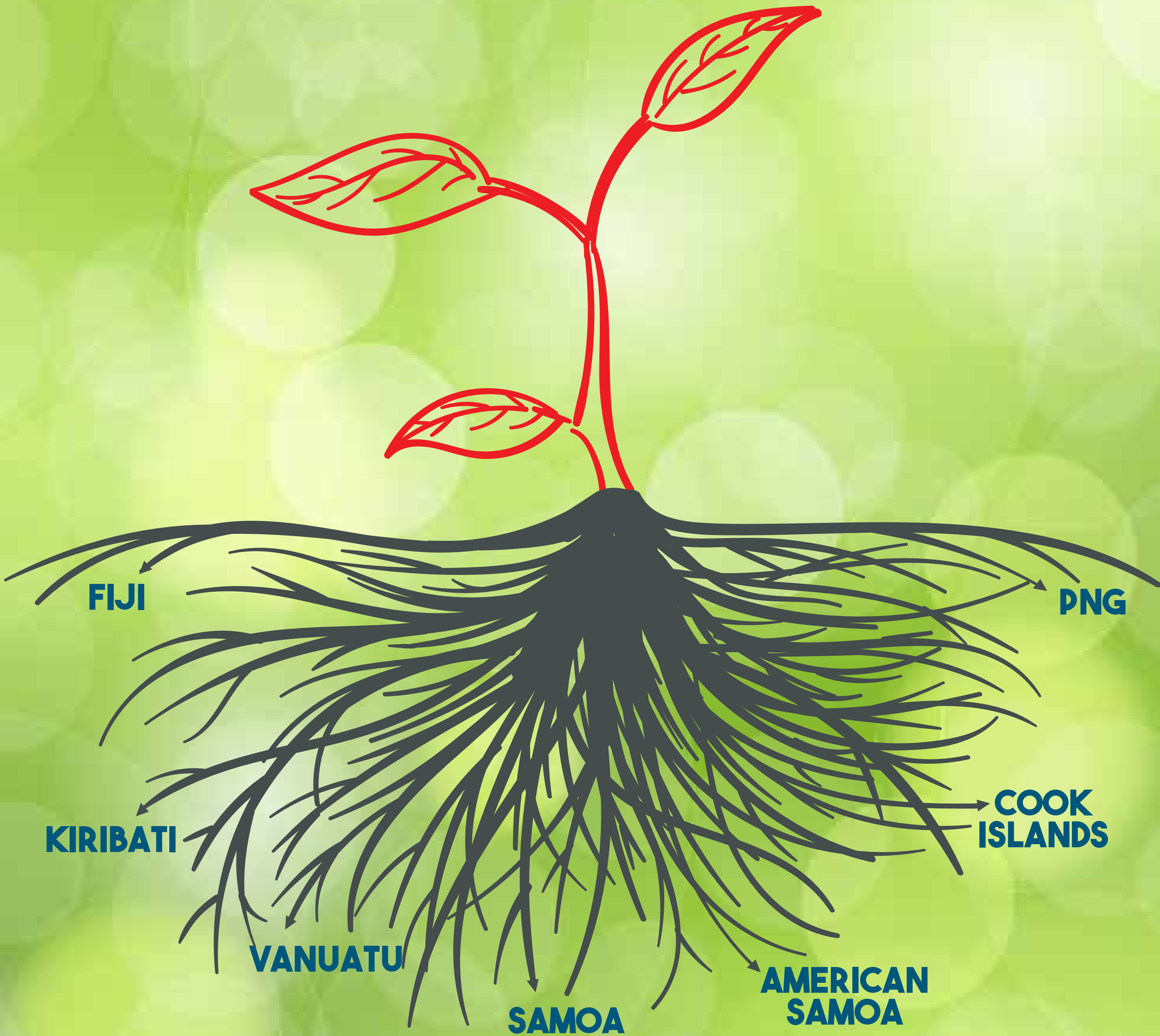
ATH Group of Companies

2020 ANNUAL REPORT



REGIONAL TELECOMMUNICATIONS GROWTH

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 investments 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 service and service offerings.

Efficiency

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

Effectiveness

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

Goals

ATH's goals are:

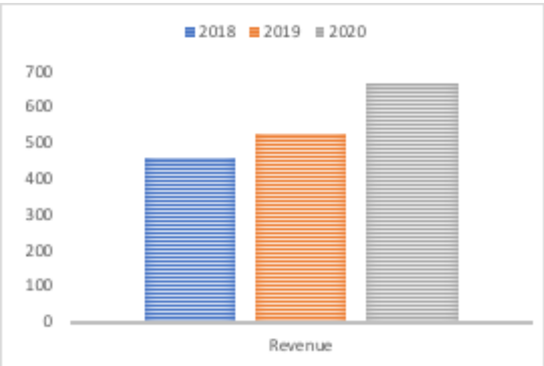
- Enhance shareholder value.
- Exploit convergence between the information and telecommunication sectors to enter new areas of business.
- Acquire existing businesses or create and invest in newly established businesses to achieve growth.
- Become a company operating internationally and prominent in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

Contents

Chairman's Report

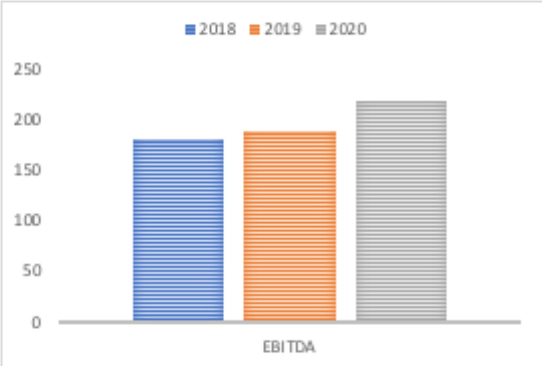
I am pleased to present our Annual Report for the year ended 31 March 2020.

Financial year 2020 has been another exciting, eventful and profitable year for the ATH Group as revenues and Earnings Before Interest, Tax, Depreciation and Amortisation continue to increase on a consolidated basis with our regional expansion which started in 2016. On a consolidated basis, our Group Revenue grew by 26.7%, EBITDA increased by 16.7%.



This growth shows the results of the tremendous effort put in by the subsidiary companies in consolidating and maximising our new operations in American Samoa, Samoa, Cook Islands and Papua New Guinea. I am proud to say that in this financial year, our subsidiaries in Kiribati, Vanuatu, Samoa and Cook Islands have rebranded as Vodafone. The deployment of the Vodafone brand across the Group is expected to drive stronger brand recognition across the Group companies in the region. However, more importantly, each of the Group companies will be out to provide the high quality world class services and user experience that customers have come to expect from Vodafone.

While it is true that the net profit was affected, it is important to mention that this year's results have been achieved despite COVID-19 and its impact in the tourism sector and the strengthening of the United States (US) currency against the Fijian dollar.



Despite the adverse consequences of COVID-19, we have made good progress on our continuing journey in the Pacific allowing us to consolidate the Group's position in the markets in which we operate while further expanding our geographical footprint in Papua New Guinea through ATH's 70% interest in the Digitec Group. As a result of the acquisition of the Digitec Group we now have access to the requisite telecommunications licences and radio spectrum rights to enable the construction of a greenfield mobile broadband network. I am pleased that management has pushed forward, with an ambitious growth strategy balanced by organic growth and acquisitions that underlies the sustainability of the project in the medium and long term.

The entire world came to a standstill shortly into the month of March 2020. Supply chains disrupted, planes grounded, factories shut down, and shops, cinemas, schools and offices closed doors; and half of humanity locked themselves down in their homes. Tourism, the key export earner in Fiji and much of our markets in the Pacific, was disastrously affected and the ATH Group had to prepare for tough times.

Mobility and personal contact fell dramatically; passenger air traffic screeched to a halt. All life moved from the physical to the virtual world: shops went online, cinemas went online, offices went online, schools went online.

While our corporate business revenues proved to be severely impacted, we have also witnessed some mitigating effects to our overall business. Telework became the norm wherever possible. Students re-established contact with teachers through distance learning. Entertainment passed through audio-visual

Chairman's Report (Cont'd)

platforms as did music, reading and other forms of leisure. Family and friends resorted to landline calls and internet video conferences as their new meeting point.

Our subsidiaries throughout the region were actively involved with reinforcing the support structure that kept the business, cultural, educational, labour and financial activity of our societies alive. That was our primary contribution to this health, social and economic emergency: keeping communications up and running. Over the course of those difficult weeks we responded in other ways to our different stakeholders in all markets.

We put people and the health of our employees first. The sense of belonging has always been strong in the ATH Group, but these extenuating circumstances has driven us closer than ever. We responded to our suppliers by treating them as true partners and alleviating their need for liquidity. In general, we did our best to be useful to society as a whole. Along these same lines, we made our technical, human and material resources available to Government administrations and the health system. This was our resolute response to an unprecedented situation.

On behalf of all ATH Directors, I must express profound gratitude and appreciation to the management and employees of the Group, who have spared no effort in finding ways to ensure that each company remained sustainable during this crisis including the personal sacrifices made for the greater good of the companies they work for and the countries we do business in.

Over and above the specific circumstances of the emergency faced by different communities and also beyond the contribution made by our Group to the collective response, this crisis has taught us that telecommunications is a vital sector in contemporary societies. In fact, along with health and basic necessities, communications have stood out as one of the great needs of people today. Our sector is essential for people, companies, societies and economies. Telecommunications companies are an essential backbone of our society today. Many functions in today's world can only fulfil their role if they have robust networks. This reaffirms the investment decisions ATH made in recent years to strengthen our networks which enabled us to be in the strongest possible position to confront this situation.

Key Highlights

I am delighted to report to shareholders that the transactions that were completed last year are now ramping up their improvements towards full potential where our regional expansion allows ATH to continue stamping its mark as a regional telecommunications player.

The ATH Group now has 15 operating companies in ten Pacific Island markets, and, as previously reported, the Group revenue delivered from operations outside of Fiji continued to increase. This financial year, regional businesses contributed approximately 36% of the total revenue of the Group. As shareholders are aware, it is our intention to keep diversifying the earnings and revenues of the Group in the coming years.

ATH has consolidated the results of the Bluesky Group operating companies acquired early last year in American Samoa, Samoa and Cook Islands, together with the operating companies coming from the incorporation of ATH International Venture Pte Limited (Digitec Group), Etech ICT Pte Limited in Singapore, Etech ICT Pty Limited in Australia, Digitec ICT Limited in Papua New Guinea.

Beyond Financials

Consolidating also means integrating teams, aligning strategies and objectives and promoting a culture and a common language. Neither must we lose sight of the fact that the market will continue to offer growth opportunities. The integration of these operations within the Group is giving us the ability to achieve scale quickly and profitably with an experienced leadership team and strong sales force. As a combined Group, we were able to gain some cost savings from supplier consolidation and some early synergies were achieved.

With increased capacity in management, technical support, sale forces and support team we will be able to offer a wider selection of services and products to both existing and new clients.

Another prominent headline would be the trust that ATH's shareholders continue to place in our project, evidenced by their high degree of participation in the Rights Issue Offer despite COVID-19 which was approved in last year's Annual General Meeting.

A total of 25,807,044 new shares were issued despite the difficult conditions and ATH received valid applications for entitlements totalling $51,614,000 from eligible shareholders. The Offer proceeds will be used to recapitalise ATH's balance sheet by repaying borrowings, providing funding for capital investment and for general corporate and working capital purposes, thereby providing financial flexibility to execute our strategy. The global pandemic has most certainly made this much more difficult; however, in light of such difficult circumstances, the outcome is satisfying. This reflects the trust in a project that combines geographical expansion with stability and recurrence of the flows generated.

Chairman's Report (Cont'd)

Appointments

I am very pleased to announce the appointment of Ms Kalpana Lal to the ATH Board as a Director. Ms Lal is the Head of Unit, Administration and Finance at Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Pacific operations based in Suva since 2011.

She is a highly regarded professional with expertise in the area of accounting and financial management, administration, management advisory services, organisational restructure, change management, leadership, communication, auditing, contract management and human resources. Ms Lal's experience and insight will add tremendous value to the ATH Group, where we continue our strategic effort to empower a new generation of highly skilled women.

Ms Ana Inamata joined the team at Vodafone Cook Islands in May 2020 as the new Financial Controller. She brings with her a wealth of experience in accounting and tax having previously worked for KPMG Chartered Accountants for over 15 years. Whilst her primary focus will be to manage the finance function of the Company, she will also have a key oversight role over the Cook Islands Group holding companies.

We are proud of the growing team of talented women at all levels in our Group. They have embraced our goal of environmental, health and safety excellence, and, through their efforts, we have made good progress and we are in a stronger position to face industry challenges.

Mr Pradeep Lal took up additional responsibilities to oversee the PNG Mobile Network Roll-Out Project as the Chief Executive Officer/Managing Director from 1 March 2019. He is also the Regional Chief Executive Officer of Vodafone Fiji Pte Limited and has been serving Vodafone Fiji in this capacity since December 2017. Prior to this, he was Chief Executive Officer between 2014 and 2017. He has been with Vodafone for over two decades having served in various other executive capacities such as Chief Operating Officer, Chief Financial Officer, and Company Secretary. Mr Lal has been instrumental in implementing the Group's Regional Expansion Strategy and achieving synergies amongst the entities.

Mr Paul Michael Young is currently Bluesky American Samoa's Chief Operating Officer and the American Samoa Hawaii Cable's President. He was previously Governor Lolo Matalasi Moliga's Special Assistant for Economic Development and Finance and the Managing Director of the American Samoa Power Authority. An actuary by training, he has been the Chief Actuary and Chief Financial Officer for numerous companies and worked throughout the Pacific and Asia for development organisations like USAID, the United Nations and Asian Development Bank as a governance, finance and budget adviser.

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 towards their respective subsidiary boards.

On behalf of the Board, I would like to thank our shareholders, our dedicated ATH Group staff and our respective subsidiary management teams for their outstanding efforts and continued co-operation throughout the year.

I am extremely excited with the opportunities ATH will be working on and look forward to providing you an update on our journey again next year.

Ajith U Kodagoda
Chairman

Chief Executive Officer's Report

The world is facing daunting challenges brought on by the COVID-19 pandemic. The world's initial responses to COVID-19 is helping to delay contagion; however, it has also created disastrous outcomes in all the economies we are present in. Taking a broader view, we believe that the crisis is, however, also a creator of opportunities.

The spread of COVID-19 across the region is having a significant impact on our day-to-day lives, changing the way we interact with others, introducing new ways of working and curtailing our movements as we adhere to new measures introduced by governments to limit infection and protect the more vulnerable within our societies.

The telecommunications sector has been fortunate and spared the full brunt of the disruptions. In fact, in many settings, telecommunications, in being able to facilitate communication dissemination of information, remote working, digital lifestyles and online business is an essential component of rebuilding societies and economies. Even with the COVID-19 phenomenon, it is estimated that global internet traffic is still expected to grow at 40% per annum. Therefore, our telecommunications facilities and services will be under pressure to ensure that we remain fully capable of addressing the sudden shift in customer requirements.

How it pens out for the business of the Group entities for the new financial year is still uncertain at this stage. We have prudently taken provisions in the 2020 financial year to strengthen our position for 2021. However, the Group continues to monitor and assess its business operations daily, and will respond, as appropriate. Operating companies have implemented measures, protocols and developed alternative arrangements to ensure the safety of our customers, and to ensure the resilience and continuity of our services.

ATH is committed to doing its utmost to support society and rebuilding the economies in these difficult times. As a provider of critical connectivity and communications services enabling our digital society, ATH will assist the communities in the region, and we are committed to offering governments and relevant agencies a fast responsive service as a critical part of their response to the crisis by maintaining the quality of service of networks, providing network capacity and services for critical Government functions, improving dissemination of information to the public and facilitating working from home and assisting the small and micro businesses within our supply chain.

Financial Results

For the financial year ended 31 March 2020, with close to three quarters of the financial year being recorded prior to COVID-19, the Group achieved an operating revenue of $662 million, representing an increase of 26.7%, compared to the same period last year. This result has been driven by the incorporation of full year revenues for the acquisitions of the Bluesky Group and the Digitec Group and other organic growth during the year.

On the back of expansionary and organic growth revenues, quality improvements and continuing efficiency gains, we achieved a Group EBITDA of $221 million, representing an increase of 16.7% compared to the same period last year.

During the current year, other expenses increased by 39.2% over the same period last year. The increase in these expenses were mainly due to the inclusion of full year results of the Bluesky Group and the Digitec Group, together with the full amortisation of the Bluesky brand in Samoa and the Cook Islands, as a result of rebranding these entities under the Vodafone banner.

Increase in ATH core debt to complete the recent acquisitions has increased net financing cost from $17 million to $33 million. Part of the increase is also due to the appreciation of the United States Dollar (USD) against the Fijian dollar during the year as the majority of ATH Group loans are denominated in USD.

The Group net profit before tax and interest amounted to $103 million which is a reduction of 13.8% over the same period last year. The decrease in the Group net profit before tax and interest was mainly due to the one-off costs and non-cash items such as the above mentioned full amortisation of the Bluesky brand in Samoa and the Cook Islands and the strengthening of USD currency.

Consequently, consolidated profit after income tax attributed to the members of the holding Company for the financial year was $14 million, a decrease of 66.3% from the financial year 2019.

Chief Executive Officer's Report (Cont'd)

Despite the unforeseen challenges, the fundamentals of the Group remain strong with a healthy cash flow as a result of growth in its business operations and revenues, aggressive cost controls and reaping on-going benefits from economies of scale and synergies. The increase in revenues and EBITDA contribution from the regional businesses are proof that our objective to diversify our revenue base is being validated. Additionally, the provisions ATH has taken to close out the 2020 financial year are expected to show up the financial robustness of the Group to accommodate the highly uncertain future.

During these tumultuous times, it is of primary importance for us to maintain prudent financial policies and continue to vigilantly monitor and control financial risks to maintain healthy cash flow generation capabilities, as well as value preservation and enhancement capabilities. In addition, the Group will focus also on maintaining a healthy capital structure, and reinforce and develop favourable economic benefits, to continuously create value for its shareholders.

We remain steadfast in our vision to drive the value of the Group through its regional expansion. Our focus on the Papua New Guinea (PNG) wireless Broadband network greenfield project will bring to life a wonderful, unparalleled opportunity in the region, delivering modern, world class services and products to a desperately under served market of nine million people.

Business Development

COVID-19 has impacted and challenged certain aspects of the Group's operations and developments and will undeniably continue to have future impacts and implications for everyone. For example, with global tourism being severely impacted, our revenues from businesses directly involved in or supporting tourism have declined correspondingly. However, crisis sparks opportunity as well. Therefore, with the world needing to quickly adjust to this new reality, demand for new telecommunication services in areas such as video conferencing, electronic commerce, cashless payments, online education, remote office and video entertainment, etc, will accelerate widespread adoption of many of these innovations into our daily lives.

In all our markets we have been actively participating in COVID-19 support and mitigation initiatives to cushion the impact on individuals, facilitating the resumption of work, supporting the governments, customers, supply chain partners and our employees. We firmly believe that telecommunications and ICT technologies and services will be at the forefront of redefining how the world will recover and flourish.

I am also pleased to inform shareholders that our Papua New Guinea project is making great progress. We envisage a great relationship between ATH and key investment partners, such as the Asian Development Bank, as a cornerstone investor and other Pacific Island Funds.

Papua New Guinea is the Pacific region's largest, but least-developed telecommunications market, with only 11% of the population having internet access. We assess immense opportunities for investors by addressing the needs of that market through boosting digital connectivity in low income communities, especially in rural and remote villages, to spur economic opportunities and providing better access to digital services in finance, public health, and education.

Outlook

The immediate future is highly uncertain and will be extremely challenging. Should the effects of the pandemic be prolonged then there is a great likelihood that more businesses and individuals will be significantly impacted. However, with a number of markets still needing additional investments to service demand, the long term prospects, nevertheless, remain a good proposition and ATH remains focused on achieving its overall strategic objectives.

Each of the ATH operating companies will continue to relentlessly revisit its cost base, looking for opportunities to drive efficiencies and to incorporate additional flexibility to allow them to respond more easily to the uncertainty ahead of us.

As we remain confident of long term growth, the ATH Group is looking to continue with work on capitalising its balance sheet, to complete the projects that are underway, and to further progress, realising synergies and efficiencies from each of the operating companies. While striving forward with our regional expansion, we will also accelerate the development of products and services to tap into new opportunities presented by this pandemic.

