	-
Total deferred tax liabilities	20,090	19,244	-	-
d) Advance tax / (Current tax liability)				
Balance at 1 April	(3,513)	(1,950)	(101)	45
Tax liability for current year	(22,492)	(19,808)	15	(251)
Tax paid during the year	22,813	18,266	236	105
Others	21	44	-	-
Over / (under) provision of income tax in prior years	136	(65)	57	-
Balance at 31 March	(3,035)	(3,513)	207	(101)

NOTE 13. EARNINGS PER SHARE	Group	
	2018	2017
	$'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	64,926	54,222
Weighted average number of ordinary shares in issue (Nos.)	422,105	422,105
Basic and diluted earnings per share (expressed in cents per share)	15.4	12.8

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 14. 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 2018								
Opening net book amount	39,203	265,124	2,799	4,399	4,147	1,525	7,760	324,957
Additions	28	34,611	4,852	788	1,908	1,901	40,218	84,306
Transferred to intangible asset - computer software	-	-	-	-	-	-	(310)	(310)
Net foreign currency movements	-	22	-	-	-	-	-	22
Disposals	(3)	(192)	(10)	(2)	(66)	-	-	(273)
Transfers	727	8,946	336	829	37	-	(10,898)	(23)
Depreciation	(1,273)	(45,783)	(1,456)	(879)	(1,593)	-	-	(50,984)
Impairment loss (a)	-	-	-	-	-	(258)	-	(258)
Closing net book amount	38,682	262,728	6,521	5,135	4,433	3,168	36,770	357,437
At 31 March 2018								
Cost	58,391	781,902	59,281	21,355	14,826	3,423	36,770	975,948
Accumulated depreciation	(19,476)	(503,968)	(52,760)	(16,220)	(10,393)	-	-	(602,817)
Accumulated impairment allowance	(233)	(15,206)	-	-	-	(255)	-	(15,694)
Net book amount	38,682	262,728	6,521	5,135	4,433	3,168	36,770	357,437

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Leasehold land and buildings	Telecommunications 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	36,420	190	904	679	-	2,849	60,233
Accumulated depreciation	(18,200)	(457,993)	(51,294)	(15,339)	(7,339)	-	-	(550,165)
Accumulated impairment allowance	(233)	(15,206)	-	-	-	(478)	-	(15,917)
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 2018 (Cont'd)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) Based on the impairment assessment performed by a subsidiary company, impairment loss amounting to $258,000 has been recognised during the year ended 31 March 2018 (2017: $696,000).

b) All properties, plant and equipment of the holding company and subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited and Telecom Vanuatu Limited have been pledged to ANZ Banking Group Limited (Fiji), 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	Motor Vehicle $'000	Furniture, fittings and office equipment $'000	Total $'000
Year ended 31 March 2018				
Opening net book amount	27	-	3	30
Additions	25	80	-	105
Depreciation	(2)	(15)	(2)	(19)
Closing net book amount	50	65	1	116
At 31 March 2018				
Cost	165	80	140	385
Accumulated depreciation	(115)	(15)	(139)	(269)
Net book amount	50	65	1	116
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

NOTE 15. INTANGIBLE ASSETS

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Goodwill (a)	9,112	9,112	-	-
Computer software (b)	1,323	1,692	-	-
Indefeasible Rights of Use capacity (c)	13,828	14,476	-	-
Spectrum Licences (d)	5,479	5,776	-	-
Total intangible assets, net	29,742	31,056	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 15. INTANGIBLE ASSETS (CONT'D)	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Intangible assets are as follows:				
a) Goodwill				
Gross carrying amount:				
Datec (Fiji) Limited and Subsidiary Company (i)	3,401	3,401	-	-
Telecom Vanuatu Limited (ii)	5,711	5,711	-	-
Balance as at 31 March	9,112	9,112	-	-

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.

Goodwill of $3.401 million has been tested for impairment by reviewing the underlying net assets supporting the investment in subsidiary. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated. The carrying amount of the CGU in 2018 was determined to be lower than its recoverable amount by $16.6 million.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the long-term compound annual EBITDA growth rate estimated by management, consistent with the assumption that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

Further, the acquisition also provides the group with increased share of the telecommunication market through access to Datec (Fiji) Limited and subsidiary company's customer base. The group has also been able to reduce costs through economies of scale.

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.

Goodwill of $5.711 million has been tested for impairment based on the forecasted free cash flow to equity. Free cash flow projections were based on financial budgets approved by management for the year ending March 2019. Cash flows beyond March 2019 are extrapolated using the GDP growth as a long-term growth to determine the terminal value. A discount rate of 10% was used based on the recent assessment of Equity Risk Premium.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated. The carry amount of the CGU in 2018 was determined to be lower than its recoverable amount by $8.6 million.