Acknowledgement

Financial year 2020 was another year of success for the ATH Group and I believe we are well positioned for financial year 2021. Given our opportunities for further expansion, both organically and through acquisitions, I remain confident that the ATH Group will continue to strengthen its market leadership positions and grow for many years ahead.

Our many accomplishments would not have been possible without the valuable contributions and support of our shareholders, loyal customers, Board of Directors, business partners and dedicated employees. I thank them all for their support and dedication as we continue to execute our short term and long term strategies.

Ivan Fong
Chief Executive Officer and
Company Secretary


vodafone


vodafone

Board of Directors

Ajith U Kodagoda
Chairman

Taito R Waqa
Director

Arun K Narsey
Director

Kalpana Lal
Director

Tom Ricketts
Director

Umarji Musa
Director

David Kolitagane
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 the Fiji Government's investments in the telecommunications sector were consolidated for the purpose of privatisation under its public sector reform programme.

ATH commenced operations on 16 December 1998 following the sale of a 49% strategic stake in the Company to the Fiji National Provident Fund (FNPF) 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 (SPX), Government partially divested 50% of its remaining shares in ATH. As a result, FNPF increased its shareholding in ATH from 58.2% to 72.3% while Government remains ATH's second largest shareholder with 17.3% interest.

The remaining shareholders consist of companies and individuals with 10.4% or 1,459 shareholders as at 31 March 2020.

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 first extended its footprint in the region with its acquisitions in Kiribati and Vanuatu, followed by the acquisition of Bluesky Group and its operations in Samoa, American Samoa and the Cook Islands on 22 February 2019, together with the acquisition of Digitec Group in Papua New Guinea on 4 June 2019. 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 Pte 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 Pte 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 FNPF respectively.

On 20 May 2015 Vodafone Fiji acquired 100% of Datec (Fiji) Pte Limited which 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 Pte Limited (FINTEL) is a 100% owned subsidiary of ATH which provides and operates international telecommunication facilities and connectivity for operators in Fiji and the region.

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

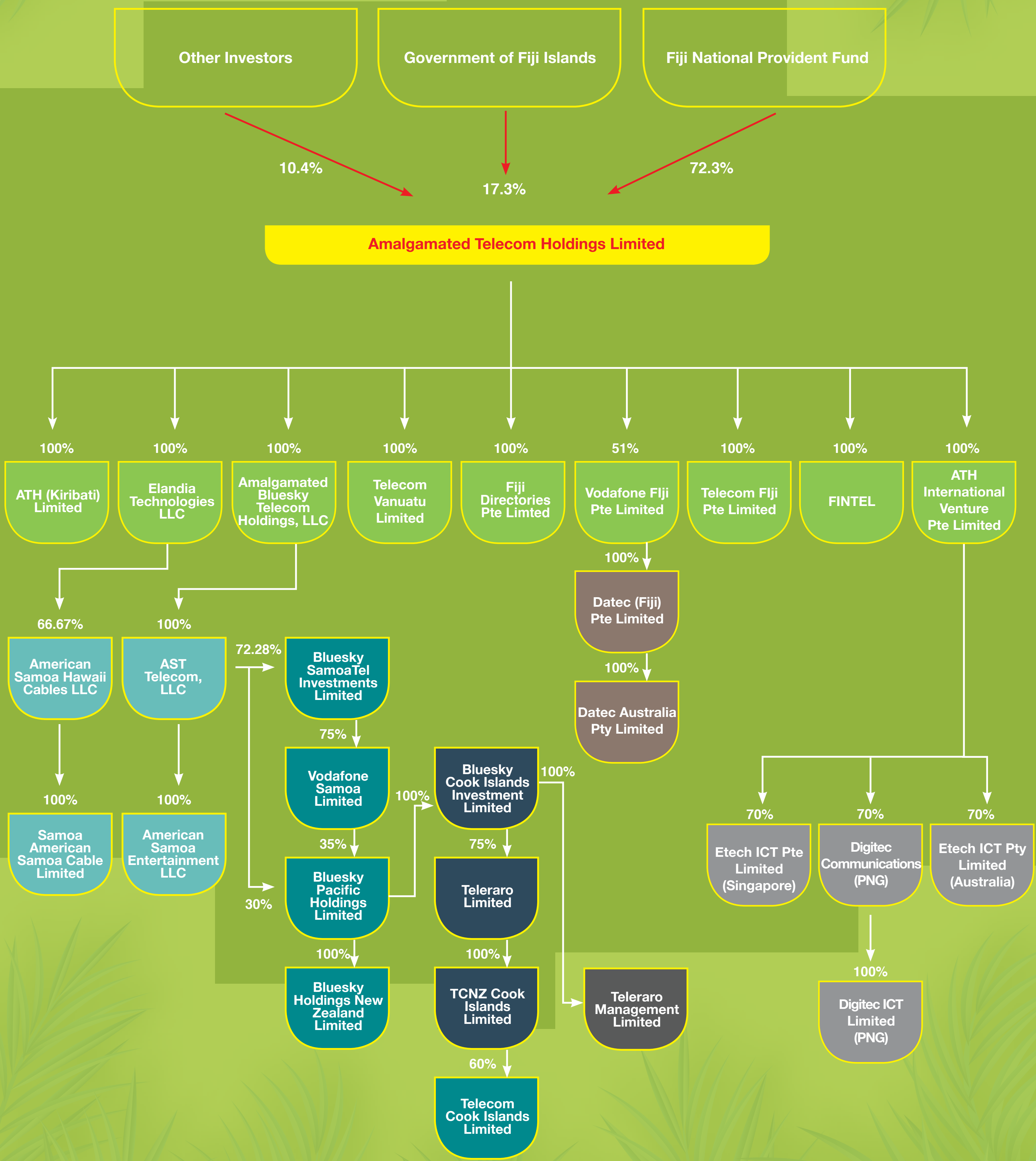
ATH acquired substantially all the assets of Telecommunications Services Kiribati Limited (TSKL) on 26 May 2015 and incorporated a new company, Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL), now trading as Vodafone Kiribati, to hold and operate the assets and provide telecommunication services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

On 27 March 2017 ATH acquired 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, now trading as Vodafone Vanuatu, is incorporated and domiciled in Vanuatu.

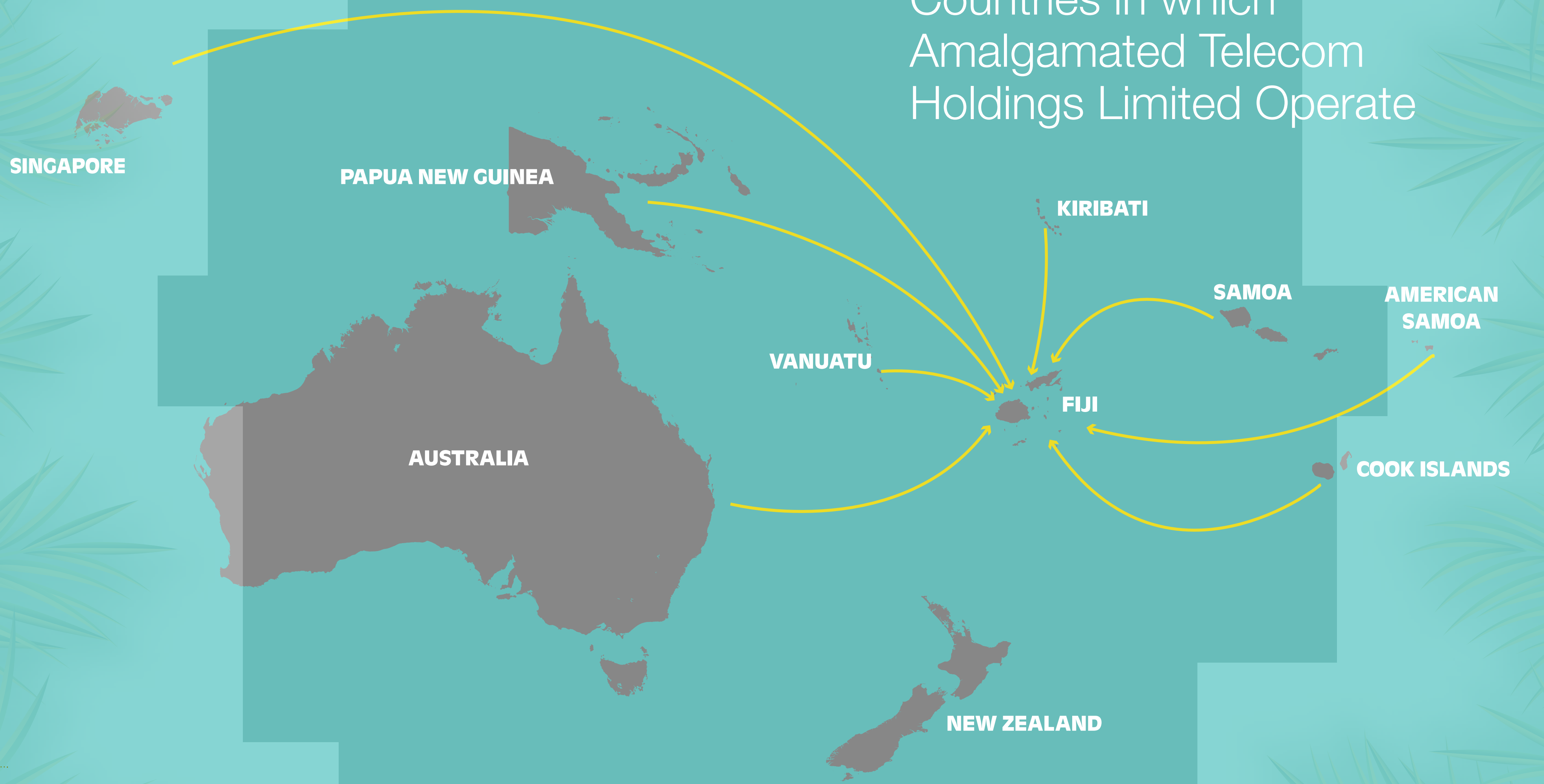
ATH completed its transaction with Amper SA to acquire its interests in the Bluesky Group on 22 February 2019. The Bluesky Group consists of key telecommunication operators and submarine cables in the telecommunications industry in Samoa, Cook Islands and the Territory of American Samoa. The Bluesky Group's operations include AST Telecom, LLC, Samoa American Samoa Cable, American Samoa Hawaii Cable, Vodafone Samoa, and Vodafone Cook Islands. It represents another breakthrough in the expansion strategy of the Group, consolidating ATH's interests in the Pacific and reinforcing its presence as one of the key telecommunications operators of the region.

In addition, ATHIV, a fully owned holding company incorporated in Singapore on 7 December 2018, purchased 70% shareholdings in each of Digitec Communications Limited, Etech ICT Pte Limited and Etech ICT Pty Limited. The Digitec Group of Companies is based in Papua New Guinea, Singapore and Australia respectively and provides internet services, computing hardware, software and cloud services in Papua New Guinea. (Completion of ATH holding company's investment in Digitec Communications Limited occurred on 4 June 2019).

ATH Group Structure



Countries in which Amalgamated Telecom Holdings Limited Operate



Corporate Governance

ATH provides the following corporate governance statement for the year ended 31 March 2020 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, risk 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 appointed by the Fiji National Provident Fund (FNPF) and three (3) are Fiji Directors nominated by Government. 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.

Ms Kalpana Lal was appointed a Strategic Investor Director on 1 February 2020.

The Directors in office on 31 March 2020 are:

Name		Date of Appointment
Mr Ajith U Kodagoda	Fiji Director	16.07.2009
Mr Umarji Musa	Fiji Director	19.08.2010
Mr David Kolitagane	Fiji Director	31.08.2016
Mr Taito R Waqa	Strategic Investor Director	21.08.2008
Mr Tom Ricketts	Strategic Investor Director	07.08.2009
Mr Arun K Narsey	Strategic Investor Director	01.09.2010
Ms Kalpana Lal	Strategic Investor Director	01.02.2020

The Directors are appointed or 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 $183,445 was paid to Directors for their service during the year in accordance with the shareholders resolution at the 21st Annual General Meeting. A further sum of $13,020 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 six times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	Number of meetings	
	Attended	Held
Mr Ajith U Kodagoda	6	6
Mr Umarji Musa	6	6
Mr David Kolitagane	5	6
Mr Taito R Waqa	6	6
Mr Arun K Narsey	5	6
Mr Tom Ricketts	4	6
Ms Kalpana Lal	1	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, reviewing the quarterly and annual financial statements, and monitoring the Company's compliance with applicable laws and Stock Exchange requirements.

Corporate Governance (Cont'd)

Board Sub-Committee meetings and attendance during the financial year ended 31 March 2020 were as follows

Name	Audit and Finance		Human Resources	
	Number of Meetings		Number of Meetings	
	Attended	Held	Attended	Held
Mr Ajith U Kodagoda	2	3		
Mr Umarji Musa	3	3	15	15
Mr Taito R Waqa (Chair)			15	15
Mr Arun K Narsey (Chair)	3	3		
Mr Tom Ricketts	1	3		

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 (SPX) and Reserve Bank of Fiji (RBF). 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 SPX continuing listing requirements, the Company issues market announcements of material information, six-monthly unaudited financials, annual audited financials and annual report. The same information is posted on SPX and ATH websites. All shareholders are invited to the AGM, receive a copy of annual report and notice of meeting prior to the AGM and are given an opportunity to communicate directly with the Board of Directors.

Accountability and Audit

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

Risk Management

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

Vodafone Fiji Pte Limited

Mr Ajith U Kodagoda	**Chairman**
Mr Andrew Fairgray	**Director**
Mr Russell Hewitt	**Director**
Mr Robin Yarrow	**Director**
Mr Isikeli Tikoduadua	**Director**
Ms Kalpana Lal	**Director**

Overview

The proliferation of smart devices in a highly connected world is creating new business opportunities across all industry sectors and challenging traditional business models through disruptive technology and innovation. Vodafone Fiji is at the forefront of this revolution and has embraced new approaches to integrate smart things, people, systems and the physical world to drive new customer value propositions and provide opportunities to leapfrog competitors. This has resulted in a surge in demand for data connections and smart devices through a robust and highly capable network that can deliver faster and reliable speeds to all its customers.

Building on the successes of the past, with a highly adaptable business model attuned to global trends, there is continued optimism for future growth, particularly in the areas of Cloud Services, Internet of Things (IoT) and e-Commerce. Strong financial performance this year, coupled with the potential of a new "Pacific Enterprise" through increased footprint in the region, places Vodafone Fiji in a strong position to become the leading ICT provider in the Pacific.

The expansion of the Vodafone brand footprint in the Pacific through a name change of four mobile networks in Kiribati, Cook Islands, Samoa and Vanuatu has brought in synergies with potential to be leveraged for further expansion and growth. Preliminary assessment indicates acceptance of a trusted global brand by customers, suppliers and partners and this has assisted in bringing global best practices and innovative products and services to subscribers.

Our Infrastructure

Fiji needs strong, adaptable technology infrastructure to power our businesses, communities and our people and hence Vodafone Fiji has been leading the way by investing in its network and cloud infrastructure to allow businesses and households to realise the full potential that IoT has to offer. Vodafone Fiji has transitioned successfully to new generation technologies over the last 25 years from the second generation (2G) mobile networks to the current 4G+ IP network.

Vodafone Fiji is completing an ambitious network upgrade programme with a total capital expenditure investment in excess of $200 million. This project was initiated to cater for the current and anticipated future demand for data driven by increased penetration and IoT's. As part of the upgrade, most of our 3G base stations were upgraded to 4G+ technology. In addition to this, 147 new green field sites were added to expand coverage and capacity. This has led to greater digital inclusion of ordinary Fijians whilst providing the benefits of new technologies for key rural industries like tourism, agriculture and transport - technologies which rely on a fast, reliable and affordable mobile network.

We are continuing to evolve our 4G+ network towards delivering gigabit data speeds, increased throughput and lower latencies. These network enhancements are achieved through the continuous rollout of new 4G+ sites to increase cell density as well as incorporating a range of advanced technological solutions in radio and core networks. Capacity expansions on the back end core networks and modernisation of the billing platforms now offers greater flexibility and efficiency in delivering tailored solution to customers.

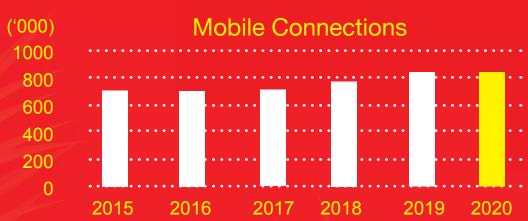
The next technological evolution for mobile networks naturally is to deploy 5G services. Supported largely by the back end and access infrastructure already in place, Vodafone is future ready for 5G should demand matenalise. 5G will enable average download speeds in excess of 1Gbps, combined with extremely low latency for real time services.

Our People

At Vodafone Fiji, our people are our brand; a group of dynamic and empowered individuals who are integral to our current and future success. We ensure continuous investment in our people through local and international training and development in line with industry needs and keeping the organisation ready to meet the challenges of the digital age whilst upskilling the employees through sponsorship of higher education. There is also a robust advocacy for equal opportunity and gender balance whereby women are encouraged and groomed to take up more leadership and management roles in the organisation. Our people have the freedom and opportunity to be innovation pioneers by adopting the latest technology in a bid to create a future we want and enrich the lives of our customers. Vodafone Fiji places precedence on establishing a working environment that attracts, develops and retains the best talent.

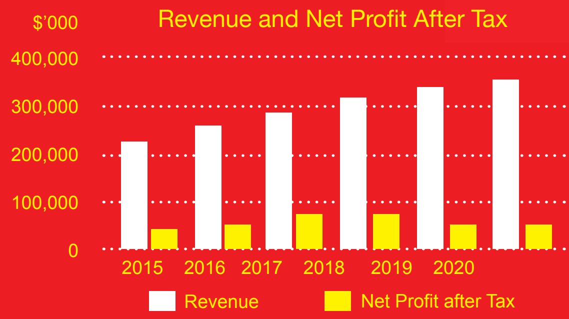
Financial Highlights

Vodafone Fiji continues to record customer growth as net subscribers increased to over 833,000 this year.



This is indeed strong performance in a highly competitive and evolving market. The Vodafone consolidated revenue increased by 4% from the previous financial year to $351 million.

Revenue and Net Profit after Tax



To meet the ever-increasing customer demands, Vodafone Fiji brings in a wide range of latest smart devices and wearables to the market. This has led to an increase in smartphone penetration on Vodafone Fiji's network to over 80%. Broadband internet consumption continues to grow as more and more homes become connected and content consumption increases. This is evident from the data and revenue growth achieved this financial year as customers take full advantage of Vodafone Fiji's high speed internet services and lucrative data packages.

Vodafone Business

The world is undergoing a rapid digital transformation and Fiji is no exception. Technologies such as virtualisation, cloud computing, unified communications, artificial intelligence and automation are driving innovation, changing business models and reshaping business operations. We are witnessing a shift as more businesses adopt smarter, newer and proven technologies to connect with their customers, offer personalised solutions and on demand information, whilst simplifying operations.

Digitalisation is the buzz word and a key operational theme across the entire business segment, regardless of size. Cloud, ICT and managed services have recorded the largest growth over the past year and now comprises 30% of total business revenues. The success is largely attributed to the security, flexibility, affordability and scalability that cloud-based solutions deliver, which are coupled with Vodafone's reliable connectivity solutions.

Vodafone Fiji has always been the technology leader and first to market. Last year we rolled out Fiji's first chatbot artificial intelligence to automate and takeover routine tasks in our Contact Centre. We have assisted various customers with contact centre services built on our cloud platform and are now getting ready to deliver the next generation of managed services. These include Analytics as a Service, Big Data, Chatbots, Cloud Integration, Security and Software Defined solutions.

Our strategy is to maintain our position as leaders in Fiji and the region and we have forged strong partnerships and alliances with strategic technology partners. We believe our unique footprint, expansion into the wider Pacific supported by the extensive partnerships provide us with a unique and competitive advantage in driving our Digital Transformation agenda.

Looking Ahead

The impact of COVID-19 pandemic in the final quarter of the financial year and its resulting economic impact, particularly on Fiji's tourism source markets, has enormously affected Fiji's largest hospitality and tourism industries. With many countries still in lockdown and cross-border travels largely restricted, it is predicted that the whole 2020 year will pose a challenging business environment.

Taking this into consideration, Vodafone Fiji acted swiftly to re-strategise and reduce all non-essential expenditure across the business in order to ensure that the business remains in a sound financial state while, at the same time, redirected resources to capitalise on new and emerging opportunities. With the exponential demand for digital services, because of the current pandemic, Vodafone Fiji is well positioned to meet customer demands through its expanded network infrastructure and innovative products and services.

Corporate Governance

Vodafone Fiji is committed to meeting high standards of corporate governance which it considers critical to business integrity, maintaining investors' trust, long term performance and sustainability.

Role of the Board

The Board is responsible for the overall conduct of the Company's business and has the powers, authorities and duties vested in it and pursuant to the relevant laws of the Republic of Fiji Islands. The Board has final responsibility for the management, direction and performance of the Company and its businesses. The Board is required to exercise objective judgement on all corporate matters, independent from executive management and is accountable to shareholders for the proper conduct of the business. The Board is also responsible for ensuring the effectiveness of and reporting on the Company's system of corporate governance.

Board Composition and Membership

The names of Directors in office on 31 March 2020 are:

Name	Title	Date of Appointment
Mr Ajith U Kodagoda	Chairman	19.04.2012
Mr Andrew Fairgray	Director	20.04.2015
Mr Russell Hewitt	Director	15.07.2009
Mr Robin Yarrow	Director	09.09.2009
Mr Isikeli Tikoduadua	Director	09.09.2009
Ms Kalpana Lal	Director	13.02.2020

The Board met four times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Ajith U Kodagoda	3	4
Mr Andrew Fairgray	4	4
Mr Russell Hewitt	4	4
Mr Robin Yarrow	4	4
Mr Isikeli Tikoduadua	4	4
Ms Kalpana Lal	1	1

Board Sub-Committees

The Remuneration Committee (REMCO) determines the Company's policy on the remuneration of the Chairman, Directors and the senior management team of the Company (EXCO). REMCO determines the total remuneration packages for these individuals. REMCO also reviews all human resources related policies and updates the Board as required. REMCO members do not attend meetings when their individual remuneration is being discussed and no Director is involved in deciding their own remuneration. The Committee is also responsible for appointing any consultants in respect of Executive Directors' remuneration.

REMCO is comprised of two Independent Non-Executive Directors as follows:

Mr Ajith U Kodagoda - Chairperson
Mr Russell Hewitt - Deputy Chairperson

Name	Remuneration Committee	
	Number of Meetings	
	Attended	Held
Mr Ajith U Kodagoda	3	3
Mr Russell Hewitt	3	3

Chief Executive Officer and Company Secretary

Mr Pradeep Lal is the Regional Chief Executive Officer (RCEO) while Ms Elenoa Biukoto is the Company Secretary for Vodafone Fiji. RCEO is responsible for the day-to-day running of the business and for ensuring the implementation of Board strategies and policies. Additionally, RCEO is entrusted with all the Board's powers, authorities and discretions in relation to the operational running of the Company, subject to the matters specifically reserved by the Board for itself. Furthermore, the Company Secretary is involved with the Company's secretarial duties and functions, managing budgets, financial reports and key performance indicators and ensuring compliance with regulatory and statutory requirements.

Timely and Balanced Disclosure

The Company, on an annual basis, prepares its financial statement together with all the relevant disclosures, in line with IFRS and applicable laws and regulations.

Ethical and Responsible Decision Making

The Company has a Code of Conduct which is communicated to Directors and all employees of the Company. Vodafone Fiji believes that all Directors, executives and employees 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.

Accountability and Audit

Vodafone Fiji is audited annually by an independent external auditor and its accounts are prepared and audited in compliance with IFRS standards. The Company also has an internal audit function, which oversees the effective functioning of the Company's internal controls and operations whilst verifying and safeguarding the integrity of the Company's financial reporting. Furthermore, there was an independent internal audit that was conducted during the year.

Risk Management

The Directors of the Company are always cognisant of potential risks that may arise during the course of the business. The Company's risk is governed by the Board. The Board oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate Vodafone Fiji's top risks. Additionally, the Company maintains a risk register that highlights key risks, their respective tolerance levels based on the impact rating and likelihood of occurrence and the controls and mitigation measures that are being practised or need to be put in place, to be able to improve the Company's preparedness and reduce the impacts of risks.

Corporate Social Responsibility

Vodafone Fiji is proud to be the leader in corporate philanthropy in the country. Our various corporate social contributions impact different levels of the community through the activities of the Vodafone ATH Fiji Foundation. Additionally, via the Hands Up Vodafone programme, staff volunteer their services to assist NGOs that work together with the Foundation.

Furthermore, another initiative is the "Vodafone Way", which is a staff engagement programme that incentivises staff to do social good in our community and make meaningful difference to peoples' lives.

Moreover, Vodafone Fiji also dedicates each October towards Breast Cancer awareness via the Pinktober fundraiser programme. Donations collected are chanelled to the Fiji Cancer Society, along with other such institutions that work towards women empowerment and the fight against cancer. Likewise, other initiatives include the Fundraiser for the Frank Hilton Foundation which caters for children of special needs.

Commitment to Environment

Our key responsibility is to make sure we deliver a reliable network, offer value products and an exceptional customer service experience while being aware of our wider corporate social responsibilities. We take on global issues such as climate change and global warming emanating from greenhouse gas emissions with a view to making a difference through our actions.

Whilst Vodafone Fiji is primarily a service organisation, we make it important to use our influence and relationship with customers to reduce the impact of our business on the environment. One of Vodafone Fiji's biggest input cost is electricity which is primarily sourced from the national grid. On this front we have undertaken a number of initiatives to make the business more energy efficient. These include the use of solar power wherever possible, deployment of energy saving LED lights in the office and retail outlets and energy audits with a pragmatic approach to reducing energy usage in heating, cooling and lighting systems.

The Company continues to reduce waste by cutting back on paper usage and recycling/reusing network equipment and handsets where possible. Some of our successful projects on environmental waste reduction and energy conservation include paperless eBilling, on-line innovation portal, on-line training, digitising contracts and network services agreements and customer registrations via a registration application and the introduction of cashless payments via the mobile wallet.

Vodafone Fiji also offers video conferencing and home working solutions to its corporate customers to reduce travel and other environmental related impacts. Vodafone Fiji will continue to streamline its processes and systems to make it more energy efficient and environmentally friendly.

Sponsorship

Sports

Vodafone Fiji has long been a leader in sports sponsorship in the country. As a business, Vodafone Fiji believes that the wholesome development of individuals physically, mentally and spiritually is the foundation for a just, fair and productive nation.

As our country deals with the high rate of NCDs, our support towards sports is to promote active lifestyle, in order to promote good health and well-being.

The Vodafone Fiji sponsorship portfolio had a new inclusion in 2019 in the form of primary schools Kaji and secondary schools Deans rugby competitions.

The Company has also continued its financial support as a major sponsor to the Fiji Football Association and Fiji National Rugby League and as a Tier 1 sponsor of the Fiji Rugby Union.

Moreover, one of the main focuses for sports sponsorship in this financial year was ensuring that female sports are inclusive and adequately supported.

As a result, there is more female team participation in the various sports categories.

Community Events and Professional Bodies

Vodafone Fiji generally sponsors a number of festivals across the country. These provide youth, as future leaders, a platform to advocate issues of national importance, whilst also raising funds for important charitable causes. In addition, Vodafone Fiji supports the professional institutions in the country such as the Fiji Institute of Accountants (FIA) and CPA Fiji which bring together business leaders and industry leaders, to deliberate on important business and economic issues, for consideration by policy makers.

Datec

Datec (Fiji) Pte Limited remains a leading specialist in the world of Information and Communications Technology which offers dynamic services and specialised support. Datec's vision for human resource is to attract, recruit, retain and develop excellent people with the aim of becoming the "Employer of Choice".

In November 2019 Datec won the Fiji Business Excellence Prize Award (FBEA). The FBEA journey was quite rewarding, as this was an opportunity to focus on business improvements, reviewing and re-engineering critical business processes, to further enhance performance and continual business improvements.

Furthermore, on the financial front, the annual turnover grew by 5% from last year's results. The net profit after income tax for the year was $1.533 million (2019: $1.986 million). The performance during the year was slightly below expectations due to the global pandemic. The COVID-19 pandemic has impacted the supply chain, customers and people. COVID-19, and its far-reaching impact on peoples' lives and businesses across the world, will be felt in Datec's revenue and profitability. To remain a financially viable Company, and to bounce back quicker and stronger once things normalise, management is taking a proactive approach in conserving sustainable revenue and implementing cost saving measures across the business.

The Company plans, in the new financial year, to expand its ICT service offerings with new technologies and concepts that are fundamental to customers' businesses. Security, Internet of Things and regional business expansions are some of the key focus areas

Telecom Fiji Pte Limited

Mr Umarji Musa	**Chairman**
Mr Naibuka U Saune	**Director**
Mr Sashi Singh	**Director**
Mr Arun K Narsey	**Director**

Overview

In the 2019-2020 financial year, Telecom Fiji Limited continued to deliver on the key goals of our strategy, which has seen us grow our business in a highly competitive telecommunications industry, hold our position as the preferred broadband service provider and continue to transform the culture of our Company.

Fundamental to our strategy is a commitment to being the undisputed leader in integrated telecommunications by empowering Fijians and by revolutionising the way people interact, communicate, entertain, and transact with each other.

We have maintained growth in business and residential broadband connections, ICT solutions, driven by the addition of higher value propositions for customers. As customers use their broadband internet to do more, many are seeking larger data allowances and price certainty, which provides an opportunity for Telecom Fiji to improve with the right products and plans.

Our Infrastructure

Fiber-to-the-Home (FTTH) Rollout

With our aim to expand access to fiber technology across the nation, Telecom Fiji continued the deployment of its Ultra-Fast Fiber broadband (UFF) services. Eight new residential areas were completed with Fiber-to-the-Home (FTTH) services. Two areas were from the Western Division namely Kennedy Street in Nadi and Simla in Lautoka while six areas were from the Central Division namely Rifle Range in Vatuwaqa, Suva Point, Tagimoucia Street, Milne Road, Naivurevure Road in Tamavua and Nailuva Road. Customers can now enjoy ultra-fast speeds of up to 150MB per second which can be upgraded in the future to speeds of up to 1GB per second.

Fiber-to-the-Business Connectivity

We continue to rollout and extend fiber connectivity to corporate customers and Government ministries in our effort to support the ICT roadmap and developments towards fully digitisation and business automation for all businesses.

Core Network Migration to Full IP

The legacy indoor roadside exchange nodes, that only supported voice services, was upgraded to MSAN (Multi-Service Access Node) to support voice and broadband services including fiber to the home.

Main Transport Network

Telecom Fiji fully commissioned new MPLS and DWDM Network to support 100G capacity. This Transport network will meet current bandwidth demands from corporate customers, Government ministries, residential customers and also wholesale customers like other network providers for providing backhaul and inter-site connectivity.

Enhancement of Customer Service Experience

To enable seamless activation of customer broadband services and remote management, we implemented auto-provisioning tools for ease of troubleshooting and remote customer support.

Intelligent reporting system implemented for managing corporate customer services with user friendly reporting for informative decision and proactive approach in maintaining services.

Digital Transformation

Telecom Fiji has selected Oracle as their digital transformation partner to deploy Converged Business Support System (BSS) and Operations Support System (OSS). Oracle, being the leading technology provider in multiple sectors, will be implementing their full stack BSS OSS platform. This will enable Telecom Fiji to bring innovative products into the Fiji market through converged bundling and billing of voice, data, connectivity, ICT and cloud products. In addition, this digital platform will enable automation of operations to provide superior customer service through analytics, machine learning and artificial intelligence.

Our People

Telecom Fiji seeks to employ the best people, and to invest in them, to bring out their full potential.

Employee Training and Development

The Company, for the past years, has realigned its focus on staff training and development, with more emphasis on technical training, with other areas being Business and Management Training and Leadership Training.

The demand for technical training has increased significantly in the light of continuous network infrastructural change and system transition from analogue to data.

System training was also provided by the respective system vendors as part of our service level agreements. This training vary from basic to advance level depending on the level of expertise required. Majority of this training is required for customer system support.

Certification

System Certification is an integral part of our customer obligation ensuring that our Technical personnel are certified to operate the IP, IT and radio system functions operating at different customer sites and premises. The certifications include Alcatel, CISCO, Huawei, Broadworks, NEC, Oracle, VMWare, DELL, Fortinet, Checkpoint, Linux and Microsoft.

Leadership/Management and Staff Development Training

While our core focus remains on technical training, the Company ensures that there is a balance with focus on the leaders and the management team aligned to the Company's succession planning. For this, we engaged Dale Carnegie Leadership Programme for our sales and customer experience team and also the Leadership Fiji Programme.

We continue to have our Graduate Trainees Programme for the purpose of skills gap and leadership mentoring.

Awards

National Convention on Quality

Telecom Fiji won the Best Presentation Award for their projects at the 24th National Convention, which was held from 3-4 October 2019, at the Fiji National University (FNU) Namaka Campus.

The first project, headed by “Team Impact”, eradicated all single-use plastic water bottles from Telecom Fiji’s premises.

The second project was led by “Team Efficient” which foused on improving recruitment efficiency.

These projects were conceived to not only solve issues at an organisational level but to promoting the sustainability of our environments.

Prime Minister’s International Business Awards

Telecom Fiji won the Excellence in Service at the Prime Minister’s International Business Awards held at the Sheraton Fiji Resort Denarau Convention Centre in Nadi on 16 November 2019.

The Excellence in Service Award is given to organisations that demonstrate the link between customer service and profit and who are constantly striving for customer expectations, industry leading standards of service and innovation around customer service.

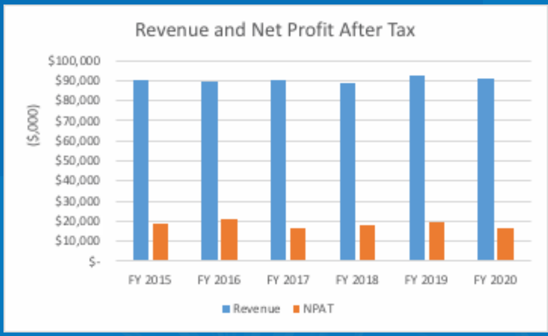
Fiji Business Excellence Award

The start of our Fiji Business Excellence journey commenced in 2015 where we received the commitment award. This was followed by prize awards in 2017 and again on 2 November 2019. The Company has seen remarkable progress over the past few years in terms of its operations and the excellence journey has seen staff working together as a team to achieve success for the Company.

Financial Highlights

Operating revenues decreased by 1.9% for the full financial year. This is indicative of the industry trends reflecting a decline in fixed voice revenues. Gross Profit increased slightly by 0.06%. Overhead expenses increased by 0.86%, compared to the previous financial year, driven by cost rationalisation and optimisation programmes, leading to greater operational efficiency.

Net Profit before Income Tax was $20.67 million which is a decrease of 13% compared to previous the financial year.



Looking Ahead

Telecom Fiji also embarked on a massive programme to upgrade and maintain the existing supporting infrastructure, which includes towers, buildings and power systems which were essential for risk mitigation and business continuity. Telecom Fiji is working also to ensure that our data centre remains fully compliant with international standards.

We have an ambitious plan to continually upgrade infrastructure, to support evolving market demands from our customers and to seek key industries such as airlines, banks, retail sector, Government, tourism, manufacturing, and telecommunications. To that effect, Telecom Fiji continues to strengthen our core network infrastructure, enhancing the resilience of our network, which not only supports all bandwidth requirements for corporate customers and Government, but also supports the entire mobile network traffic for large operators.

Corporate Social Responsibility

Plastic Free Campaign

In a bid to have a cleaner Fiji, Telecom Fiji hosted a clean up campaign as part of its "Plastic-Free" movement at all its centres nationwide.

Telecom Fiji staff simultaneously conducted clean up campaigns in Suva, Lautoka, Nadi and Labasa on 31 August 2019 in a bid to encourage others to do the same.

The theme for this campaign was "Yes, YOU Matter" was consistent with corporate values. This simply means that everyone matters, everyone is important to us, that is, our clients, our customers, our staff and the environment as a whole.

In being 100% plastic-free in terms of our waste, we have also instituted a ban on all single-use plastic water bottles within our organisation. All staff have been provided aluminium water bottles for use.

Save The Children Charity Golf Tournament

Telecom Fiji donated $7,000 to Save the Children Fiji as sponsorship for the Telecom Fiji Ambrose Golf Tournament, a charity event to help further the cause of protection of children. This is the third year in a row that Telecom Fiji has sponsored the event.

Corporate Governance

Telecom Fiji provides the following corporate governance statement for the year ended 31 March 2020 in accordance with the Reserve Bank of Fiji's Corporate 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, risk and compliance, the Chief Executive Officer's report, and tracking the performance of the Company.

Board Composition and Membership

The Board comprises of four Non-Executive Directors.

The Directors in office on 31 March 2020 were:

Name	Title	Date of Appointment
Mr Umarji Musa	Chairman	02.02.2011
Mr Naibuka U Saune	Director	04.09.2015
Mr Sashi Singh	Director	14.04.2011
Mr Arun K Narsey	Director	24.10.2014

The Directors are appointed/elected in accordance with the Company's Memorandum and Articles of Association at the Company's Annual General Meeting.

The Board met five times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Umarji Musa	5	5
Mr Naibuka U Saune	5	5
Mr Sashi Singh	5	5
Mr Arun K Narsey	5	5

Board Sub-Committees

The Board has formally constituted three (3) committees namely the Audit and Risk Committee, Human Resources and Governance Committee, and Strategy and Finance Committee. The Audit and Risk Committee is responsible for monitoring the external audit of the Company's affairs, reviewing the quarterly and annual financial statements and monitoring the Company's compliance with applicable laws and regulatory requirements. The Strategy and Finance Committee is responsible for monitoring the Company's financials plans and strategies. The Human Resources and Governance Committee is responsible for ensuring that the Board operates effectively and efficiently and that the Company implements appropriate management and employment practices. It is also 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.

Board Sub-Committee meetings and attendance during the financial year ended 31 March 2020 were as follows:

Name	Audit and Risk Committee	
	Number of Meetings	
	Attended	Held
Mr Sashi Singh	5	5
Mr Arun K Narsey	5	5

Name	Human Resources and Governance Committee	
	Number of Meetings	
	Attended	Held
Mr Umarji Musa	5	5
Mr Naibuka U Saune	5	5
Mr Sashi Singh	5	5

Name	Strategy and Finance Committee	
	Number of Meetings	
	Attended	Held
Mr Umarji Musa	5	5
Mr Naibuka U Saune	5	5
Mr Sashi Singh	5	5
Mr Arun K Narsey	5	5

Chief Executive Officer and Company Secretary

Mr Charles Goundar is the Chief Executive Officer of Telecom Fiji and Samuela Vadei is the Company Secretary. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines, managing budgets, financial report and key performance indicators, providing 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.

Ethical and Responsible Decision Making

The Company has a code of conduct which is conveyed to Directors upon appointment to the Board. This code of conduct and ethical standards of the Company is congruent with the guidance of ATH.

Register of Interests

A register of interests is maintained by the Company in line with the code of conduct.

Accountability and Audit

Telecom Fiji is audited annually by an independent external auditor. The Company's accounts are prepared and audited in compliance with IFRS standards. The Company also has an Audit and Risk Committee and Strategy and Finance Committee which provide 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 constantly mindful of potential risks that may arise in the course of its business and it, therefore, has an Audit and Risk Committee to ensure the definition of its risk appetite, identify and implement policies to mitigate these.

AST Telecom, LLC

Mr Julian (Jules) M Maher	Chairman
Mr Ajith U Kodagoda	Director
Mr Ivan Fong	Director
Mr Naibuka U Saune	Director

Overview

AST Telecom, LLC, trading as Bluesky Communications, is the leading telecommunications and network service provider for mobile, cable television and internet in the United States Territory of American Samoa. Bluesky has been in operation in American Samoa since 1999 and celebrated its 20th year anniversary in July 2019. The Company became a part of the ATH Group on 22 February 2019.

There are two main entities of the Company that offer various telecommunications services within the territory of American Samoa: AST Telecom and American Samoa Entertainment (ASE).