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 2018 as the management reasonably believes that no indicators for impairment exist.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 15. INTANGIBLE ASSETS (CONT'D)

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
b) Computer software				
Gross carrying amount:				
Balance as at 1 April	34,482	33,596	-	-
Additions	206	177	-	-
Reclassified from property, plant and equipment	310	709	-	-
Balance as at 31 March	34,998	34,482	-	-
Accumulated amortisation:				
Balance as at 1 April	32,790	32,106	-	-
Amortisation	885	684	-	-
Balance as at 31 March	33,675	32,790	-	-
Net book amount as at 31 March	1,323	1,692	-	-
c) Indefeasible Rights of Use capacity				
Gross carrying amount:				
Balance as at 1 April	79,157	78,969	-	-
Adjustment	-	(240)	-	-
Additions	1,305	428	-	-
Balance as at 31 March	80,462	79,157	-	-
Accumulated amortization:				
Balance as at 1 April	59,759	57,979	-	-
Amortisation	1,953	1,780	-	-
Balance as at 31 March	61,712	59,759	-	-
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	13,828	14,476	-	-

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.

During the year, the subsidiary company, Fiji International Telecommunications Limited entered in an agreement with Southern Cross Cables (SX Next), to lease a new submarine cable route for a period of 15 years via Australia and USA links amounting to USD 20,000,000. During the year, the subsidiary company contributed $880,266 (USD 350,000) for Marine Route Survey. Remaining balance of $49,546,000 (USD 19,650,000) is disclosed under capital commitments. The estimated Ready for Service date for SX Next is 2020.

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

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 15. INTANGIBLE ASSETS (CONT'D)	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
d) Spectrum Licences				
Gross carrying amount:				
Balance as at 1 April	6,370	6,392	-	-
Adjustments	-	(22)	-	-
Balance as at 31 March	6,370	6,370	-	-
Accumulated amortisation:				
Balance as at 1 April	594	297	-	-
Amortisation	297	297	-	-
Balance as at 31 March	891	594	-	-
Net book amount - Spectrum Licences	5,479	5,776	-	-

Spectrum licences include licences 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 2018, all conditional requirements have been fulfilled.

NOTE 16. 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 33 for additional details on subsidiary companies). Carrying values of investment in subsidiary companies are as follows:

(a) Subsidiary Companies

Non-current				
Telecom Fiji Limited	-	-	107,600	107,600
Fiji Directories Limited	-	-	2,530	2,530
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 (i)	-	-	47,017	45,255
Total non-current investment in subsidiaries, net	-	-	230,360	228,598

i) 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 in prior year and $1,762,000 in current year.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 16. INVESTMENT IN SUBSIDIARY COMPANIES, ASSOCIATE AND AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

(b) Associate Company

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current				
Bluesky SamoaTel Investments Limited - Samoa	12,720	12,258	12,614	12,614
Reconciliation for investments in associate:				
Acquisition of shares:				
- Purchase consideration	12,117	12,117	12,117	12,117
- Other direct related acquisition cost	-	-	497	497
Share of profit for year 2017	141	141	-	-
Share of profit for year 2018	462	-	-	-
Total non-current investment in associate, net	12,720	12,258	12,614	12,614

(c) Available-for-sale financial assets

	Group 2018	Group 2017	Holding Company 2018	Holding Company 2017
Non-current				
Bluesky Pacific Holding Limited - Samoa	1,621	1,621	1,689	1,689
Reconciliation for investments:				
Acquisition of shares:				
- Purchase consideration	1,621	1,621	1,621	1,621
- Other direct related acquisition cost	-	-	68	68
Total non-current investment, net	1,621	1,621	1,689	1,689

NOTE 17. INVENTORIES

	Group 2018	Group 2017	Holding Company 2018	Holding Company 2017
Merchandise and consumables	26,335	20,675	-	-
Less: provision for stock obsolescence (a)	(2,489)	(2,529)	-	-
	23,846	18,146	-	-
Bus consoles transferred from capital work in progress	-	558	-	-
Provision for stock obsolescence	-	(558)	-	-
	-	-	-	-
Goods in transit	57	391	-	-
Total inventories, net	23,903	18,537	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 17. INVENTORIES (CONT'D)

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

	Group 2018 $'000	Group 2017 $'000
As at 1 April	2,529	2,522
Additional provision during the year (Note 11)	397	856
Amounts written off during the year	(437)	(849
As at 31 March	2,489	2,529

NOTE 18. FINANCIAL ASSETS BY CATEGORIES

Group

Financial assets by categories	Held-to-maturity investments 2018 $'000	Held-to-maturity investments 2017 $'000	Loans and receivables 2018 $'000	Loans and receivables 2017 $'000	Available-for-sale financial assets 2018 $'000	Available-for-sale financial assets 2017 $'000
Non-current						
Fiji Government Registered stock (Note 20)	9,000	23,056	-	-	-	-
Available-for-sale financial assets (Note 16(c))	-	-	-	-	1,621	1,621
Trade and other receivables (Note 21)	-	-	2,482	4,983	-	-
Total non-current financial assets	9,000	23,056	2,482	4,983	1,621	1,621
Current						
Fiji Government Registered stock (Note 20)	14,050	7,930	-	-	-	-
Term deposits (Note 20)	33,484	25,596	-	-	-	-
Trade and other receivables (Note 21)	-	-	49,450	48,368	-	-
Cash on hand and at bank	-	-	48,283	46,745	-	-
Total current financial assets	47,534	33,526	97,733	95,113	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 18. FINANCIAL ASSETS BY CATEGORIES (CONT'D)

Holding Company

Financial assets by categories	Held-to-maturity investments		Loans and receivables		Available-for-sale financial assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current						
Fiji Government Registered stock (Note 20)	9,000	23,056	-	-	-	-
Available-for-sale financial assets (Note 16(c))	-	-	-	-	1,689	1,689
Trade and other receivables (Note 21)	-	-	17,491	19,728	-	-
Total non-current financial assets	9,000	23,056	17,491	19,728	1,689	1,689
Current						
Fiji Government Registered stock (Note 20)	14,050	7,930	-	-	-	-
Trade and other receivables (Note 21)	-	-	38,480	33,161	-	-
Cash on hand and at bank	-	-	6,822	2,992	-	-
Total current financial assets	14,050	7,930	45,302	36,153	-	-

NOTE 19. FINANCIAL LIABILITIES BY CATEGORIES

Financial liabilities by categories	Financial liabilities at amortised cost			
	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current				
Borrowings (Note 25)	66,156	40,213	42,529	10,624
Total non-current financial liabilities	66,156	40,213	42,529	10,624
Current				
IRU lease liabilities (Note 24)	252	273	-	-
Borrowings (Note 25)	86,850	130,945	78,832	122,648
Trade and other payables (Note 27)	93,526	94,384	596	757
Total current financial liabilities	180,628	225,602	79,428	123,405

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

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 20. HELD-TO-MATURITY INVESTMENTS

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current				
Fiji Government Registered stock (a)	9,000	23,050	9,000	23,050
Add: unamortised premium	-	6	-	6
Total non-current held-to-maturity investments	9,000	23,056	9,000	23,056
Current				
Fiji Government Registered stock (a)	14,050	7,930	14,050	7,930
Term deposits (b)	33,484	25,596	7,968	-
Total current held-to-maturity investments	47,534	33,526	22,018	7,930
Total held-to-maturity investments	56,534	56,582	31,018	30,986

(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 $16,980,000 as security for the loan obtained from ANZ Banking Group Limited. (Refer 25 (f)).

(b) Term deposits include short term deposit of $5,000,000 (2017: $6,180,000) 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 22).

Term deposits held with financial institutions attract interest rates in the range of 1.25% up to 4.25% per annum, and will mature within 12 months from balance date.

NOTE 21. TRADE AND OTHER RECEIVABLES

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Non-current				
Advance to Amalgamated Telecom Nominees Limited	2,482	4,983	2,482	4,983
Advance to Amalgamated Telecom Holdings (Kiribati) Limited	-	-	15,009	14,745
Refundable deposits and others (a)	61,412	61,218	67,100	66,067
Total non-current trade and other receivables	63,894	66,201	84,591	85,795
Current				
Trade receivables (b)	66,741	68,656	-	-
Less: unearned income	(1,573)	(1,620)	-	-
	65,168	67,036	-	-
Less: allowance for doubtful debts (c)	(16,049)	(19,089)	-	-
Trade receivables, net	49,119	47,947	-	-
Receivable from related parties	331	421	186	6
	49,450	48,368	186	6
Dividends receivable	-	-	38,294	33,155
	49,450	48,368	38,480	33,161
Accrued revenue	1,441	1,821	-	-
Prepayments, other receivables and advances	19,733	15,765	5,093	1,509
Less: allowance for doubtful debts (c)	(54)	(54)	-	-
Total current trade and other receivables, net	70,570	65,900	43,573	34,670

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 21. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 territories and these other countries (collectively referred as Bluesky Group). Number of these subsidiaries also have minority equity interests.

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 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 2018, 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.

(b) 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.

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

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
As at 1 April	19,143	17,436	-	-
Addition on business acquisition	-	2,084	-	-
Additional allowance during the year (Note 11)	2,638	-	-	-
Reversal of allowance for doubtful debts (Note 8)	-	(54)	-	-
Amounts written off during the year	(5,678)	(323)	-	-
As at 31 March	16,103	19,143	-	-

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 $6,037,000 (2017: $5,949,000).