Infrastructure

Bluesky continues to be the leading mobile, cable television and internet service provider in the territory. Through continued investment and upgrades to the network, Bluesky offers a range of solutions to meet personal, business and digital life needs. This is made possible through its fixed line and wireless access networks which utilise next generation transport network technology to provide high speed connectivity for customers.

Mobility solutions are delivered through a 4G+ network which provides coverage to around 93% of the population. This 4G+ network is capable of delivering speeds of up to 150 Mbps and plans are in place to further increase this. Cable television and residential broadband services are currently being delivered through a Hybrid Fiber Coaxial (HFC) network covering around 65% of homes. The Company also embarked on capital expenditure initiatives that will modernise and upgrade technologies around these residential services.

Bluesky offers various business solutions to meet the dynamic needs of the business community. These include Fiber to the X (FTTX), dedicated international circuits, infrastructure, and software as a service (IaaS and SaaS) solutions and to our customer professional services. Bluesky continues to develop solutions in the ICT sector to enable and empower businesses in American Samoa.

People

Bluesky employs approximately 100 staff members across its various departments whose key focus is to provide the best customer service and technological solutions to its customers and the community. Bluesky continually strives to be the Employer of Choice in the territory with a commitment to provide equal employment opportunities to the people of American Samoa where they in turn can support their immediate and extended families, the local community and economy.

The Bluesky team comprises of talented staff members of diverse ethnic, gender, educational, and professional backgrounds which contributes to the Company's strength and competitive edge within the local marketplace. Currently, the Bluesky workforce is made up of 52% male and 48% female employees, while the management team comprises of 54% female and 46% male managers.

Bluesky embraces a collaborative team-based approach to develop, implement and maintain employee programmes that foster our core values and provides proactive, efficient and employee-focused service delivery in areas of recruitment, training and development, employee relations, performance management and benefits.

Employees of Bluesky have gained valuable professional experiences and knowledge through a wide variety of training and development initiatives. These include work attachments at Vodafone Fiji and Vodafone Samoa, participation in the Pacific Island Telecommunications Association (PITA) and Pacific Telecommunications Council (PTC) conferences, Project Management certification, First Aid/CPR AED certifications through the American Heart Association, technical training by PITA and vendors, and soft skills training facilitated through e-learning or in person professional trainers such as Leadership and Supervisory Training and Time Management.

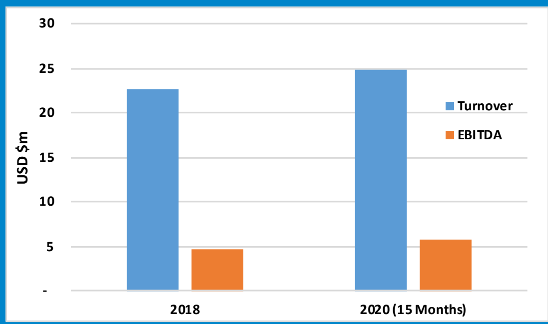
As a telecommunications Company, based in a United States territory, Bluesky employees also undertake a series of training sessions to ensure compliance that is mandated by the US Federal Communications Commission (FCC) and US Labour Laws annually.

Financial Highlights

AST's financial year changed from January to December then April to March resulting in a transitioning 15 months financial year.

Aside from the COVID-19 pandemic effects in the month of March 2020, American Samoa was subjected to three storms in February and yet another public health emergency in December, stemming from the measles outbreak in neighbouring Samoa.

Despite these, the 15-month financial year's consolidated turnover and EBITDA for the Group was USD 75.8 million and USD 20.8 million respectively.



Corporate Social Responsibility

Since the establishment of the Company, Bluesky continues to be a Company of and for the American Samoan community through its various partnerships and sponsorships. Since acquisition, Bluesky has been enormously supporting American Samoa's cultural, educational, technological advancement, youth and many other community programmes and initiatives. Current partnerships include the Boys and Girls Club, Army Pays, National Marine Sanctuary, and Marine Wildlife Services. Past years sponsorships and partnerships have included the Rotary Club Community Swimming Pool, June Jones Football Foundation, Miss American Samoa, American Samoa Flag Day festivities,

SOFIAs, Tisa's Annual Tattoo Festival, Samoan Jazz Festival, Hope House, the Lions Club, the Shriners Club, American Samoa Community Cancer Coalition, Lyndon B Johnson Hospital Paediatric Ward and Dialysis Unit, the American Samoa National Olympic Committee and the Magic Circus of Samoa.

Bluesky is also very supportive of youth development and empowerment in American Samoa. Over the years, Bluesky has sponsored multiple events hosted through the American Samoa Department of Education such as the Territorial Spelling Bee, Annual Speech Festivals, Science Technology Engineering Mathematics (STEM) Fairs, and various career days at local high schools, the American Samoa Community College (ASCC) and the Chamber of Commerce.

Each year Bluesky partners with the American Samoa Government to employ young adults through its Summer Youth Employment Programme and Work-Based Learning Programme. Bluesky has also been an active partner with various educational school-to-work programmes with the Nuuuli Vocational Technical High School and the American Samoa Community College by providing students with real world experiences in their careers of interest.

Since 2014 Bluesky has supported selected students who are considered the best and brightest graduates from local high schools through its very own "Bluesky's Future of American Samoa Scholarship" programme. The scholarships provide financial assistance to these students as they continue to pursue their educational degrees at the local ASCC or at a university in the United States.

To further promote awareness in telecommunications and technology amongst the youth, Bluesky launched a High School Technology Competition Programme during the summer of 2019 whereby all high schools of Tutuila and Manu'a were invited to apply for funds to go towards any technological project that improves learning through technology, promotes an interest and awareness of careers in technology, or a project that utilises technology to benefit the high school student body. A total of 11 high schools were selected to receive a financial award towards their school's technological project or initiative.

Bluesky is also a part of American Samoa Community College's (ASCC's) Computer Science Advisory Council in the development of a two-year Associates Degree in Computer Science, which was non-existent in previous years. The two-year degree programme was launched on the fall of 2018 and has continued since. The programme includes an apprenticeship prior to graduation which Bluesky supports by allowing computer science students to work and gain hands-on technical experience with the various technical teams. It is also the Company's goal to groom and hire junior technicians through this partnership with ASCC.

With competition becoming more aggressive in the marketplace, Bluesky's key focus has always been "Customer First" in all initiatives and actions set forth this year. This is also the Company's foremost core value. This will involve continuous improvement of product quality to be superior to that of the competitor, offering an array of innovative products that customers want, and delighting our customers through quality service delivery in every touch point with customers.

Bluesky's philosophy is to not just get customers to buy Bluesky products and services, but to create an emotional connection with, and make people believe in Bluesky as a brand. We are building on people's aspirations and dreams when we launch products and promotions and undertake initiatives to foster community relationships.

Corporate Governance

AST Telecom, LLC provides the following corporate governance statement for the year ended 31 March 2020.

Role of the Board

The role of the Board is to drive the success of the Company by taking responsibility in setting the 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, risk and compliance, the Chief Executive Officer's report, and tracking the performance of AST Telecom LLC and ASE Inc.

Board Composition and Membership

The Board comprises of four (4) Directors who have been appointed by the parent company, Amalgamated Bluesky Telecom Holdings, LLC (ABTH LLC).

The Directors in office on 31 March 2020 are:

Name	Title	Date of Appointment
Mr Julian (Jules) M Maher	Chairman	19.04.2018
Mr Ajith U Kodagoda	Director	22.02.2019
Mr Ivan Fong	Director	02.04.2019
Mr Naibuka U Saune	Director	22.02.2019

The Board met four times during the financial year ended 31 December 2019 and two times for the year ended 31 March 2020. Attendance was as follows:

Name	Board	
	2019 Number of Meetings	
	Attended	Held
Mr Julian (Jules) M Maher	4	4
Mr Ajith U Kodagoda	2	4
Mr Ivan Fong	4	4
Mr Naibuka U Saune	4	4

Name	Board	
	2020 Number of Meetings	
	Attended	Held
Mr Julian (Jules) M Maher	2	2
Mr Ajith U Kodagoda	2	2
Mr Ivan Fong	2	2
Mr Naibuka U Saune	2	2

Chief Executive Officer

Mr Raj Deo is the Chief Executive Officer (CEO) of AST and ASE. The CEO 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.

US Regulations and Telecommunications Act of 1996

As a Company operating in American Samoa, AST is required to abide by all regulations governing telecommunications practices and laws as enacted under the Telecommunications Act of 1996 and monitored by the Federal Communications Commission (FCC) through Title 47 of the Code of Federal Regulations.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. AST 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.

Accountability and Audit

AST is audited annually by an independent external auditor. The AST Group and subsidiaries accounts are prepared and audited in compliance with Generally Accepted Accounting Principles of the United States, United States Financial Accounting and IFRS standards.

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.

Looking Ahead

We intend to deliver more than the network connection that enables a variety of communication services - primarily voice, video, messaging, and data. The core switching, routing, and signaling infrastructure that support fixed wireline, broadband, mobile, and cable networks that are central to our existing proposition will evolve. We have initiated infrastructure development programmes to support our plans. The next two to three years will see Bluesky making investment to the core network element to strengthen this initiative. The adoption of cloud services will enable us to extend our presence into the ICT domain with our corporate and high-end customers.

Vodafone Samoa

Mr Ajith U Kodagoda	**Chairman**
Mr Ivan Fong	**Director**
Mr Naibuka U Saune	**Director**
Mr Pradeep C Lal	**Alternate Director**
Mr Andrew Fairgray	**Director**
Mr Tevaga V Tagiilima	**Director**
Ms Aysha Rimoni	**Alternate Director**
Mr Anish Chandra	**Company Secretary**

Overview

Vodafone Samoa Limited is a quad-play telecommunications provider delivering Mobile, Fixed Line, Broadband and IP TV services to the people of Samoa. The Company became part of the ATH Group on 22 February 2019.

In December 2019 the Company embarked on a journey to transition into the new brand "Vodafone". While the "Bluesky" brand had a strong national identity, transitioning to the highly reputable global brand would enable newer opportunities and partnerships with overseas suppliers and telecommunication.

The brand transition also enabled Vodafone Samoa to showcase many of its in-house talents and the Samoan culture to the world at large.

Our Infrastructure

Vodafone Samoa continues to upgrade its network infrastructure to ensure superior experience to the people of Samoa. This financial year, the Company significantly invested in network upgrades and now has 100% LTE network in the country with 90 LTE sites around Samoa.

Vodafone Samoa also maintains an extensive copper fixed line network that is used for voice calling services as well as to provide ADSL Broadband services and Moana TV services.

The underground fiber-optic cable infrastructure is a key differentiator for the Company which enables us to provide local high speed data services as well as international high capacity data circuits.

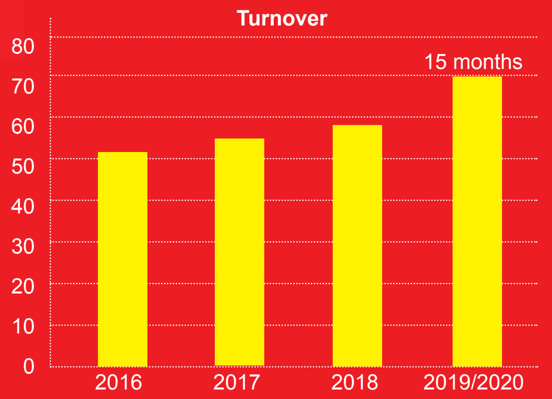
Our People

Vodafone Samoa has 165 staff with over 97% locals. We also have a good gender mix with 45% female employees. The Company continues to upskill its employees through local and international training and sponsoring higher studies.

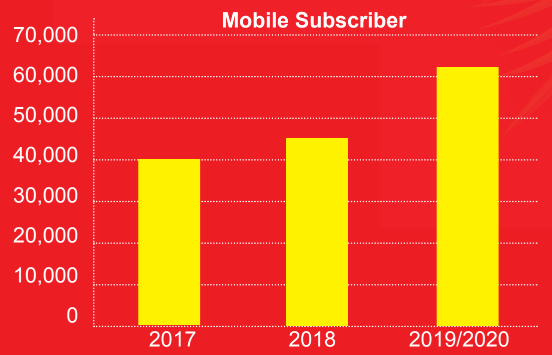
Financial Highlights

Vodafone Samoa has achieved continued growth in turnover since the introduction of LTE in Samoa in early 2017. Despite the deadly outbreak of measles in

December 2019, Vodafone Samoa focused on its people and customers during the outbreak. The Company, for the 15 months transitory financial year, reported a turnover and EBITDA of WST 69.9 million and WST 15.6 million respectively.



Our subscriber growth has significantly improved over the years, particularly with mobile services.



Corporate Social Responsibility

Vodafone Samoa believes in giving back to the community through its association with NGOs which helps the needy. During the year the Company provided support to the Red Cross Society of Samoa (WST 56,000), the Samoa Cancer Society (WST 25,000), the Samoa Victim and Support Group (WST 25,000) amongst others.

Vodafone Samoa is also associated with various on-going village and church programmes and provides numerous financial and support in kind.

During the measles outbreak, Vodafone Samoa touched the lives of Samoans as the Company volunteered with manpower to reach and provide vaccination to the public and even sponsored data, talk time and devices in liaison with the Ministry of Communication and Information Technology.

Vodafone Samoa provides free WiFi services at the only Theme Park of Samoa; the FiaFia Park. The Government hospital is also covered by Vodafone WiFi.

While the entire world economy is fighting against the COVID-19 pandemic, Vodafone Samoa came forward to assist the people of Samoa through relief packages, including free mobile data services, free Moana TV services, and assisted businesses impacted through extended credit terms and services.

We have also signed a three-year MOU with the Ministry of Education and UNESCO in providing free on-line educational content to enable students to learn from home.

A similar MOU was also signed with the National University of Samoa (NUS). Vodafone Samoa placed WiFi's around the NUS and USP Campus to facilitate students to study and access internet and make best use of the technology.

Sponsorships

Vodafone Samoa currently sponsors the Samoa Rugby Union with an annual commitment of WST 1.25 million. Through this, Vodafone is helping nurture young talents and grassroot level playing rugby and putting Samoa on the global map.

Corporate Governance Statement

Vodafone Samoa provides the following corporate governance statement for the year ended 31 March 2020.

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, risk and compliance, the Chief Executive Officer's report and tracking the performance of the Company.

Board Composition and Membership

The Board comprises of six Non-Executive Directors. The Directors in office on 31 March 2020 were:

Name	Title	Date of Appointment
Mr Ajith U Kodagoda	Chairman	22.02.2019
Mr Ivan Fong	Director	12.01. 2017
Mr Naibuka U Saune	Director	01.10.2017
Mr Pradeep C Lal	Alternate Director	01.11.2017
Mr Andrew Fairgray	Director	01.10.2017
Mr Tevaga V Tagiilima	Director	04.04.2019
Ms Aysha Rimoni	Alternate Director	04.04.2019
Mr Anish Chandra	Company Secretary	19.06.2018

The Board met three times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	No. of Meetings	
	Attended	Held
Mr Ajith U Kodagoda	2	3
Mr Ivan Fong	3	3
Mr Naibuka U Saune	3	3
Mr Andrew Fairgray	3	3
Mr Tevaga V Tagiilima	3	3
Ms Aysha Rimoni	3	3
Mr Pradeep C Lal	3	3

Chief Executive Officer and Company Secretary

Mr Satish Sharma is the Chief Executive Officer of Vodafone Samoa. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines, managing effective relationships with internal and external parties, and leading and developing a team of staff. The Company Secretary and CFO is Mr Anish Chandra and he is responsible for managing budgets, financial reporting and key performance indicators, providing Company secretarial duties and functions, and ensuring compliance with regulatory and statutory requirements.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. Vodafone Samoa 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.

Accountability and Audit

Vodafone Samoa is audited annually by an independent external auditor. The Company's accounts are prepared and audited in compliance with IFRS standards.

Risk Management

The Directors of the Company are always mindful of any potential risks that may arise in the course of its business. The Company maintains a risk register to highlight the key risks faced, their tolerance level based on impact rating and the likelihood of occurrence, the controls and mitigation measures in place to eliminate or mitigate these risks, to improve preparedness and reduce the impacts.

Looking Ahead

Our Vision is "**To be the preferred telecom brand for every Samoan and visitor on Samoa.**"

With this vision, Vodafone Samoa is committed to quality, simplicity and affordability in offerings and services to our customers.

With digital transformation at the heart of all Pacific Islands, Vodafone Samoa plans to deploy WiFi hotspots across the country. Vodafone Samoa is further investing to upgrade its core network to enhance customer experiences. Our focus will also be on growing and increasing our ICT footprint in the country through ATH Group synergies.

The Company will also focus on growing its Moana TV service by adding channels and making in-roads to the houses of Samoa.

With over 12,000 customers registered for M-Tala services, and the continued growing demand for our local mobile money services, we are committed to continue to provide increased services through this platform to our customers. With the integration of IMT services in 2020, our customers will be able to send and receive money worldwide on their phones.

Vodafone Cook Islands

Mr Temu Okotai	**Chairman (CITH)**
Ms Madeleine Sword	**Director (CITH)**
Mr Ivan Fong	**Director (TCNZ)**
Mr Naibuka U Saune	**Director (TCNZ)**
Mr Phillip Henderson	**Managing Director/CEO/Executive Director**

Overview

Amalgamated Telecom Holdings Limited (ATH) completed the acquisition of Amper SA's controlling interest in Telecom Cook Islands Limited (TCI) on 22 February 2019.

Telecom Cook Islands Limited was incorporated in 1990. The Company rebranded in January 2020 to "Vodafone Cook Islands" under a brand licensing arrangement with Vodafone Fiji and the Vodafone Group.

Ownership History

The Company was majority owned by the Cook Islands Government, with minor shareholder Telecom New Zealand (TNZ) from incorporation to 1997, when TNZ purchased additional shareholding from the Government that took its ownership to 60%.

In 2015 TNZ sold its 60% stake to a Bluesky Pacific Group consortium. Controlling interest in the consortium, and the Company was held by Amper SA, a public listed Company on the Spanish Stock Exchange. In 2016, Amper SA sold its interest in the Group to Amalgamated Telecom Holdings Limited (ATH), a public listed company on the South Pacific Stock Exchange (SPX).

Ownership

The Company is now 40% owned by the Cook Islands Government and 60% by an investor consortium led by ATH. The holding vehicle for the 60% is TCNZ Cook Islands Limited (TCNZ). Government shares are held by its wholly owned company, Cook Islands Telecommunications Holdings Limited (CITH).

The Company has enhanced synergies with ATH subsidiaries, in particular Vodafone Fiji, forming effective business relationships, sharing best practices and exploring new business opportunities. The access to the Mobile Money technology in 2020 will be a significant addition to Vodafone Cook Islands product portfolio and product diversity.

Regulatory Reforms

The Company was a statutory monopoly from 1991 to 12 December 2019 when the Telecommunications Act 2019 came into effect, introducing a new regulatory regime and liberalising the market. With these reforms, Vodafone Cook Islands has been issued a 15-year licence to operate telecommunications networks and provide telecommunications services in the Cook Islands.

There remains some uncertainty as to the landscape that will eventuate once the Regulator completes its assessments and introduces regulations, including the development of the revised Universal Service Policy in a competitively neutral manner to supplement the current obligations of the Company.

Notwithstanding the challenges of these sectoral reforms, the Company has worked proactively and diligently over the last two years for these reforms and are confident of continuing success in the deregulated market.

Our Infrastructure

As a full-service provider, the Company provides infrastructure to support the following services:

PSTN - Rarotonga and Remote Sites

A total of 6,479 lines were connected over 12 populated islands providing 100% national coverage with 140% penetration, the use of fiber, with copper last mile to end users, enabling businesses to directly connect via SIP peering or registration.

Broadband Network

Our broadband network is delivered through the fiber network. Major hotels and the central Government have been progressively connected throughout 2019 with the two major hotels now operational on our HaaS (Hospitality as a Service) offering, a fully outsourced model with fiber connectivity to every hotel room. We deliver hosted PABX, in room broadband and interactive entertainment. This is a scalable solution that can be scaled to suit smaller operators.

Broadband penetration is 87%, with attainable line rates of 28Mbps, throughout the country. International broadband access is via O3b for the Southern Group and iDirect for the Northern Group Islands.

Mobile

The mobile network services are offered as 2G/3G/4G in Rarotonga and Aitutaki, and, most recently, a 3G deployed to several Southern Group islands. The Northern Group islands remain with 2G services only.