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 21. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) As at 31 March 2018 and 2017, 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 2018	49,119	40,055	2,038	7,026
31 March 2017	47,947	39,072	956	7,919

NOTE 22. 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	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash on hand and at bank	48,283	46,745	6,822	2,992
Short term deposits (Note 20(b))	5,000	6,180	-	-
Bank overdraft (Note 25)	(4,492)	(787)	-	-
Total cash and cash equivalents	48,791	52,138	6,822	2,992

NOTE 23. SHARE CAPITAL

	2018	2017
	$'000	$'000
(a) Issued and Paid Up Capital		
Balance as at 1 April (422,104,868 ordinary shares)	107,600	105,526
Transfer from share premium reserve account (iii)	-	2,074
	107,600	107,600

(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

	2018	2017
Balance as at 1 April	-	2,074
Transfer to issued capital (a) (iii)	-	(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 presentation currency of the group.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 24. INDEFEASIBLE RIGHT OF USE (IRU) LEASE LIABILITIES

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Current				
Southern Cross Cables Limited	-	61	-	-
Optus Networks Pty Limited (a)	252	212	-	-
Total current IRU liabilities	252	273	-	-

(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 twelve months. 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 25. BORROWINGS

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Non-current				
Term loans - Fiji National Provident Fund (a)	-	812	-	812
Term loan - Bank of South Pacific Limited (b)	-	612	-	612
Term loan - Westpac Banking Corporation (c)	751	9,200	751	9,200
Term loan - ANZ Bank (Kiribati) Limited (d)	5,622	6,836	-	-
Term loan - ANZ Bank (Vanuatu) Limited (e)	17,784	22,393	-	-
Term loan - ANZ Banking Group Limited (f)	41,778	-	41,778	-
Finance lease liabilities - Westpac Banking Corporation (g)	221	360	-	-
Total non-current borrowings	66,156	40,213	42,529	10,624
Current				
Term loans - Fiji National Provident Fund (a)	-	1,945	-	1,900
Term loan - Bank of South Pacific Limited (b)	-	595	-	595
Term loan - Westpac Banking Corporation (c)	1,744	1,426	1,744	1,426
Term loan - ANZ Bank (Kiribati) Limited (d)	1,938	1,549	-	-
Term loan - ANZ Bank (Vanuatu) Limited (e)	1,441	3,052	-	-
Term loan - ANZ Banking Group Limited (f)	77,089	118,727	77,088	118,727
Finance lease liabilities - Westpac Banking Corporation (g)	146	146	-	-
Finance lease liabilities - ANZ Bank (Kiribati) Limited (d)	-	2,718	-	-
Bank overdraft - ANZ Bank (Kiribati) Limited (d)	751	-	-	-
Bank overdraft - Bred (Vanuatu) Limited (h)	3,741	-	-	-
Bank overdraft - Westpac Banking Corporation (g)	-	787	-	-
Total current borrowings	86,850	130,945	78,832	122,648
Total borrowings	153,006	171,158	121,361	133,272

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 25. BORROWINGS (CONT'D)

(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 was fixed at 3.5% over the term of the loan with maturity date of 21 August 2018. During the year, term loan with Fiji National Provident Fund has been fully paid.

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. During the year, term loan with Fiji National Provident Fund has been fully paid.

Term loan from ultimate parent entity, Fiji National Provident Fund (FNPF), was 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.

(b) Term loan – Bank of South Pacific Limited

The loan from Bank of South Pacific Limited was unsecured and subject to competitive interest rate per annum with monthly repayments of $52,000. During the year, term loan with Bank of South Pacific Limited has been fully paid.

(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, Bank Overdraft and Finance Lease – ANZ Bank (Kiribati) Limited

Finance lease was for a short term (period of 12 months), subject to competitive interest rate and repayable by monthly instalments of AUD300,289 (inclusive of interest). During the year, finance lease has been fully paid.

The term loan and bank overdraft from ANZ Bank (Kiribati) Limited is subject to competitive interest rate per annum and term loans are repayable by monthly instalments of AUD126,097 (inclusive of interest).

The term loan and bank overdraft 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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 25. BORROWINGS (CONT'D)

(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 VUV12,348,545.

The term loan is secured by registered equitable mortgage debenture over the subsidiary company's assets.

(f) Term loan – ANZ Banking Group Limited

In prior 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) Authority to appropriate and set off term deposit.

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

As at 31 March 2017, loan was 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 was obtained as a bridging finance, the drawdown amount of FJD 118,727,173 was classified as current liabilities as at 31 March 2017.

Borrowing for acquisition of Telecom Vanuatu Limited

Effective from 27 March 2018, the loan obtained for the purpose of acquisition of Telecom Vanuatu Limited was renegotiated and is now payable on repayments based on notional term of 14 years with remaining debt to be cleared in full.

Accordingly, loan amounting to $44.09 million which comprise of USD9.5million (FJD19.49 million) and FJD24.6 million has been classified between current and non-current liabilities as at 31 March 2018.

Also, during the year, the holding company converted USD 3.098m into FJD out of the USD portion of the loan.

Subsequent to balance date, the converted USD 3.098m loan (FJD 6.6m) was fully paid by the holding company.

Borrowing for acquisition of Amper SA interest in certain subsidiaries of Bluesky Group

The loan amounting to FJD74.8 million as at year end comprises of USD30 million and FJD13.4 million obtained for the purpose of funding the transaction to acquire Amper SA's interest in certain subsidiaries of Bluesky Group. The payments are on interest only basis as bridging finance, therefore, it is classified as current liabilities as at 31 March 2018.

Also, during the year, the holding company converted USD6.8m into FJD out of the USD portion of the loan.

Furthermore, subsequent to balance date, in the month of April and May 2018, the holding company further converted its USD portion of the loan amounting to USD10 million into FJD.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 25. BORROWINGS (CONT'D)

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

i) The subsidiary company, Vodafone Fiji Limited, has a bank overdraft facility of $20 million 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 facilities 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 overdraft – Bred (Vanuatu) Limited

i) The subsidiary company, Telecom Vanuatu Limited, has a bank overdraft facility of VUV270 million with Bred (Vanuatu) Limited which is unsecured, and is subject to maintaining certain financial covenants.

(i) Other Bank Facilities – ANZ Banking Group Limited

The subsidiary company, Telecom Fiji Limited, has an 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.

NOTE 26. PROVISIONS

	Group		Holding Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current				
Employee entitlements	2,002	2,234	-	-

Current	Employee entitlements (a) $'000	Directory production costs $'000	Dividends $'000	Total $'000
Group				
As at 1 April 2017	5,317	57	16,884	22,258
Additional provisions recognized	5,626	57	18,995	24,678
Paid during the year	(4,551)	(57)	(16,884)	(21,492)
Carrying amount as at 31 March 2018	6,392	57	18,995	25,444
Holding Company				
As at 1 April 2017	28	-	16,884	16,912
Additional provisions recognized	79	-	18,995	19,074
Paid during the year	(50)	-	(16,884)	(16,934)
Carrying amount as at 31 March 2018	57	-	18,995	19,052

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 26. PROVISIONS (CONT'D)

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Employee entitlements consists of the following:				
Non- current				
Retirement benefits	2,002	2,234	-	-
Current				
Annual leave	1,208	782	24	28
Bonus	5,184	4,271	33	-
Retirement benefits	-	264	-	-
Total current employee entitlements	6,392	5,317	57	28
Total employee entitlements	8,394	7,551	57	28

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.

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 27. TRADE AND OTHER PAYABLES

	Group 2018 $'000	Group 2017 $'000	Holding Company 2018 $'000	Holding Company 2017 $'000
Non-current				
Subscriber deposits	3,936	3,952	-	-
Total non-current trade and other payables	3,936	3,952	-	-
Current				
Trade payables and accruals (a)	68,911	70,519	417	757
Owing to related parties	294	251	179	-
Advance for relocation of telecommunication cables (b)	2,271	4,014	-	-
Dividend payable	22,050	19,600	-	-
	93,526	94,384	596	757
Security deposits	2,101	1,997	-	-
Deferred revenue	17,642	17,525	-	-
Total current trade and other payables	113,269	113,906	596	757
Total trade and other payables	117,205	117,858	596	757

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 27. TRADE AND OTHER PAYABLES (CONT'D)

(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 (2017: $6,273,091) (VEP) for the 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 $4,001,655 (2017: $2,259,138) which have been off-set against the advance received.

NOTE 28. DEFERRED INCOME

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current				
Government grant	6,459	6,459	-	-
Less: Accumulated amortization	(6,379)	(6,334)	-	-
Total deferred income, net	80	125	-	-

NOTE 29. DIVIDENDS

	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Ordinary shares				
Interim dividend for the year	10,553	8,442	10,553	8,442
Final dividend for the year	8,442	16,884	8,442	16,884
Total dividends	18,995	25,326	18,995	25,326

NOTE 30. CONTINGENT LIABILITIES

Following is a summary of estimated contingent liabilities:

	Group 2018	Group 2017	Holding Company 2018	Holding Company 2017
Bank and performance guarantees	1,298	1,373	-	-

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.

iii) The holding company has provided letter of support to its subsidiary company, Telecom Vanuatu Limited, for the bank overdraft facility with Bred (Vanuatu) Limited.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 31. COMMITMENTS	Group		Holding Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
a) Capital commitments				
Capital expenditure commitments as at balance date are as follows:				
Property, plant and equipment	122,994	50,090	-	59

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. Capital expenditure commitments for the year ended 31 March 2018 also includes $49,546,000 for lease of new submarine cable capacity linking Australia and USA.