In 2020 plans for the mobile network include evolving the outer islands into a 3G/LTE RAN which will become the primary service for customers, for delivery of voice and broadband service, and lowering the cost of delivery to customers.

Moana TV

The Moana TV platform is hosted and managed in Vodafone Samoa. The IPTV service is extended to Rarotonga, from Samoa into Rarotonga, then extended over the broadband network, to customers in Rarotonga and Aitutaki.

Our People

Vodafone Cook Islands is one of the largest employers in the Cook Islands with just over 100 employees. 98% of its employees are Cook Islanders, including the Chief Executive Officer, Mr Phillip Henderson. The Company is passionate about its people and is committed to developing and upskilling its employees to their fullest potential. This is its highest priority.

Financial Highlights

The Company had another good year as it continues to grow and invest in building network and systems resilience and efficiencies and minimising costs. For the 15 months transitory financial year ended 31 March 2020, the Company achieved a Net Profit after Tax of NZD 8.4 million and EBITDA of NZD 14.5 million.

Looking Ahead

As the 2019 Telecommunications Act has opened competition in the country, Vodafone Cook Islands is, and intends to remain the leading telecommunications services provider in the Cook Islands, offering mobile, broadband, fixed line and a range of other telecommunications technology based services across all inhabited islands.

Aligned with key trends impacting our industry, the Company is focusing on accelerating its adoption of virtualisation and cloud to enable low costs cloud computing supporting business efficiencies IOT networking and environmental monitoring and digital transformation initiatives.

These plans can only be achieved through a solid commitment to digital transformation and the key initiatives to be implemented through 2020 to include the restructure of functions within the organisational structure to reflect a digital transformed business; rolling out top quality BSS platform across the Company; adoption of business intelligence in KPI reporting and day to day dashboards; GPON Rollout in CBD areas; and achieving a zero touch service through the use of digital platform.

In March 2020, the COVID-19 global pandemic immediately impacted the Cook Islands with border closures, collapsing the tourism sector which has a direct contribution of 75% to the GDP. The resultant downturn will be reflected in the Company's financial performance in 2020. However, the Company's response plan will be to minimise the impact.

Further, the Manatua Cable will be commissioned in the second quarter of 2020 providing connectivity options for Rarotonga and Aitutaki. This will enable Vodafone Cook Islands to deliver faster and superior services to customers.

Corporate Governance

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.

Board Composition and Membership

The Board comprises of four Non-Executive Directors and one Executive Director. The Directors and Company Secretary in office on 31 March 2020 were:

Name	Title	Date of Appointment
Mr Temu Okotai	Chairman (CITH)	10+ years ago
Ms Madeleine Sword	Director (CITH)	10+ years ago
Mr Ivan Fong	Director (TCNZ)	04.03.2017
Mr Naibuka U Saune	Director (TCNZ)	22.02.2019
Mr Phillip Henderson	Managing Director/ CEO/ Executive Director	October 2015

Board Meetings

In the reporting period the Company's Board met eight times, including two special meetings. Attendance was as follows:

Name	Board	
	No. of Meetings	
	Attended	Held
Mr Ivan Fong	7	8
Mr Naibuka Saune	6	8
Mr Temu Okotai	8	8
Ms Madeleine Sword	8	8
Mr Phillip Henderson	8	8

Ethics Committee

The Ethics Committee is chaired by Director Madeilene Sword and has three other members, Managing Director Mr Phillip Henderson, a representative from the Human Resources Department, and legal counsel. The Committee met on 4 February to review the annual Ethics Committee report for 2019 and approved the governance plan for 2020/2021.

Change in Corporate Policies

There were no significant changes to corporate policies in the financial year.

Corporate Social Responsibility

Community Involvement

Vodafone Cook Islands continues to support non-profit organisations as part of its corporate social responsibility initiatives, including supporting the Cook Islands Breast Cancer Foundation and the White Ribbon Day with live-streaming to raise awareness and fundraising efforts with sponsorship of vouchers to aid. The Youth Helpline support has helped the community in sponsoring access to qualified assistance in New Zealand. Vodafone Cook Islands also supported the local SPCA through sponsorships of devices, in-kind offers and broadcasting services.

The staff at Vodafone Cook Islands were also involved in a number of social responsibility initiatives with staff showing their support in repainting buildings and sponsoring food packs for various organisations including the Are Pa Metua and the Creative Centre. The Community Cleanup Day was a great initiative led by the staff with the theme "keeping our paradise clean".

The Company supported the Cook Islands Robotics Team 2019 which is a team of five Tereora College students aged 16-18 years, who travelled to Dubai for an international "build a robot" competition through technical assistance, coaching and allowing the team to utilise the Company's in-house facilities for preparations.

Environmental initiatives included partnering with Te Ipukarea Society to implement and raise awareness on "looking after" the environment. Some of our Company initiatives included the gradual conversion to electric vehicles and a push towards a paperless society thus reducing paper use in the office and reduction in "printed bills".

Employee Involvement

We strongly believe in on-going development and upskilling our employees which are our most important human resources asset. The Company continues to support and embrace internal and external social activities and events where employees are given the opportunity to participate which contributes to maintaining our employee morale.

Staff were seconded during the year to Vodafone Fiji, to experience the Vodafone way and culture, as part of preparation towards launching the Vodafone brand.

Some of the external events to support the community fundraisers included:

- Annual Business House Golf (BHG) Tournament
- Cook Islands Police Service Women Advisory Network (CIPSWAN) Golf Ambrose (6 September 2019)
- Golf Squad Golf Ambrose - Cook Islands Golf team to represent at Pacific Games in Samoa (25 April 2019)
- Annual CICA (Cook Islands Canoeing Association) Oe Vaka Corporate Race day (11 April 2019)

Women Empowerment

Vodafone Cook Islands is an equal opportunity employer. In the financial year 2019/2020, about 45% of the Company's staff were women, including 47% of executive management. Affirmative steps are being taken to make opportunities available in areas such as IT and fixed networks. The university students internship programme has also attracted female interns to our IT Department.

Giving Back to the Community

Vodafone Cook Islands is dedicated to supporting events, projects and causes which contribute to the improvement of the Cook Islands within our communities and abroad, with an emphasis on youth development and promoting the growth of the Cook Islands as a destination. Vodafone Cook Islands plays an instrumental role in providing key sponsorship and has committed significant resources with strategic focus on health, education, sports, community, arts and culture, and tourism.

We take pride in supporting our people at all levels. Our main strategic focus encompasses the major sporting events and festivals throughout the year, and supporting the smaller community initiatives and events from fishing competitions, inter-island sports competitions and fundraising efforts in Rarotonga and the Pa Enua.

Health and education play a vital role in our commitment to our people and connectivity to every school and health organisation is a key objective. Vodafone Cook Islands works with various departments to achieve this and has offered special packages to support the services provided.

The future is exciting.
Ready?

Vodafone Vanuatu Limited

Mr Ajith U Kodagoda	**Chairman**
Mr Ivan Fong	**Director**
Mr Naibuka U Saune	**Director**
Mr Pradeep C Lal	**Director**
Mr Russell Hewitt	**Director**

Overview

Three years since ATH acquired Telecom Vanuatu Limited, the Company continues its path to a modern, resilient infrastructure that will deliver excellent service experience to the people of Vanuatu. This year the Company recorded a series of achievements in terms of network, m-commerce, people and rebrand with the community.

In early 2020, the Company rebranded with the highly reputable global brand and is now trading as Vodafone Vanuatu. Our association with “Vodafone” has given a new level of confidence to the customers, the communities and, above all, our employees. As the expectation from an international brand is much higher, our objective is to exceed those expectations.

The people of Vanuatu, for the first time, are able to access m-commerce services which has been made possible with the launch of our M-Vatu platform in October 2019.

Our Infrastructure

Vodafone Vanuatu was first to launch the 4G+ network in 2017 with nearly 50% 4G+ coverage. This year we witnessed another key milestone with a 100% nationwide 4G+ coverage in December 2019.

As Vanuatu has one of the most challenging geographies, with about 80 islands, building a protected and resilient network has been one of our key priorities.

Besides improving the infrastructure access this year, Vodafone Vanuatu increased the international internet capacity by more than 100% to accommodate exponential growth in data usage. Connectivity through satellite has been deployed with Vodafone Vanuatu being the first operator in the Pacific to successfully test mobile backhaul on the Kacific satellite.

In this digitally connected society, we have been providing a high speed internet experience with mobility to our customers. While there is significant challenge in terms of connectivity for redundancy and pricing, we have also developed a number of products to ensure affordability and to meet the needs for different market segments.

Our key differentiator in Efate Island is the fixed fiber network infrastructure which serves our business

customers. Having acquired sufficient internet capacity, we have embarked on a project to migrate customers from the old copper technology. This will not only improve the quality of experience, but also lay the foundation for future digital services.

Our People

Our people, who have proved their strength, commitment and loyalty during many challenging times, are our vital assets.

We have given top priorities in developing and nurturing the local talents within the organisation. Our employees continue to receive the best local and international training in various aspects of the business. A number of employees have also been sponsored to pursue further studies and further their qualifications. Vodafone Vanuatu is also focusing on coaching and succession planning to have a robust and dynamic team.

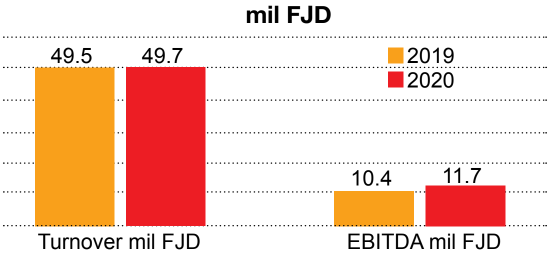
Building a strong team with the local expertise also forms part of our corporate social responsibility. Our objective is to continuously build the local team to take key roles in the organisation. Ninety four percent of people that Vodafone Vanuatu employs are local.

There has been a lot of emphasis on women empowerment. Of our managers, 33% are women from Vanuatu. They hold key roles such as Head of Human Resource, Head of Legal, Finance Manager and Head of Marketing.

In Vanuatu, we do not limit ourselves to empowering women at the workplace, but have also partnered with the women communities on the sale of Vodafone refills. They are called the "Umbrella Girls" and are self-employed. With the Mobile Money products, we are looking at creating more women entrepreneurs. This year the foundation has been set for an exciting future.

Financial Highlights

During this financial year Vodafone Vanuatu experienced endless challenges. Nevertheless, we have been able to achieve an increase in turnover to FJD 49.7 million. EBITDA grew by 13% to FJD 11.7 million as a result of growth in GSM revenue and operational efficiency in certain areas of the business.



On the mobile market, there was a 9% growth in GSM revenue while the mobile data subscribers increased by 23% reaching a 73% data penetration of our total customer base.

Corporate Social Responsibility

Vodafone Vanuatu continues to build stronger and healthier communities through sports and music. This year Vodafone Vanuatu also focused on Health and Environmental awareness programmes.

Vodafone Vanuatu has been the major sponsor of the annual Music Festival (Fes Napuan) promoting local and regional artists. Held in October 2019, the event attracted a huge crowd from Efate and other islands in Vanuatu.

In partnership with the National Television, Vodafone Vanuatu sponsored one of the biggest concerts by the international Zouk Group, Kassav. The event was a success and was one of the best music concerts in Vanuatu history.

Our Involvement in Sports

Vodafone Vanuatu has been one of the most active partners for the sports communities. We support and promote sports like rugby, cricket and boxing which are gaining popularity in Vanuatu. We sponsored some major local tournaments like Rugby Easter 7s, Cricket Women T20 World Cup Qualifier and National Boxing Championship.

As part of its community-empowerment effords Vodafone Vanuatu initiated health awareness programmes such as a cooking programme for women. The initiative allowed women in the community to cook and display their homemade healthy dishes in support for the campaign to "Destroy Non-Communicable Diseases (NCD)" in Vanuatu.

Vodafone Vanuatu also initiated environmental awareness programmmes in collaboration with the Department of Environment before carrying out clean-up campaigns in villages, with the assistance of communities. In support of World Oceans Day, we organised a clean-up campaign along the coastal areas of Port Vila.

Strengthening Brand Through Annual Events

The Company hosted the annual events like Bike Race and Street Battle Dance to promote youth engagement and talents which has been successful in bringing together a huge audience.

Corporate Governance Statement

Vodafone Vanuatu provides the following corporate governance statement for the year ended 31 March 2020.

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, risk and compliance, the Chief Executive Officer's report, and tracking the performance of the Company.

Board Composition and Membership

The Board comprises of 5 Non-Executive Directors. The Directors in office on 31 March 2020 were:

Name	Title	Date of Appointment
Mr Ajith U Kodagoda	Chairman	28.03.2017
Mr Ivan Fong	Director	28.03.2017
Mr Naibuka U Saune	Director	28.03.2017
Mr Pradeep C Lal	Director	28.03.2017
Mr Russell Hewitt	Director	01.10.2017

The Board met four times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	No. of Meetings	
	Attended	Held
Mr Ajith U Kodagoda	4	4
Mr Ivan Fong	4	4
Mr Naibuka U Saune	4	4
Mr Pradeep C Lal	4	4
Mr Russell Hewitt	4	4

Chief Executive Officer and Company Secretary

Mr Barlen Lutchmoodoo is the Chief Executive Officer of Vodafone Vanuatu. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines; managing effective relationships with internal and external parties; and leading and developing a team of staff. The Company Secretary is Mr Ravendra Chand and is responsible for managing budgets, financial report and key performance indicators; providing Company secretarial duties and functions; ensuring compliance with regulatory and statutory requirements.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. Vodafone Vanuatu 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.

Accountability and Audit

Vodafone Vanuatu is audited annually by an independent external auditor. The Company's accounts are prepared and audited in compliance with IFRS standards. Vodafone Fiji Pte Limited was appointed by ATH to provide management support to Vodafone Vanuatu. As part of this, Vodafone Fiji also conducts an annual internal audit of Vodafone Vanuatu.

Risk Management

The Directors of the Company are always mindful of potential risks that may arise in the course of its business. The Company maintains a risk register to highlight the top risks faced by the Company, their tolerance level based on impact rating, the likelihood of occurrence and the controls and mitigation measures in place or to be put in place to improve preparedness to reduce the impacts.

Looking Ahead

Building on the achievements of this financial year- network transformation, launch of the Vodafone brand and people development - Vodafone Vanuatu will be strategising on key aspects to become the market leader.

We believe technology is the key enabler in this digital world, hence, in light of the COVID-19 pandemic, and with strong support from Vodafone Fiji, and by leveraging on the ATH Group synergies, our focus is to improve and enhance customer experiences and bring in more digital innovations to our service offering.

We intend to grow our newly launched m-vatu platform through increased customer awareness and acquisition, adding more mobile payment partners and opening up IMT services to enable our customers to send and receive money worldwide.

Vodafone Kiribati

Mr Arun K Narsey	**Chairman**
Mr Ivan Fong	**Director**
Mr Ajith U Kodagoda	**Director**

Overview

Amalgamated Telecom Holdings (Kiribati) Limited, trading as Vodafone Kiribati, is Kiribati's leading telecommunication service provider delivering affordable mobile, fixed, data through its 3G and 4G network and M-Paisa services to the people of Kiribati.

Over the past five years, with the support of Vodafone Fiji, Vodafone Kiribati continues to deepen its strategic transformation, embracing on-going advances in technology to reshape the telecommunication market and transform customer experiences in Kiribati, together with on-going investments in its people and the local community.

The launch of the "Vodafone" brand in Kiribati in early 2020 has been a major achievement for the Company and linked us to the globally renowned brand. Our association with the "Vodafone" brand inks our presence in the global market and provides new growth opportunities and reach to the renowned global partners.

Our Achievements

In 2019 Vodafone Kiribati was awarded the Excellence Award for Embodying the "People's Choice" for the Most Successful Business in the Foreign Investment Sector at the 2019 Kiribati National Business Awards.

Our Infrastructure

This year we embarked on a journey to increase the provision of telecommunication services to the outer islands in Kiribati. With only nine islands having basic mobile services in 2015, we have now extended to provide mobile, SMS, data and M-Paisa services to 15 Islands in Kiribati, covering 65% of the country's population.

In addition, through assistance from the World Bank and the Kiribati Government, Vodafone Kiribati rolled out its mobile and data services to six outer islands which did not have these services. These include, Arorae, Nikunau, Tab South, Tamana, Beru and Nonouti Island.

To meet the increasing demand for data, Vodafone Kiribati launched its ISP platform with the Kacific's new Satellite solution this year. This has increased our capacity three-fold, enhancing data experience to our customers.

Our People

Our people are our greatest asset. Being an equal opportunity employer, 96% of our total workforce are locals.

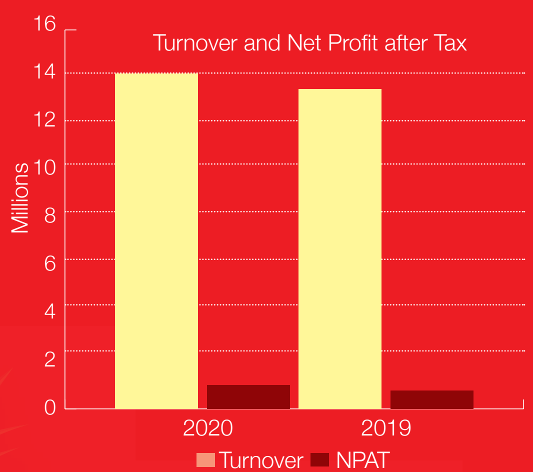
We also hold a strong female representation, of 49% women, one of whom heads our Human Resources operations.

We continue to empower our people through various engagement and training programmes.

Vodafone Kiribati continues to upskill its staff by providing in-house and external training. There is also continuous support from Vodafone Fiji in training and coaching our employees in all areas of the business.

Financial Highlight

Vodafone Kiribati achieved a total turnover of AUD 14.2 million driven by increased market penetration in the outer islands.



Our team introduced new products and promotions and revamped the existing products and services offered to our customers throughout the year.

Corporate Social Responsibility (CSR)

Vodafone Kiribati believes in creating more possibilities for its people, community and the environment this implement processes where CSR and social impact are integrated across the business.

We are the major sponsors for two of the country main events that focuses on empowering local talents and bring together the people from various outer islands in Tarawa.

The Kiribati Republic Day is held in July every year. This is a weeklong event featuring various competitions, including the most popular “Dance Battle”.

The Terunga Tournament is held every two years in November. This is a month long sporting event involving people from all outer islands who compete in various sports for the Terunga Cup in various sports.

Amidst the COVID-19 pandemic, the Company is working closely with the Ministry of Health to spread awareness to the community through the text blast services.

Corporate Governance Statement

Vodafone Kiribati provides the following corporate governance statement for the year ended 31 March 2020.

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 to meet its objective of enhancing corporate profit and shareholder value.

The regular business of the Board covers investments and strategic matters, governance, risk and compliance, the Chief Executive Officer’s report, and the tracking the performance of the Company.

Board Composition and Membership

The Board comprises of three Non-Executive 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 2020 were:

Name	Title	Date of Appointment
Mr Arun K Narsey	Chairman	28.04.2015
Mr Ivan Fong	Director	28.04.2015
Mr Ajith U Kodagoda	Director	01.10.2019

Mr Pradeep Chand Lal, resigned from the board on 1 October 2019. He was replaced by Mr Ajith Upendra Kodagoda.

The Board met four times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	No. of Meetings	
	Attended	Held
Mr Arun K Narsey	4	4
Mr Ivan Fong	4	4
Mr Pradeep C Lal	2	2
Mr Ajith U Kodagoda	2	2

Chief Executive Officer and Company Secretary

Mr Rajneel Kumar is the Chief Executive Officer of Vodafone Kiribati. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines; managing budgets, financial report and key performance indicators; ensuring compliance with regulatory and statutory requirements; managing effective relationships with internal and external parties; and leading and developing a team of staff. The Company Secretary is Mr Shalvin Singh who is responsible for managing budgets, financial report and key performance indicators; performing Company secretarial duties and functions; ensuring compliance with regulatory and statutory requirements.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. Vodafone Kiribati 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.

Accountability and Audit

Vodafone Kiribati is audited annually by an independent external auditor. The Special Purpose Financial Accounts are prepared and audited in compliance with IFRS standards. ATH appointed Vodafone Fiji Pte Limited to provide management support to manage Vodafone Kiribati. As such, Vodafone Fiji also conducts an annual internal audit of Vodafone Kiribati.