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:

Within one year	8,054	7,951	63	63
Later than one year but not later than five years	10,398	8,420	-	-
Later than five years	33,419	34,557	-	-
	51,871	50,928	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 $40,000 per month.

Vodafone Fiji Limited has also entered into various lease agreements with various parties for its base stations. The terms of the various leases range from 1 to 99 years and lease rentals range from $1,000 to $30,000 per annum.

iii) The subsidiary company, Datec (Fiji) Limited, is committed to pay annual rent of approximately $317,000 (2017: $317,000) in relation to its premises.

iv) The subsidiary company, Telecom Vanuatu Limited has entered into various lease agreements with various parties for its warehouses and retail outlets throughout the country. The terms of the leases vary from 1 to 10 years and total lease rentals amounts to VUV7,332,000 per month.

Telecom Vanuatu Limited has also entered into various lease agreements with various parties for its base stations. The term of the various leases ranges from 1 to 5 years and total lease rentals amounts to VUV16,760,000 per annum.

c) Finance lease liability

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

Not later than one year	159	2,901	-	-
Later than one year but not later than five years	228	370	-	-
Future finance charges	(20)	(47)	-	-
Net finance lease liability	367	3,224	-	-
Reconciled to:				
Current borrowings (Note 25)	146	2,864	-	-
Non-current borrowings (Note 25)	221	360	-	-
	367	3,224	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 31. COMMITMENTS (CONT'D)

d) Sponsorship agreement with Fiji Rugby Union

On 13 November 2017, 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 certain properties under the control of FRU, including the Kaji Tournament and the Under 20s Team 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 which include corporate entities 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 January 2018, 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, including the Fiji Bati team, Vodafone Cup Tournament, and Primary and Secondary School rugby events 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) Licence fees

Certain subsidiaries within the group are committed to pay licence fees to the Government of Fiji, the Government of Kiribati (for Amalgamated Telecom Holdings (Kiribati) Limited) and the Government of Vanuatu (for Telecom Vanuatu 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.

h) Acquisition of shares in Bluesky Group

On 23 September 2016, the holding company, Amper SA of Spain and eLandia International Inc. of USA entered into a Sale and Purchase Deed where the primary transaction is for the holding company'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 first two payments for the transaction have been paid as refundable deposits at USD 30 million (refer note 21) 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 United States. The holding company is committed to make the balance payment and complete this transaction depending on final pending approvals and consents.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 31. COMMITMENTS (CONT'D)

i) 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Within one year	966	754	-	-
Later than one year but not later than five years	1,520	616	-	-
	2,486	1,370	-	-

NOTE 32. 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
Mr Taito Waqa
Mr Tom Ricketts
Mr Sanjay Kaba

Directors' remuneration is disclosed under Note 11.

c) Sales of services and interest

The following transactions were carried out with related parties:

	Group		Holding Company	
By ATH:	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest income from other related entity	60	60	60	60

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.

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 31. COMMITMENTS (CONT'D)

d) Superannuation

Fiji National Provident Fund	3,334	3,374	73	44

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:

Advertising expense	153	24	8	-
Interest expenses and fees	43	274	41	132
Operating leases - parent entity	63	63	63	63
Rental	691	698	-	-

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:

Salaries and other short-term employee benefits	6,488	5,078	514	297

NOTE 32. RELATED PARTY DISCLOSURES	**Group**		**Holding Company**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
g) Year-end balances arising from sales/purchases of services				
Receivables from related parties (Note 21):				
- Subsidiary companies (including dividends)	-	-	38,294	33,155
- Ultimate parent entity	331	74	-	-
- Other related parties of the group	-	347	186	6
Payables to related parties (Note 27):				
- Ultimate holding entity	294	251	-	-
h) Loans and advances to / (from) related parties				
Advance to other related entity - Amalgamated Telecom Nominees Limited (Note 21)	2,482	4,983	2,482	4,983

Refer Note 21 for terms underlying the advance to other related entity.

i) Borrowings from ultimate parent entity				
Term loans (Note 25)	-	2,757	-	2,712
j) Held-to-maturity investments				
Term deposits held with the HFC Bank (Note 20)	12,000	12,000	-	-

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 33. 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 (d).

	Immediate parent	Class of shares	Equity holding 2018	Equity holding 2017
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%	100%
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%	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 34. 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

(ii) **Summarised Financial Information of Associated Companies**

Name	Total Revenue $	Profit $	Total Assets $	Total Liabilities $	Net Assets $
Bluesky SamoaTel Investments Limited	47,627,838	2,481,236	75,807,447	36,089,605	39,717,842

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 35. SEGMENT REPORTING

a) Operating Segments

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Group $'000
31 March 2018					
Revenue					
External customer	66,386	380,756	13,274	-	460,416
Inter-segment	14,564	7,030	50,202	(71,796)	-
Other income	15,424	6,743	4,747	-	26,914
Share of profit from associate	-	-	462	-	462
Total revenue	96,374	394,529	68,685	(71,796)	487,792
Expenses					
Depreciation and amortisation	17,084	35,311	1,974	(250)	54,119
Finance cost/(income)	(210)	2,916	3,028	-	5,734
Direct and other expenditure	57,055	264,481	10,255	(24,244)	307,547
Total expenses	73,929	302,708	15,257	(24,494)	367,400
Segment profit before tax	22,445	91,821	53,428	(47,302)	120,392
Operating assets	136,899	363,775	463,983	(275,210)	689,447
Operating liabilities	43,355	209,921	150,392	(62,554)	341,114
Other disclosures					
Capital expenditure	22,835	65,856	518	(4,903)	84,306
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

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 35. SEGMENT REPORTING (CONT'D)

b) Geographical segments

	Fiji $'000	Outside Fiji $'000	Elimination $'000	Group $'000
31 March 2018				
Revenue				
External customer	393,572	66,844	-	460,416
Inter-segment	70,830	966	(71,796)	-
Other income	22,260	4,654	-	26,914
Share of profit from associates	-	462	-	462
Total revenue	486,662	72,926	(71,796)	487,792
Expenses				
Depreciation and amortisation	45,039	9,330	(250)	54,119
Finance cost / (income)	3,172	2,562	-	5,734
Direct and other expenditure	281,738	50,053	(24,244)	307,547
Total expenses	329,949	61,945	(24,494)	367,400
Segment profit before tax	156,713	10,981	(47,302)	120,392
Operating assets	863,771	100,886	(275,210)	689,447
Operating liabilities	335,989	67,679	(62,554)	341,114
Other disclosures				
Capital expenditure	62,426	26,783	(4,903)	84,306
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

Notes to the Financial Statements for the Year Ended 31 March 2018 (Cont'd)

NOTE 36. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

a) The holding company, Amalgamated Telecom Holdings Limited (ATH) commenced to integrate subsidiary Fiji International Telecommunications Limited (FINTEL) with fellow subsidiary Telecom Fiji Limited (TFL) as part of ATH Group restructuring. It is envisaged, the proposed integration will involve TFL acquiring FINTEL's business on a going concern basis together with FINTEL's assets, liabilities, rights and obligations. This transaction is subject to regulatory approvals and the completion of required regulatory and other required formalities.

b) On 26 June 2017, the holding company, Amalgamated Telecom Holdings Limited received the formal approval from the Office of the Regulator in accordance with section 31 of the Samoan Telecommunication Act for the transfer of shares authorizing the change of control for various telecommunications licences and permits granted to Bluesky Samoa Limited. Furthermore, on 1 November 2017, approval from the Business Trade Investment Board (BTIB) for registration as a foreign enterprise and to carry on business in the Cook Islands was also received.

   However, share transfers of Bluesky Samoa Limited and Telecom Cook Islands Limited and appointment of ATH Nominee directors to replace AST Nominee directors for the above two entities (effective change of control) was not transferred, given the US approvals for Bluesky transactions by the Federal Communication Commission of USA (FCC), Committee of Foreign Investments in United States (CFIUS) and security review of the transaction by Team Telecom remained pending as of the date of this report and the parties agreed in principle to complete the transaction at the eLandia group level instead of on a piecemeal basis.

NOTE 37. 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 38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 22 June 2018.

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 2018:

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

2. Top 20 shareholders report:

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	1,789,583
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
Jacks Equity Investment Limited	73,961

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

Holding	No. of Holders	Total % Holding
Less than 500 shares	45	0.00
500 to 5,000 shares	1,218	0.50
5,001 to 10,000 shares	128	0.25
10,001 to 20,000 shares	41	0.15
20,001 to 30,000 shares	9	0.06
30,001 to 40,000 shares	4	0.03
40,001 to 50,000 shares	12	0.14
50,001 to 100,000 shares	13	0.24
100,001 to 1,000,000 shares	4	0.17
Over 1,000,000 shares	8	98.46
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 16 July 2009