Risk Management

The Directors of the Company are mindful of potential risks that may arise in the course of its business. The Company maintains a risk register to highlight the top risks faced by the Company, their tolerance level based on impact rating, the likelihood of occurrence and the controls and mitigation measures in place or to be put in place to improve preparedness to reduce the impacts.

Looking Ahead

Vodafone Kiribati continues its focus on creating a resilient network to provide better experience to its customers.

In this digital era, where the world economy is being digitally connected, the people of Kiribati are rapidly adapting. As such, we will continue to optimise our network and offer new and innovative data products to meet the growing needs of our customers.

To this end we are also committed to increase network coverage and footprints in the outer islands.

Vodafone Kiribati will continue investing in its people, network and the community to create an exciting future for all I-Kiribati.

Fiji International Telecommunications Pte Limited

Mr Ajith U Kodagoda	**Chairman**
Mr Sashi Singh	**Director**
Mr Naibuka U Saune	**Director**
Mr Vilash Chand	**Director**

Overview

If ever there was a need for connectivity, it is today.

COVID-19 has challenged both the private and the public sectors in multiple ways. Various critical sectors of the economy have come under unprecedented pressures to perform. Amidst an unrelenting challenge, ICTs hold great hopes for driving recovery and helping us move forward with new approaches, which are essential for the fulfilment of the Sustainable Development Goals (SDGs). ICTs are literally keeping the world stitched together amidst a nightmarish situation.

The prevailing COVID-19 crisis is serves as a catalyst to for bringing about a paradigm shift in how we use ICTs for provisioning healthcare services; delivering education; and how the world's private and public sectors co-operate to help synergise in digital transformation through broadband connectivity, digitalisation and innovation at an accelerated pace.

The submarine telecommunications industry is responsible for the global infrastructure that has kept meetings happening, money being spent on-line, on-line entertainment and students meeting in digital classrooms.

More than 99% of the world's global communications is carried on submarine cable networks and these networks have increased due to the exponential growth of data. As such, submarine cables are a vital component of a country's national infrastructure and many governments have declared subsea cables strategic national assets. Subsea cables remain the primary method of transporting internet traffic because of their speed, capacity and security.

The combined global subsea cable industry is expected to increase in value from approximately USD 12 billion in 2018 to approximately USD 30 billion by 2027 (source: TeleGeograpy).

For the Oceania region, between 2015 and 2020, a total of USD 1 billion investment in subsea cable systems is envisaged (source: TeleGeograpy).

It is forecasted that 98% of Pacific island countries, territories, and states will be connected to sub-sea cables in the next two years (source: ITU/PITA).

Our Infrastructure

FINTEL has committed to the new SX Next subsea cable system with an earmarked investment of USD 20 million. SX Next is targeted to be operational in the fourth quarter of 2021.

The successful negotiation for the SX Next subsea cable system to land in Savusavu on Vanua Levu provides the long-awaited relief of redundancy/resilience to FINTEL/Fiji's and the Pacific Islands international telecommunications.

Pacific Island subsea cable systems that are 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 SX Next subsea cable system will provide direct connectivity with Kiribati, Tokelau, Nauru and the Federated States of Micronesia.

The Manatua subsea cable systems, which comes into service in June 2020, allows FINTEL/Fiji to be connected to the Cook Islands, Niue and French Polynesia.

FINTEL's commitment to the SX Next Cable system will extend Fiji's international communications to 2050. The commitment will progressively provide cheaper and high speed international backbone capacity for development of the internet in Fiji and the Pacific region and to cope with the "new normal".

Our People

FINTEL has a staff complement of 32. Thirty percent of the staff are female, spread out in various sections. Corporate and Human Resources, Finance and Risk, Commercial, Sales and Marketing and Network and Technology.

FINTEL's Sports and Social Club is the main arm that keeps staff families and friends bonded through sports, picnics, social work, religious festivals and end of the year celebrations.

As part of our contribution to the awareness and conservation of the environment, staff and families planted mangroves at the FINTEL, Vatuwaqa foreshore.

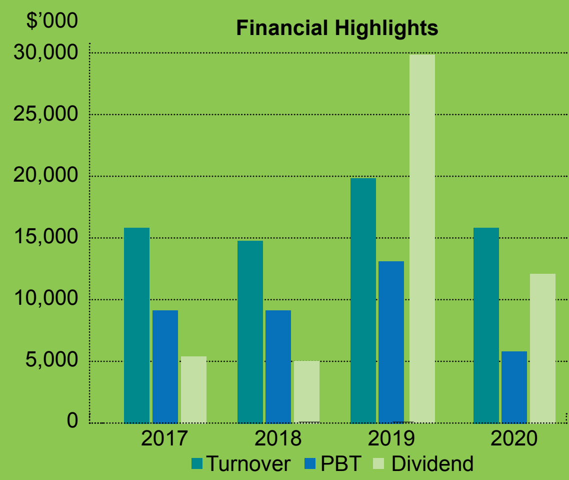
Financial Highlights

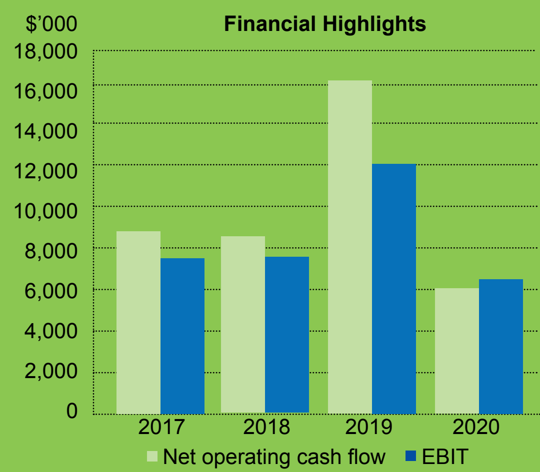
FINTEL recorded an Operating Profit of $6.5 million ($12.0 million: 2019), Profit before Tax (PBT) of $6.8 million ($12.8 million: 2019) and Profit after Tax (PAT) of $5.5 million ($10.3 million: 2019) during the year.

FINTEL paid its shareholders a dividend of $11.9 million ($29.7 million: 2019).

The decline in performance stemmed from the regulatory determination on subsea cable access from June 2019 which included the regional subsea cable systems.

COVID-19 came early for FINTEL.





Looking Ahead

FINTEL's network development activities continue to focus on the enhancement of its core, tele-housing and co-location services at FINTEL's Vatuwaqa Communications Centre, in providing 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 incremental business to customers.

The direct and indirect inter-connection with regional and global subsea cable systems, the associated value-added services and the growing demand for international broadband will provide the future delivery of key business objectives.

FINTEL tendered for the landing of the New Caledonia subsea cable system in Fiji, and is confident of a positive outcome, considering the various advantages in connectivity, regionally and globally, and FINTEL/Fiji's regional telecommunications hub status.

Regulatory and gateway market threats are forecasted to continue which may require investment reviews to current and future subsea cable systems.

Corporate Governance

FINTEL provides the following corporate governance statement for the year ended 31 March 2020.

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, risk and compliance.

Board Composition and Membership

The Board comprises of four (4) Directors appointed by Amalgamated Telecom Holdings Limited.

The Directors in office on 31 March 2020 were:

Name	Title	Date of Appointment
Mr Ajith U Kodagoda	Chairman	19.04.2011
Mr Sashi Singh	Director	19.04.2011
Mr Naibuka U Saune	Director	27.01.2017
Mr Vilash Chand	Director	15.03.2012

The Board met three times during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Ajith Kodagoda	3	3
Mr Sashi Singh	3	3
Mr Naibuka Saune	3	3
Mr Vilash Chand	3	3

Board Sub-Committees

The Board has formally constituted two (2) committees namely the Audit and Finance Committee and the Human Resources Committee.

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 FINTEL's financial plans and strategies, monitoring the external audit of the Company's affairs, reviewing the quarterly and annual financial statements, and monitoring the Company's compliance with applicable laws and South Pacific Stock Exchange (SPX) requirements.

Board Sub-Committee meetings and attendance during the financial year ended 31 March 2020 was as follows:

Name	Audit and Finance Committee	
	Number of Meetings	
	Attended	Held
Mr Sashi Singh	1	1
Mr Vilash Chand	1	1
Mr Naibuka U Saune	1	1

Name	Human Resources Committee	
	Number of Meetings	
	Attended	Held
Mr Sashi Singh	1	1
Mr Vilash Chand	1	1

Chief Executive Officer and Company Secretary

Mr George Samisoni is the Chief Executive Officer (CEO) and Company Secretary of FINTEL. The CEO 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.

Ethical and Responsible Decision Making

The Company has a code of conduct which is relayed to the Directors upon appointment to the Board. FINTEL 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.

Accountability and Audit

FINTEL is audited annually by an independent external auditor. FINTEL 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 when the need arises.

Fiji Directories Pte Limited

Mr Arun K Narsey	**Chairman**
Mr Ivan Fong	**Director**
Mr Umarji Musa	**Director**

Overview

Fiji Directories Pte Limited (FDL) continues to be the leading print and on-line directory service provider, delivering quality and efficient category searches and listings to wider audiences under the internationally recognised brand, Yellow Pages. FDL recently launched the Yellow Pages Mobile App for Android and iOS users, in addition to the existing on-line platforms Yellow Pages website (www.yellowpages.com.fj), and White Pages website (www.whitepages.com.fj) - in the growing convergence to digitalisation.

During the financial year 2020, FDL faced the challenges of synchronised global slowdown and soft consumer spending in the economy that impacted the overall performance of the Company.

Despite the challenges, FDL continues to achieve sound results and deliver the best services for all business contact information needs, reaching a wider audience with a formidable arsenal of products.

Our Infrastructure

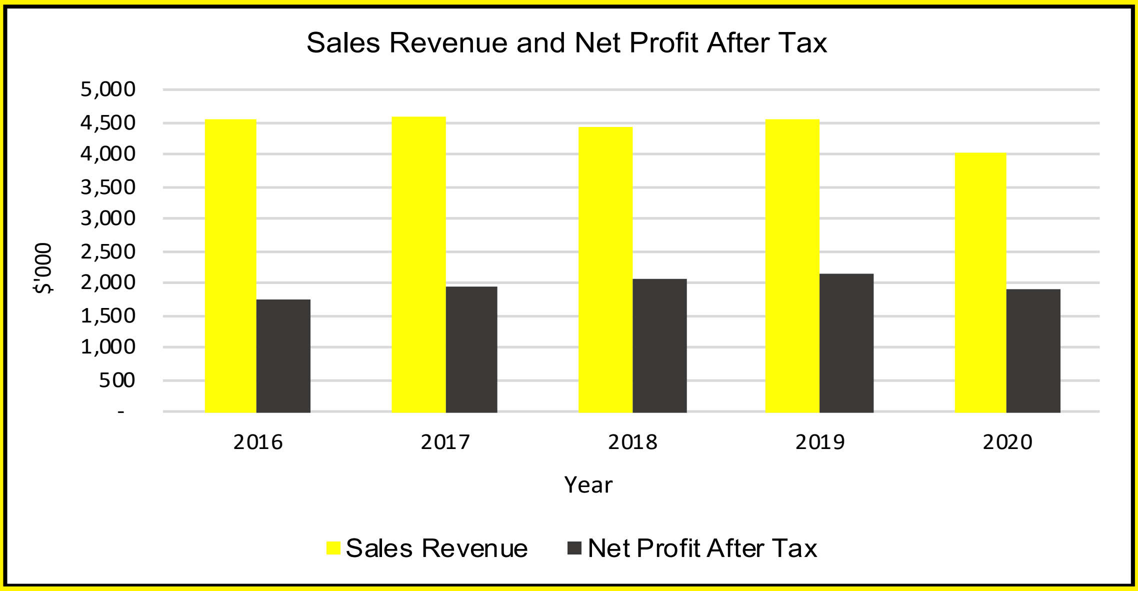
The Print Directory continues the pre-eminence with circulation coverage from residential customers to businesses to Government offices in Fiji and embassies across the globe and in the region.

With a focus now to enable more e-business through the use of Mobile Applications, FDL has launched its Yellow Pages Fiji® Mobile App available on both Play Store(Android) and the App Store(iOS). It has been designed to meet the standards of Fiji's ever-growing technology forward customers and the general public. The App is also available to international users.

The Mobile App incorporates:

- Search - via Business Name a Location
- Social Networking - Social Media Integration – Sharing listings, etc
- Responsive UI/Wireframe - Adjust to any screen size – mobile/tablet, etc
- Work Offline - Emergency services, helpline number, etc, already built into the app
- Google Maps Integration - All location services integrated with Google Maps

The Mobile App also incorporates various security features to ensure the protection of user data, "Click-to-Call" features where by users do not need to type in



phone numbers, emails, etc, as well as overall simplicity to allow the user to access information efficiently. Great care has been taken by FDL to reaffirm quality and security of services.

Our People

Human resources plays a pivotal role in the performance of the Company. FDL's success, as the leading directory service provider, is accredited to the utmost dedication, ingenuity and industrious efforts of its people. FDL continues to uphold its people as an integral pillar of the organisation. With new inclusions to the Sales Team, FDL is moving from traditional means of conducting business to a fresher and renewed approach.

FDL strives to invest in its people and encourages upskilling while maintaining a competitive environment for growth and development.

Financial Highlights with Graphs

FDL recorded a net profit after tax of $1.90 million for the financial year ended 31 March 2020 despite the challenging market conditions for print advertising. FDL continues to achieve strong performance for on-line advertising, up 47.59% as compared to the previous year.

The Company declared a dividend of $1.7 million to shareholders.

Looking Ahead

FDL continues to strive towards convergence of print to digitalisation by enhancing the on-line platform for service delivery. The Company is venturing into White Pages Fiji® Website revamp, thus increasing its internationally recognised standards, and offering new and improved services for its customers and the public.

While Print Directories are continually in demand, FDL is moving to a more modernised layout of the book with changes to the structure and placement of the different sections to improve customer experience allows easy access.

Corporate Governance

FDL provides the following corporate governance statement for the year ended 31 March 2020 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.

Board Composition and Membership

The Board comprises of three (3) Non-Executive Directors.

The Directors in office on 31 March 2020 are:

Name	Title	Date of Appointment
Mr Arun K Narsey	Chairman	01.04.2014
Mr Ivan Fong	Director	20.10.2016
Mr Umarji Musa	Director	20.10.2016

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 Directors retire by rotation each year and the retiring Directors are eligible to be nominated again for re-election.

The Board met twice during the financial year ended 31 March 2020. Attendance was as follows:

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Arun K Narsey	2	2
Mr Ivan Fong	2	2
Mr Umarji Musa	2	2

Chief Executive Officer and Company Secretary

Ms Sitla Chandra is the Chief Executive Officer and Company Secretary for FDL. She 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.

Ethical and Responsible Decision Making

The Company has a code of conduct, which is relayed to the Directors, upon appointment to the Board. FDL 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.

Accountability and Audit

FDL is audited annually by an independent external auditor. FDL accounts are prepared and audited in compliance with IFRS standards.

Risk Management

The Directors of the Company are 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 when the need arises.

Digitec ICT Limited

Etech ICT Pte Limited

Etech ICT Pty Limited

Business Overview

The three ICT entities, Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited, operating out of Papua New Guinea, Singapore and Gold Coast respectively, have a common management team.

Digitec ICT Limited is a reseller and systems integrator, catering for a wide range of ICT products and services, whilst Etech ICT Pte Limited and Etech ICT Pty Limited are a distributors of ICT products.

Amalgamated Telecom Holdings Limited, which is the parent company of ATHIV International Venture Pte Limited, now owns 70% stake in the ICT companies after successful acquisition on 1 January 2019.

Digitec is one of PNG's leading ISP, with a Hosted Data Centre, and are partners of renowned brands which includes Ricoh MFD, Dell Server and storage solution provider. Establishing a modest retail outlet in 2012, Digitec has diversified its business over the years to become a power house of the ICT corporate sector. Today, Digitec ICT Limited is hailed as one of the pioneers and innovators of information technology in PNG.

Digitec is the fastest growing ICT Company in Papua New Guinea, and is currently number two in the ICT sector, surpassing several other established companies that have been operating in the country for over 25 years. The Company has established key relationships with global brands such as Dell, Apple, Toshiba, Cyberoam, Veeam, D-link, Cisco, IBM, Ricoh, Vmware, APC and other reputable brands to offer high quality ICT products and services.

One of the key differentiators that Digitec offers in the market is a pool of highly trained, competent and certified engineers, with a wealth of experience, who are able to deliver complex business solutions, tailored to individual business needs. This has elevated Digitec into a highly reputable and trusted ICT provider that has delivered solid growth over the past five years.

Etech in Singapore distributes world renowned brands such as Dell EMC full range of products to the entire Pacific region excluding Australia and New Zealand.

In addition, the brands that Etech in Australia distributes are Powershield, Adata, Matrix, Yealink, Yeastar, Racom, and Telrad. Etech also has its own OEM branded networking products such as Networking cables, Racks, PDU and other accessories.

Financial Highlight

All the three ICT Companies demonstrated commendable growth in the 2019-2020 financial year.

Digitec ICT Limited

The revenue for the financial year ended 31 March 2020 was PGK 62.7 million. Aggressive initiatives were undertaken to increase the ISP subscriber base and other ICT projects for the private and Government sectors which underpinned the strong revenue performance, resulting in EBITDA of PGK 15 million; 24% of the revenue. During the year the Company declared a dividend of PGK 8 million.

Etech ICT Pty Limited and Etech ICT Pte Limited

Both the Companies were incorporated to facilitate the supply and distribution of ICT products to Digitec ICT Limited and other Pacific island countries. Etech ICT Pty Limited had a total turnover of AUD 3.6 million revenue during the financial year. Ninety-nine percent of the revenue generated was from Digitec ICT Limited. EBITDA value was recorded at AUD 199K which is 6% of the revenue. The Company declared a dividend of AUD 100,000 for the year.

Etech ICT Pte Limited achieved a turnover of USD 8.4 million for the financial year ended 31 March 2020. 98% of the revenue related to inter-company. EBITDA for the year closed at USD 696,000; 8% of the revenue. The Company declared a dividend of USD 300,000 during the year.

Our Infrastructure

Data Centre

Digitec's Data Centre is built with the latest state of the art technology currently available in the Global ICT industry. Security of IT systems and infrastructure is critical and therefore it is imperative the data is housed in a protected, monitored, resilient and cost-effective data centre with 24/7 accessibility to authorised personnel. Digitec has further enhanced its security and support by providing an on-site resident engineer on a 24/7 basis.

Service Centre

Digitec is the authorised service centre for leading brands such as Dell, Apple, Toshiba, Cyberoam, Ricoh and Samsung. The Digitec Service Team is highly skilled and competent to provide the pre-sale and post-sale service and support for the suite of products it offers in the market. This support includes workshop and on-site repair. Customers with service level agreement are given high priority and agreed turn-around times.

Internet Service Provider (ISP)

Digitec is the only ISP in Port Moresby to provide a three-way redundancy (Coral Sea Fiber (CS2), 03B, C-Band V-sat) and two-way redundancy in Lae. Load is shared on all Providers and if one fails, the traffic is moved automatically to other available Providers. Digitec offers guaranteed 99% up-time in Port Moresby and Lae. The network is designed for 99.95% up-time. Digitec's strength is further extended with Customer Self Care Portal. Technical support is available on a 24/7 basis and all ISP customers have a dedicated Account Manager for complaint handling.

Corporate Social Responsibility

Digitec strongly believes in nation building, corporate philanthropy and providing equal opportunities to the people of PNG. The Company believes in empowering and investing in the younger generation, which is key to the sustained growth of the economy and socio-economic development. Digitec proactively contributes towards sports and education events. This impacts positively on the quality of life through a wholesome development of the society, particularly for the disadvantaged children.

Digitec is also helping the youth of today to become better citizens by promoting positive career opportunities and pathways in sports by sponsoring soccer tournaments and providing sporting equipment to various football

clubs in Port Moresby and Bougainville. The Company also sponsored a basketball club in Lae and sponsored golf tournaments in Mosa, Kimbe and Ramu Sugar Lae. The Company contributed an additional PGK 55,000 in sponsorships to other sporting events.