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	88,557	316,609	14,634	4,413	21,393	46,922
Other Operating revenue (excluding dividends)	7,550	4,993	221	92	2	5,169
	96,107	321,602	14,855	4,505	21,395	52,091
Depreciation and amortisation	17,084	25,822	1,817	137	3,088	6,310
Impairment	258	-	-	-	-	-
Cost of Sales	17,257	131,282	1,506	408	7,915	15,211
Other expenses	39,532	83,052	4,087	1,432	7,074	20,503
Finance cost/(income) net	(211)	354	(822)	(61)	600	1,963
Income tax expense/(benefit)	4,268	16,358	1,665	525	999	-
	78,188	256,868	8,253	2,441	19,676	43,987
Net profit after income tax (excluding dividends)	17,919	64,734	6,602	2,064	1,719	8,104
Operating assets	136,899	262,889	47,134	6,208	31,462	69,423
Operating liabilities	43,355	142,264	6,495	3,215	27,711	40,105
Shareholders' equity	93,544	120,625	40,640	2,993	3,751	29,318

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 2018 ($'000)	For the 12 months ended 31 March 2017 ($'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)
Operating Revenue	460,416	394,702	356,211	310,668	281,004	270,469	249,411	247,068	254,783	284,214
EBIT	125,664	108,411	90,878	85,272	46,664	(31,040)	51,251	36,775	32,136	72,768
EBITDA	180,503	153,611	134,468	129,903	93,109	26,171	108,603	94,023	80,500	116,830
Net Earnings	64,926	54,222	56,725	49,812	14,469	(15,905)	18,362	4,142	15,382	33,144
Earnings per share	15.4 cents	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
Return on equity	20.3%	22.3%	26.5%	25.7%	8.4%	(9.3%)	8.9%	2.1%	7.2%	15.2%
Total Assets	689,447	635,313	466,882	417,105	396,813	444,481	518,839	504,054	508,137	502,410
Return on assets	12.2%	19.2%	23.0%	22.7%	10.7%	(5.6%)	8.9%	5.2%	7.4%	18.3%
Current Ratio	1.2 times	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
Net Debt	99,723	118,233	12,139	22,394	46,606	63,781	85,098	102,493	87,883	69,204
Gearing	22%	29%	5.0%	9.0%	19.0%	23.0%	24.0%	30.0%	26.3%	22.3%
Interest cover	14.6 times	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	129,828	132,590	105,006	116,340	94,252	92,739	78,949	76,082	72,340	62,201
Capital expenditure	84,306	43,412	71,932	60,810	24,636	52,429	27,699	73,376	63,920	69,489
Dividend per share	$0.045	$0.06	$0.08	$0.07	$0.05	$0.045	$0.03	$0.03	$0.05	$0.08
Net Tangible Asset per share	$0.61	$0.50	$0.44	$0.41	$0.35	$0.35	$0.44	$0.51	$0.58	$0.57
Market price per share	$2.28	$1.32	$1.20	$1.01	$0.80	$0.84	$0.75	$0.89	$1.00	$1.16
Maximum market price per share	$2.30	$1.32	$1.25	$1.01	$0.86	$0.89	$0.89	$1.01	*	*
Minimum market price per share	$1.32	$1.08	$1.00	$0.81	$0.60	$0.70	$0.65	$0.88	*	*
Price Earnings ratio	14.8 times	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
Dividend Yield	1.9%	4.5%	6.7%	6.9%	6.3%	5.4%	4.0%	3.4%	5%	6.9%

Group of Companies

Subsidiary Companies

Vodafone Fiji Limited
168 Princes Road, Tamavua
Private Mail Bag, Suva
Phone (679) 3312-000
Fax (679) 3300-162
Website: www.vodafone.com.fj

Telecom Fiji Limited
Level 5 Telecom New Wing Building
Edward Street
Private Mail Bag, Suva
Phone (679) 3304-019
Fax (679) 3307-311
Website: www.tfl.com.fj

Fiji International Telecommunications Limited
151 Rifle Range, Vatuwaqa
G P O Box 59, Suva
Phone (679) 3312-933
Website: www.fintel.com.fj

Amalgamated Telecom Holdings (Kiribati) Limited
P O Box 72
Bairiki, Tarawa, Kiribati
Phone (686) 74020700
Website: www.athkl.com.ki

Telecom Vanuatu Limited
Telecom House
Father Walter Lini Highway
P O Box 146
Port Vila, Efate, Vanuatu
Phone (678) 22185
Fax (678) 22628
Website: www.tvl.vu

Fiji Directories Limited
Level 4 Telecom New Wing Building
Edward Street
G P O Box 16059, Suva
Phone (679) 3311-000
Fax (679) 3300-004
Website: www.yellowpages.com.fj
www.whitepages.com.fj

Datec (Fiji) Limited
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Fax (679) 3312-007
Website: www.datec.com.fj

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