Women Empowerment

Digitec is an equal opportunity employer. The Company believes everyone must be given equal opportunities in every field, irrespective of gender. Digitec's current staff comprises 43% women and 57% man which is relatively high compared to other PNG-based companies, with similar size to Digitec. Digitec continues to train women in the technical field by providing on-the-job-training in partnership with Don Bosco Technical College in PNG.

Corporate Governance

Digitec ICT Limited, Etech ICT Pte Limited and Etech ICT Pty Limited are committed towards maintaining good corporate governance whilst pursuing its corporate objectives to enhance long term shareholder value and sustainable growth.

Role of the Board

The Board is responsible for the overall governance, management and strategic direction of the organisation and for delivering accountable corporate performance in accordance with the organisation's goals and objectives through the relevant country legislation.

Board Composition and Membership

The Directors in office as at 31 March 2020 were as follows:

Digitec ICT Limited

Name	Title	Date of Appointment
Mr Ivan Fong	Chairman	01.01.2019
Mr Naibuka U Saune	Director	01.01.2019
Mr Rajnesh R Prasad	Director	01.01.2019
Mr Andrew R Kumar	Director	01.01.2019
Mr Ateen A Kumar	Director	01.01.2019
Mr Nishith Muchhala	Director	24.07.2018
Mr Nirmal Singh	Director	24.07.2018

Etech ICT Pty Limited

Name	Title	Date of Appointment
Mr Ivan Fong	Chairman	01.01.2019
Mr Naibuka U Saune	Director	01.01.2019
Mr Rajnesh R Prasad	Director	01.01.2019
Mr Andrew R Kumar	Director	01.01.2019
Mr Ateen A Kumar	Director	01.01.2019
Mr Nirmal Singh	Director	22.08.2018

Etech ICT Pte Limited

Name	Title	Date of Appointment
Mr Ivan Fong	Chairman	27.06.2019
Mr Naibuka U Saune	Director	27.06.2019
Mr Rajnesh R Prasad	Director	27.06.2019
Mr Andrew R Kumar	Director	27.06.2019
Mr Ateen A Kumar	Director	27.06.2019
Mr Nirmal Singh	Director	27.07.2018
Mr Ketankumar C Goda	Nominee Director	27.07.2018

Nominee Directors are not entitled to any professional fees and are not required to attend any directors' meetings involving the business operations and management of the Company.

The Board met twice during the financial year ended 31 March 2020. Attendance was as follows:

Digitec ICT Limited

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Ivan Fong	2	2
Mr Naibuka U Saune	2	2
Mr Rajnesh R Prasad	2	2
Mr Andrew R Kumar (Mr Pradeep C Lal - Alternate Director)	2	2
Mr Ateen A Kumar (Mr Ajith U Kodagoda - Alternate Director)	2	2
Mr Nishith Muchhala	2	2
Mr Nirmal Singh	2	2

Etech ICT Pty Limited

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Ivan Fong	2	2
Mr Naibuka U Saune	2	2
Mr Rajnesh R Prasad	2	2
Mr Andrew R Kumar (Mr Pradeep C Lal - Alternate Director)	2	2
Mr Ateen A Kumar (Mr Ajith U Kodagoda - Alternate Director)	2	2
Mr Nirmal Singh	2	2

Etech ICT Pte Limited

Name	Board	
	Number of Meetings	
	Attended	Held
Mr Ivan Fong	2	2
Mr Naibuka U Saune	2	2
Mr Rajnesh R Prasad	2	2
Mr Andrew R Kumar (Mr Pradeep C Lal - Alternate Director)	2	2
Mr Ateen A Kumar (Mr Ajith U Kodagoda - Alternate Director)	2	2
Mr Nirmal Singh	2	2

Board Sub-Committees

The Remuneration Committee (REMCO) determines, on behalf of the Board, the Company's policy on the remuneration of the Chairman, the Directors and the senior management team of the Company (EXCO). The Remuneration Committee determines the total remuneration packages for these individuals, including any compensation on termination of office. The Chief Executive Officer may attend the Remuneration Committee meetings by invitation only. The Committee is also responsible for appointing any consultants in respect of Executive Directors' remuneration.

The representatives of the holding company, Digitec Communications Limited are currently part of the sub-committee. The two non-executive directors are Mr Ajith U Kodagoda and Mr Pradeep C Lal.

Name	Remuneration Committee	
	Number of Meetings	
	Attended	Held
Mr Ajith U Kodagoda	1	1
Mr Pradeep C Lal	1	1

Accountability and Audit

The ICT Companies are audited by an independent external auditor and its accounts are prepared and audited in compliance with IFRS standards.

Risk Management

The Directors of the Company are always mindful of potential risks that may arise during the course of the business. The Company's risk is governed by the Board. While the Company does not have a separate Risk Management Committee, it has contingencies in place should the need arise. The Company maintains a risk register that highlights key risks, their respective tolerance levels based on the impact rating and likelihood of occurrence and the controls and mitigation measures

that are being practised or need to be put in place, to be able to improve the Company's preparedness and reduce the impacts of risks.

Looking Ahead

Digitec will continue its pursuit of delivering cutting edge technology to its customers through constant upgrade and investing in in-house research and development of new products and services. With internet penetration in PNG sitting at 15% currently, there is potential for significant growth in the ISP business with the introduction of Coral Sea Fiber Cable that is expected to further reduce the price for internet access. Digitec is now pursuing opportunities in the consumer market using the 5Ghz unlicensed band utilising LTE Technology and customer upgrades to higher speeds. Availability of lower cost Satellite service has paved an opportunity in the rural regions where the Company sees enormous potential for growth. The business will continue to invest in its distribution network, with the objective of retaining its leading position in the ISP and Data Centre segment.

The major focus over the coming year will be growing the MFD managed print service business, Data Centre hosting and growing its market share in the Server and Storage sector, whilst maintaining the leading position in end user computing domain.

On the Digital security and Transformation front, the business will continue to provide services to the corporate sector. The Company has signed up for various state and private sector projects to provide IT infrastructure in 2020/2021. Digitec will continue to strive to become the first choice ICT Company in Papua New Guinea.

Vodafone ATH Fiji Foundation

Mr Lionel D S Yee	Chairman
Mr Ivan Fong	Director
Mr Rajnesh Prasad	Director
Mr Vikash Prasad	Director
Ms Elenoa Biukoto	Director
Mr Shiu Nandan	Director
Ms Maria Mausio	Director

Vodafone ATH Fiji Foundation (The Foundation) is the heart of our corporate philanthropy. Our family of companies is passionate about improving the lives of our community members. A key objective is to promote social development and sustainable living through leveraging the telecommunications and ICT technologies. During 2019/2020, the Foundation provided $462,418 worth of grants to 80 charitable organisations, whilst working closely with over 400 relevant stakeholders and 200 organisations from multi-disciplinary backgrounds.

The core belief of the Foundation is that mobile technology can address some of Fiji's most pressing humanitarian challenges and it is our responsibility to leverage this for social change and improve people's lives. This is accomplished via the Mobile For Good programme which is a technology based rollout programme that helps schools, charities and community-based youth and women clubs via donation of tablets and internet connections for a period one year.

Similarly, via the use of technology, the mSafe channel was the first of its kind in Fiji to create a safer, secure and smarter Fiji by harnessing technology to achieve a vision of a crime free Fiji. Customers receive community service alert pertaining to criminal activities, theft, burglary, drugs, domestic violence, child abuse, sexual assault and cyber crimes.

During the year, the programme, in association with the Capacity Building and Story Telling Fiji (CBST), Northern Charity Alliance, Hakwa Foundation, LifeLine and Western Charity Alliance focused on energising youth through the use of technology and established networks.

Donations included the provision of mobility devices to households, women and youth clubs in partnership with the USP Students Association and other religious youth clubs.

CBST also helped with the establishment of small businesses for the youth. Over 40 small businesses were established with SEED support.

Equally, mWellness, which debuted last year, is our community support channel for health. It is aimed at "working together for the health and wellness of all Fijians" on matters relating to mental disorders, suicide prevention, trauma counselling, narcissist/ toxic counselling and sharing root cause analysis for communicable and non-communicable diseases.

Notably, the mSpeakup channel was well favoured during the year. The channel aims to nurture a culture of "speaking up and being heard". The channel is a catalyst, for individuals from all walks of life and professional disciplines, to articulate and deliberate on issues prevalent in their communities. The channel has increased ten-fold since the first Multi-Disciplinary Conference (MDC).

Moreover, the Foundation, via the World of Difference (WoD) programme, continues to engage passionate and motivated candidates to work alongside our charity partners to bring in key changes in society. The programme has grown vastly since its inception. The WoD was able to convene approximately 3,000 activities and in turn, various beneficiaries.

Some of the key activities and partners of the WoD programme during the year were:

Bringing in mobility devices and medical supplies worth $13.5 million via nine forty-footer inbound shipments which reached out to the rural area and the outer islands.

The Hakwa Foundation, established in the province of Nadroga/Navosa, provided empowerment, capacity building and training to youth and women groups. In addition, it assisted in food ration delivery to areas affected by Tropical Cyclone Harold.

Another WoD partner, Rotary Pacific Water for Life (RPWFL) and Philanthropy Pacific completed 18 water treatment systems and sanitation projects worth over $1.5 million throughout the country.

Lifeline Fiji assisted people with mental health counselling. Their aim is to increase visibility in the community, and increase mental health and suicide advocacy in the society. The counselling provided related to partner/family, work and personal life problems such as suicidal thoughts, violence, abuse, self-harm, bullying, assault, loneliness. The overall target was to provide people with improved mental health and general well-being.

Another Foundation programme, Beyond Funder continues to advocate United Nations declared sustainable development goals and key performance indicators. It endures to increase its reach through consultations to discuss topics pertaining to fitness, health and NCDs by engaging with corporates, charities, Government departments and other authorities in society.

Additionally, under the Hands Up initiative, staff raised funds for charitable organisations and noble causes such as Pinktober and Movember, amassing $35,000 through various fundraising activities. The Fiji Cancer Society, WoW Kids and CWM Oncology received $10,000. The funds will be used to help raise awareness and also provide treatment support to those suffering from blood, breast and other cancer related difficulties.

Likewise, The Double Your Dollar programme sustained staff engagement in raising funds for charities. During the last quarter, employees/teams raised funds under the programme. An additional $30,924 was provided by the Foundation accordingly.

Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	**Financial Year 2019-2020 ($)**
World of Difference (WoD) Expenses	
WoD Admin Expenses	129,981
M- Paisa Expenses	44,383
Total WoD Expenses	**174,364**
Double Your Dollar and Christmas Donations	
Gyan Mandir Mandali - Samabula	1,000
Red Cross Society	1,000
Hakwa Foundation	760
Fitness Inspiration Fiji	1,000
Red Cross Society	1,000
Kidney Foundation	1,000
Save the Children Fiji	248
Jan Sewa Sanstha	1,000
Capacity Building and Story Telling	1,000
Fiji Cancer Society	1,000
Western Charity Alliance	1,000
Northern Charity Alliance	1,000
FENC FIJI	1,916
Fiji Paralympic	1,000
Fiji Disable People Federation	1,000
Philanthropy Pacific	1,000
Northern Charity Alliance	1,000
Lomani Au Children's Home in Savusavu	1,000
Western Charity Alliance	1,000
Narere Hart Home	1,000
Psychiatric Survivors Association	1,000
Capacity Building and Story Telling	1,000
Philanthropy Pacific	1,000
Spinal Injury Association	1,000
Hakwa Foundation	1,000
Capacity Building and Story Telling	1,000
Philanthropy Pacific	1,000
Rotary Pacific Water for Life	1,000
Western Charity Alliance	1,000
Northern Charity Alliance	1,000
Total Double Your Dollar (DYD)	**30,924**

Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	**Financial Year 2019-2020 ($)**
Mobile for Good	
Nasinu Sangam Primary School	2,341
Nadroumai Women's Club	2,500
Voice of Healing Church Women's Fellowship	2,500
Vunivutu Primary School	2,500
Nuku Secondary School	2,000
Nawailevu Village School	2,500
Dravo District School	2,341
Ba Sangam College	2,341
Nasautoka Eco Tourism Fiji	2,500
Nadi Mobile Health Clinic	2,500
Nawaluvu Nursery Club	2,500
Sovusovu Youth Club	2,500
Korolevu Junior Black Sports Youth Club	2,500
Navutulevu Youth Club	2,500
VFL-Msafe	5,195
Nabua Women's Club	1,000
Laselevu Women's Club	2,500
Banaban Virgin Coconut Oil	4,525
Nukuloa College Management Fund	2,500
Malomalo Youth Club	2,500
Ba Methodist High School	3,000
Volatabu Group	2,500
Ratu Luke Secondary School	2,341
VFL-M-Education KIT	14,046
Namaya Youth Club	2,500
Nabua Primary School	2,500
Holy Cross College	3,000
Waisiliva Youth Club	2,500
Rukuruku Levuka Womens Club	2,500
mSafe and mSpeakup	7,500
Total Mobile for Good	**94,630**

Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	**Financial Year 2019-2020 ($)**
Sustainable Funding	
Lifeline Fiji	20,000
Spinal Injury Association	20,000
Rotary Pacific Water for Life	35,000
Raralevu Cemetery	5,000
Foundation for the Education of Needy Children in Fiji	5,000
Hakwa Foundation	5,000
Fiji Disabled People Federation	20,000
Western Charity Alliance	12,500
Lions Club of Labasa	20,000
Viti Spinal Injuries Association of Fiji	10,000
Rotary Club of Labasa	10,000
Total Sustainable Funding	**162,500**
Total Donations	**462,418**

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Financial Statements
For The Year Ended 31 March 2020

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Directors' Report

In accordance with a resolution of the board of directors, the directors herewith submit the consolidated statement of financial position of Amalgamated Telecom Holdings Limited (the Holding Company) and its subsidiary companies (the Group) as at 31 March 2020, the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and report as follows:

Directors

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

Mr Ajith U Kodagoda - Chairman
Mr Arun K Narsey
Mr Tom Ricketts
Ms Kalpana Lal (appointed 1 February 2020)
Mr Taito R Waqa
Mr Umarji Musa
Mr David Kolitagane

Principal Activities

The principal activity of the Group during the year were the provision of telecommunications services. The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte 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 Pte Limited	Cellular mobile telecommunication services, cloud services, e-transport and other ancillary services on mobile platform.
Fiji International Telecommunications Pte Limited (FINTEL)	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Pte 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.
Amalgamated Bluesky Telecom Holdings LLC and its subsidiary companies including AST Telecom, LLC, American Samoa Entertainment, Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary companies including Digitec Communications Limited (PNG), Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia).	Equity investments, provision of ICT services and telecommunication services.

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

Results

The consolidated profit after income tax attributable to the members of the Holding Company for the financial year was $43,354,000 (2019: Restated $75,024,000).

Dividends

No dividends were declared by the Holding Company for the year ended 31 March 2020 (2019: $10,553,000).

Basis of Accounting - Going Concern

The financial statements of 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 the directors believe that the Group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

Bad Debts and Allowance for Expected Credit Loss

Prior to the completion of the financial statements of 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 expected credit loss. In the opinion of the directors, adequate allowance has been made for expected credit loss.

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 expected credit loss in the Group, inadequate to any substantial extent.

Current and Non-Current Assets

Prior to the completion of the financial statements of 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 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 Group’s financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of 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 Group in the current financial year.

Going Concern

The directors consider that the Group will continue as a going concern. The directors believe that the basis of preparation of financial statements is appropriate and the Group will be able to continue its operations for at least 12 months from the date of signing this report.

Directors' Report (Cont'd)

Significant Events during the Year

During the year:

(a) On 16 September 2019, the Fijian Competition and Consumer Commission made a Final Authorisation for Prices for Access to International Submarine Cables using Fijian Cable Landing Stations. This authorisation amends charges for:

(1) Co-ordination of Access Approval and Landing of Capacity of all international submarine cables;
(2) Facilities Interconnect Service; and
(3) Co-location Service

and was effective from 1st October 2019.

The authorization will remain in force unless revoked, amended, or varied by the FCCC. It is the intention of the FCCC to review this authorization within two years of the date of effect.

(b) A rights issue offer was approved by the shareholders of the Holding Company, in accordance with Article 2.1 of the Articles of Association of the Holding Company at the Annual General Meeting of the Holding Company held on 6 November 2019.

The rights issue offer was made as a non-renounceable entitlement offer of one (1) new ordinary share for every six point six six (6.66) shares held by eligible shareholders registered at the record date at an issue price of $2.00 per share.

All of the ordinary shares offered under this rights issue offer rank equally with the ordinary shares on issue.

(c) The social, health and economic consequences of the COVID-19 pandemic continue to evolve rapidly and have major impacts across the globe. Since its declaration as a pandemic in March 2020, COVID-19 and the associated government, business and consumer response has had an impact on the operations and financial performance of the Group.

The unprecedented travel bans imposed by various governments in the countries in which the Group operates is expected to adversely impact the Group. In particular, the tourism-based economies of Cook Islands, Fiji, Samoa and Vanuatu are being significantly impacted by COVID-19 with a flow on impact to the respective economies.

While the ultimate disruption which may be caused by the outbreak is uncertain, it may result in an adverse impact on the Group's financial position, performance and cash flows, should it result in ongoing economic downturn impacting the Group's subscribers.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented on the economies to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Group's future consolidated results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

Directors' Report (Cont'd)

Events Subsequent to Balance Date

Subsequent to balance date:

(a) A total of 25,807,000 new shares were issued pursuant to the above-mentioned rights issue offer. The Holding Company received valid applications for entitlements totalling $51,614,000 from eligible shareholders.

The new shares were issued on 24 July 2020 and the normal trading of the new shares commenced on 29 July 2020.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in subsequent financial years.

Other Circumstances

As at the date of this report:

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

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

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

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Group's financial statements which would make adherence to the existing method of valuation of assets or liabilities of the Group misleading or inappropriate.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of any company in the Group or of a related corporation) by reason of a contract made by any company in the Group or by a related corporation with the director or with a company of which the director is a member, or with a company in which the director has a substantial financial interest.

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

Dated this 28th day of August 2020.

Director

Director

Directors' Declaration

In the opinion of the directors of the Holding Company:

a) the accompanying consolidated statement of profit or loss and other comprehensive income of the Group is drawn up so as to give a true and fair view of the results of the Group for the year ended 31 March 2020;

b) the accompanying consolidated statement of financial position of the Group is drawn up so as to give a true and fair view of the state of the affairs of the Group as at 31 March 2020;

c) the accompanying consolidated statement of changes in equity of the Group is drawn up so as to give a true and fair view of the movement in shareholders' funds for the year ended 31 March 2020;

d) the accompanying consolidated statement of cash flows of the Group is drawn up so as to give a true and fair view of the cash flows of the Group for the year ended 31 March 2020;

e) at the date of this statement, there are reasonable grounds to believe that the group entities will be able to pay their debts as and when they become due and payable;

f) all related party transactions have been adequately recorded in the books of the group entities; and

g) the financial statements have been prepared in accordance with the Companies Act 2015.

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

Dated this 28th day of August 2020.

Director

Director

INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 MARCH 2020

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 395 OF THE COMPANIES ACT 2015

To: the Directors of Amalgamated Telecom Holdings Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 31 March 2020 and up to the date of this report there have been:

i. no contraventions of the Auditor Independence requirements as set out in the Companies Act 2015 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
KPMG
28 August, 2020
Suva, Fiji

Steve Nutley, Partner

KPMG, a Fiji partnership, is part of the KPMG International network.
KPMG International Cooperative ("KPMG International") is a Swiss entity.
Document classification: KPMG Public

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMALGAMATED TELECOM HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Amalgamated Telecom Holdings Limited ("the Holding Company") and its controlled entities (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 36.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountant (IESBA), the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Acquisition accounting;
- Valuation of goodwill; and
- Revenue recognition.

Key Audit Matters are those matters that, in our professional judgment, 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.

Acquisition accounting	
Refer to Note 15 of the financial statements	
The key audit matter	**How the matter was addressed in our audit**
The acquisitions of the Bluesky and Digitec Groups on 1 January 2019 for FJD 182.9 million and FJD 30.6 million respectively were significant acquisitions for the Group. This is a key audit matter due to the: • size of the acquisition and its pervasive impact on the financial statements.	Working with our valuation specialists our procedures included: • assessing the scope, competency, and objectivity of the external expert engaged by the Group; • reading the transaction documents to understand the key terms and conditions of the acquisition;

KPMG, a Fiji partnership, is part of the KPMG International network.
KPMG International Cooperative ("KPMG International") is a Swiss entity.
Document classification: Public

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit

• Group's judgement involved in establishing the fair value of assets and liabilities acquired, in particular the identifiable intangible assets, such as customer contracts and relationships and brand.
The Group engaged an external expert to advise on the identification and measurement of intangible assets in connection with the acquisition. Our assessment of the assumptions into the valuations of intangible assets, including forecast revenue growth rates, useful lives and discount rates, was complex. This drives additional audit effort specifically on the feasibility of these assumptions and consistency of application to the Group's strategy.
We involved our valuation specialists to supplement our senior team members in assessing this key audit matter.
	• evaluating the valuation methodology used by the Group to determine the fair value of assets and liabilities acquired, considering accounting standard requirements and observed industry practices;
	• comparing the relevant historical financial information, primarily revenue, used by the Group as the starting point in determining the fair value of intangible assets acquired, to past performance of the Bluesky and Digitec Group;
	• challenging the key assumptions used by the Group and their external expert in determining the fair value of intangible assets acquired by:
	  • assessing the percentage of cash flows attributable to customer contracts and relationships and brand to understand the extent of each business unit's reliance on customer relationships and trade names to generate future cash flows. We used our knowledge of the Bluesky and Digitec Group, its business and customers, as part of our Group audit approach;
	  • assessing the useful life allocated to customer contracts and relationships and brand, using our knowledge of the Bluesky and Digitec Group, its business and customers, and our industry experience;
	  • comparing forecast revenue growth rates over the useful lives to published studies of industry trends and expectations, while considering differences for the Bluesky and Digitec Group operations based on our knowledge of the Bluesky and Digitec Group, its business and customers;
	  • analysing the discount rates applied against our knowledge of the Group, its industry and publicly available data of comparable entities;
	• assessing the adequacy of the Group's disclosures in respect of the acquisition using our understanding obtained from our testing and against the accounting standard requirements.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Goodwill amount ($125,956K)

Refer to Note 16(a) and 15(c) of the financial statements

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 11% of total assets) and the higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their value in use and fair value less costs of disposal models, including: • forecast cash flows – the Group has experienced the impact of travel restrictions throughout the Pacific and associated tourism spend, directly and indirectly, as a result of COVID-19. This impacted the Group through loss of revenue and collection uncertainty. These conditions and the uncertainty of their continuation increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery for the Group and what the Group considers as its future business model when assessing the feasibility of the Group's revised COVID-19 forecast cash flows. • forecast growth rates and terminal growth rates – In addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions, reducing available headroom and indicating possible impairment. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.	Working with our valuation specialists our procedures included: • considering the appropriateness of the value in use and fair value less costs of disposal methods applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • assessing the integrity of the value in use and fair value less costs of disposal models used, including the accuracy of the underlying formulas applied. • meeting with management to understand the impact of COVID-19 to the Group. This included understanding changes in the Group's plans resulting from COVID-19, and potential future impacts to the Group. • comparing the forecast cash flows and capital expenditure contained in the value in use models to revised forecasts reflecting the Group's COVID-19 adjusted working model. • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • challenging the Group's significant forecast cash flow, capital expenditure and growth assumptions in light of the expected continuation of unprecedented uncertainty of business disruption and impacts of the COVID-19 global pandemic. We compared forecast growth rates and terminal growth rates to authoritative published studies of industry trends and expectations, and considered differences for the Group's operations. We assessed key assumptions such as what the Group considers as their future business model. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
• discount rate - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, together with the models approach to incorporating risks into the cash flows or discount rates. The Group's modelling is highly sensitive to small changes in the discount rate. We involve our valuations specialists with the assessment. • forecast capital expenditure – given the impact of COVID-19 on the Group's business, the forecast capital expenditure plan was revised. Our testing focussed on the implications of this decision for consistent application and reasonableness. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. The Group made significant acquisitions in the prior year for which the acquisition accounting was determined provisionally as at the previous reporting date. This necessitated our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. We also considered the Group's allocation of goodwill to the CGUs to which they belong based on the management and monitoring of the business. In addition to the above, the Group recorded an impairment charge of $6,300,000 against goodwill. This further increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• checking the consistency of the growth rates to the Group's revised plans and our experience regarding the feasibility of these in the industry and COVID-19 economic environment in which they operate. • independently developing a discount rate range considered comparable using publicly available information for comparable entities, adjusted by risk factors specific to the Group, respective countries and the industry it operates in. • considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • considering the Group's determination of their CGUs based on our understanding of the operations of the Group's business. We also assessed the impact of acquisitions in the prior year, and, how independent cash inflows were generated, against the requirements of the accounting standards. • analysing the significant acquisitions and the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs. • recalculating the impairment charge against the recorded amount disclosed. • assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Revenue recognition ($662,927K)</th></tr>
<tr><td colspan="2">Refer to Note 3.1 and 6 of the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>We focused on revenue recognition as a key audit matter due to the:
• Group having complex billing systems to process large volumes of data with a combination of different telecommunication products and services and price changes during the year. This requires the involvement of our IT specialists, increases the complexity of our audit and resulting audit effort.
• significance of revenue to the financial performance of the Group and the potential for error or manipulation of results.</td><td>Our procedures included:
• obtaining an understanding of the Group's process of accounting for revenue.
• assessing the Group's accounting policy for revenue recognition against the requirements of the accounting standards
• assessing, with the assistance of our IT specialists, a sample of the Group's:
  – key internal controls in the general IT environment in which the business systems operate, including access to program controls, program change controls, program development controls and computer operation controls;
  – key internal IT controls in relation to the end-to-end reconciliation from the rating and billing systems to the accounting general ledger;
• evaluating the key controls related to the:
  – authorisation of rate changes in the billing systems; and
  – accuracy of the calculation logic used to determine amounts billed to customers.
• testing the end-to-end reconciliation from the Group's billing and rating IT systems to the general ledger. This included analysing a sample of significant journals processed between the billing system and general ledger to relevant underlying documentation, such as, invoices;
• performing sample tests on the accuracy of customer bill generation by checking customer agreed rate and charge plans to sources such as customer terms and conditions contained in their contracts;</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMALGAMATED TELECOM HOLDINGS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
	• assessing new plans introduced during the current year to consider the application of revenue recognition in accordance with the Group's accounting policies and against the criteria in the accounting standards. • assessing a sample of the sales transactions on either side of the balance sheet date as well as a sample of credit notes issued after year end to relevant underlying documentation such as customer contracts to check revenue recognition in the correct period; and • evaluating manual journal entries posted to revenue accounts, on a specific risk-based sample basis, and comparing details of these journal entries including, the date recorded and amount to relevant underlying documentation, such as, invoices and bank statements. • assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and directors' report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein of this other information, we are required to communicate that fact. We have nothing to report in relation to the directors' report.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMALGAMATED TELECOM HOLDINGS LIMITED

Report on the Audit of the Financial Statements (continued)

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

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- 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 Group's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMALGAMATED TELECOM HOLDINGS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, 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 auditors' 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.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 25 July 2019.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion:

i) proper books of account have been kept by the Holding Company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and

ii) to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Steve Nutley.

KPMG

KPMG

28 August, 2020

Suva, Fiji

Steve Nutley, Partner

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the Year Ended 31 March 2020

	Note	2020 $'000	2019 $'000 Restated*
Revenue	6	662,927	523,679
Direct costs	7	(250,916)	(191,082)
Gross profit		412,011	332,597
Other income	8	18,980	19,395
Impairment loss on trade receivables and contract assets (recognised)/reversed, net	21	(8,495)	587
Marketing and promotion expenses		(19,932)	(17,919)
Other expenses	11	(299,591)	(215,175)
Operating profit		102,973	119,485
Finance income	10	2,186	3,301
Finance costs	10	(34,743)	(20,213)
Net finance costs		(32,557)	(16,912)
Profit before tax		70,416	102,573
Income tax expense	12(a)	(27,062)	(27,549)
Profit		43,354	75,024
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		(6,751)	897
Other comprehensive income, net of tax		(6,751)	897
Total comprehensive income		36,603	75,921

*** See note 15(c)**

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

Consolidated Statement of Profit or Loss and other Comprehensive Income (Cont'd)
For the Year Ended 31 March 2020

	Note	2020 $'000	2019 $'000 Restated*
Profit attributable to:			
Equity holders of the Holding Company		14,271	42,407
Non-controlling interests	18	29,083	32,617
		43,354	75,024
Total comprehensive income attributable to:			
Equity holders of the Holding Company		9,036	43,046
Non-controlling interests	18	27,567	32,875
		36,603	75,921
Earnings per share			
- Basic and diluted earnings per share (cents per share)	13	3.38	10.05

*** See note 15(c)**

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

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2020

	Attributable to equity holders of the Holding Company					
	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 April 2018	107,600	(923)	176,150	282,827	59,739	342,566
Total comprehensive income						
Profit (restated, see note 15(c))	-	-	42,407	42,407	32,617	75,024
Other comprehensive income (restated, see note 15(c))	-	639	-	639	258	897
Total comprehensive income	-	639	42,407	43,046	32,875	75,921
Transactions with owners of the company						
Contributions and distributions						
Dividends (Note 29)	-	-	(10,553)	(10,553)	(22,050)	(32,603)
Total contributions and distributions	-	-	(10,553)	(10,553)	(22,050)	(32,603)
Changes in ownership interest						
Acquisition of subsidiary with NCI (restated, see note 15(c))	-	-	-	-	73,648	73,648
Total changes in ownership interest	-	-	-	-	73,648	73,648
Total transactions with owners of the company	-	-	(10,553)	(10,553)	51,598	41,045
Balance as at 31 March 2019 (restated, see note 15(c))	**107,600**	**(284)**	**208,004**	**315,320**	**144,212**	**459,532**
Total comprehensive income						
Profit	-	-	14,271	14,271	29,083	43,354
Other comprehensive income	-	(5,235)	-	(5,235)	(1,516)	(6,751)
Total comprehensive income	-	(5,235)	14,271	9,036	27,567	36,603
Transactions with owners of the company						
Contributions and distributions						
Dividends (Note 29)	-	-	-	-	(32,149)	(32,149)
Tax benefit on dividends paid	-	-	2,060	2,060	-	2,060
Total transaction with owners of the company	-	-	2,060	2,060	(32,149)	(30,089)
Balance as at 31 March 2020	**107,600**	**(5,519)**	**224,335**	**326,416**	**139,630**	**466,046**

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

Consolidated Statement of Financial Position
As at 31 March 2020

	Note	2020 $'000	2019 $'000 Restated*
Assets			
Non-current assets			
Property, plant and equipment	14	622,872	563,465
Right of use assets	17	75,020	44,452
Intangible assets	16	187,563	207,445
Equity investment securities		3,116	2,797
Deferred tax assets	12(b)	11,339	8,849
Trade and other receivables and contract assets	21	2,984	2,586
		902,894	829,594
Current assets			
Inventories	19	37,808	36,790
Debt investment securities	20	19,988	30,778
M-PAiSA trust account	4.1(c)	34,862	34,959
Trade and other receivables and contract assets	21	118,655	120,887
Cash and cash equivalents		92,223	80,276
		303,536	303,690
Total assets		**1,206,430**	**1,133,284**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	23	107,600	107,600
Foreign currency translation reserve	24	(5,519)	(284)
Retained earnings		224,335	208,004
Equity attributable to the owners of the Holding Company		326,416	315,320
Equity attributable to non-controlling interests	18	139,630	144,212
Total shareholders' equity		466,046	459,532
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12(c)	32,520	34,180
Borrowings	25	309,761	296,707
Provisions	26	183	583
Trade and other payables	27	40,757	3,855
Lease liabilities	17	56,262	28,089
Deferred income	28	-	35
		439,483	363,449

*** See note 15(c)**

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

Consolidated Statement of Financial Position (Cont'd)
As at 31 March 2020

	Note	2020 $'000	2019 $'000 Restated*
Current liabilities			
Borrowings	25	62,612	41,587
Lease liabilities	17	5,044	4,451
Provisions	26	7,666	19,323
Trade and other payables	27	187,116	204,046
Current tax liability	12(d)	3,601	5,937
E-value in circulation		34,862	34,959
		300,901	310,303
Total liabilities		740,384	673,752
Total shareholders' equity and liabilities		**1,206,430**	**1,133,284**

*** See note 15(c)**

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

Director

Director

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

Consolidated Statement of Cash Flows
For the year ended 31 March 2020

	2020 $'000	2019 $'000
Cash flows from operating activities		
Receipts from customers and others	717,253	544,591
Payments to suppliers and employees	(518,152)	(369,435)
Dividends received	-	267
Cash generated from operating activities	199,101	175,423
Interest received	2,845	3,021
Interest paid	(21,722)	(11,068)
Income taxes paid	(32,200)	(27,026)
Net cash from operating activities	148,024	140,350
Cash flows from investing activities		
Acquisition of property, plant and equipment	(124,385)	(150,472)
Acquisition of intangible assets	(4,021)	(504)
Acquisition of subsidiary companies, net of cash acquired	-	(92,361)
Proceeds from sale of property, plant and equipment	1,927	676
Redemption of debt investment securities	10,790	20,767
Net cash used in investing activities	(115,689)	(221,894)
Cash flows from financing activities		
Dividends paid to equity holders of the Holding Company	(10,553)	(18,994)
Dividends paid to non-controlling interests	(28,884)	(22,929)
Repayment of borrowings	(47,123)	(52,527)
Proceeds from borrowings	67,904	191,301
Payment of lease liabilities	(4,765)	(3,542)
Net cash (used in)/from financing activities	(23,421)	93,309
Net change in cash and cash equivalents	8,914	11,765
Cash and cash equivalents at the beginning of the financial year	61,499	48,791
Effect of movements in exchange rates on cash held	(391)	943
Cash and cash equivalents **at the end of the financial year (Note 22)**	70,022	61,499

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

NOTE 1. GENERAL INFORMATION

a) Reporting entity

Amalgamated Telecom Holdings Limited (the Holding Company) is a limited liability company incorporated and domiciled in Fiji. The Holding Company is listed on the South Pacific Stock Exchange. The Holding Company's registered office and principal place of business is at Harbour Front Building, Rodwell Road, Suva.

b) Consolidated financial statements

The consolidated financial statements for the year ended 31 March 2020 comprise the Holding Company and its subsidiaries (together referred to as "the Group").

c) Parent company

The Holding Company's parent company is Fiji National Provident Fund (FNPF), a defined contribution superannuation fund domiciled in Fiji.

d) Principal activities

The principal activity of the Group during the year were the provision of telecommunications services. The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte 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 Pte Limited	Cellular mobile telecommunication services, cloud services, e-transport and other ancillary services on mobile platform.
Fiji International Telecommunications Pte Limited	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Pte 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.
Amalgamated Bluesky Telecom Holdings LLC and its subsidiary companies including AST Telecom, LLC, American Samoa Entertainment, Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary companies including Digitec Communications Limited (PNG), Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia),	Equity investments, provision of ICT services and telecommunication services.

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

NOTE 2. BASIS OF PREPARATION

a) Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for equity investment securities, which are measured on a fair value basis.

b) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act, 2015.

c) Standards issued but not yet effective

A number of new and amended standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

New currently effective requirements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 April 2019. The following interpretation was applicable to the Group:

In November 2019, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Lease Term and Useful Life of Leasehold Improvements, on how lease term of a cancellable or renewable lease should be determined for both the lessor and lessee when applying IFRS 16. IFRIC clarifies that the broader economics and not only the contractual termination payments should be considered in determining lease terms. As at 31 March 2020, the Group has adopted this IFRIC Agenda Decision. This did not have a material impact on the Group.

d) Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 2(d)(ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3.8). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (3.12)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Basis of consolidation (cont'd)

ii. Subsidiaries

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

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

vi. Transactions eliminated on consolidation

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

e) Functional and presentation currency

The consolidated financial statements are presented in Fiji dollars, which is the Holding Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated 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 based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. The following is a description of principal activities from which the Group generates its revenue.

The Group principally generates revenue from providing mobile telecommunication services, such as access to the network, airtime usage, messaging and internet services, sale of mobile devices, retailing of computer hardware and software, technical support services, equipment rental and other related services provided within the technology industry. Products and services may be sold separately or in bundled packages. The typical length of a contract for bundled packages is 24 months.

Revenue recognition with respect to the Group's specific business activities are as follows:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed line and mobile telecommunication services	Revenue for voice and video calls, messaging and mobile data provided to customers is recognised as services are performed, with unearned revenue from services to be provided in future periods deferred. 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. Revenue from interconnect fees is recognised at the time the services are performed.
M-PAiSA	M-PAiSA is a service allowing customers to transfer money using a mobile phone. M-PAiSA is available to all Vodafone subscribers. Revenue from this service is earned from transfers and withdrawal transactions performed by customers. A tariff that is generated depending on the funds being transacted is applied on all transactions which cumulatively are reported as M-PAiSA transaction commission revenue. Commission revenue is recognised at the time the transfer or withdrawal transactions are performed by the customers.

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

3.1 Revenue recognition (cont'd)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of computer hardware, software, mobile devices and terminals	Sales of computer hardware and software which are not part of any bundled package are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Sales of devices and terminals which are not part of any bundled package are recognised when a group entity sells them to the customer. Revenue is recognised at the point the devices and terminals are despatched from the warehouse to the customer or sold at a group's retail outlet. For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the mobile devices, and telecommunication services.
Sale of technical support services	Revenue from technical support and software development services is generally recognised based on the performance obligations completed to date.
Published and on-line directories	**Published directories** Revenue is recognised upon despatch of the directories for distribution. Monies collected in advance are deferred. **Online directories** Revenue from contracts in relation to online directory is recognised over the term of the contract.
Sale of broadband capacity	Revenue from sale of broadband capacity is recognised over time by measuring the progress toward complete satisfaction of performance obligation to deliver the services.
Subscription revenue	Revenue from subscription television services is initially deferred and is recognised over time as revenue in the period(s) that the related services is provided to subscribers.

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

3.2 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 made 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 profit or loss in the period in which they are incurred.

3.3 Dividend distribution

Dividend distribution to the Holding Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividend is declared 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.

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Freehold land is not depreciated.

The annual depreciation rates are as follows:

- Leasehold land	Lease term
- Leasehold buildings and improvements	2% - 10%
- Telecommunications equipment and plant	
- Exchange plant and telecommunications 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%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

3.5 Leases (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

IRU network capacity

The subsidiary company, Telecom Fiji Limited, 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 IP Transit and STM-1 and STM-4 via Australia and USA links. 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, also acquired 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 via Australia and USA links until 2030.

The amount recorded under right of use assets represents consideration prepaid to acquire IRU network capacities. The IRU network capacities are amortised over their estimated economic useful lives, as follows:

- IP Transit 100%
- STM-1 6% - 7%
- STM-4 6% - 7%

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

IRU network capacities do not meet the definition of a lease under IFRS 16 *Leases*. Accordingly, the recognition, measurement and disclosure requirements of IFRS 16 do not apply to IRU network capacities.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

3.5 Leases (cont'd)

As a lessor (cont'd)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.6 Intangible assets and goodwill

i. Recognition and measurement

a) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

b) Other intangible assets

Other intangible assets, including customer relationships, and contracts, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Brands that are acquired in a business combination and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Brands that are acquired in a business combination and have indefinite useful lives are measured at cost less accumulated impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. 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.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- computer software: 2-5 years
- spectrum licences: shorter of remaining licence rights and estimated economic useful lives
- customer relationships and contracts: 5 years.
- brand - 15 months

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7 Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

ii. Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Fiji dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Fiji dollar at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

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

3.9 Government grants

Government grants are initially recognised in the statement of financial position as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions attached with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

3.10 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

i. Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

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

3.11 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.

3.12 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 (see Note 3.10).

3.13 Inventories

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

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 – first-in-first-out basis.

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

Inventory obsolescence is considered as part of determining the net realisable value, based on reviews of inventories.

3.14 Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

3.14 Financial instruments (cont'd)

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The Group has not elected to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

3.14 Financial instruments (cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment (Cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

3.14 Financial instruments (cont'd)

ii) Classification and subsequent measurement (cont'd)

Financial assets: Subsequent measurement and gains and losses (cont'd)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPTL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

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

3.14 Financial instruments (cont'd)

iv) Modifications of financial assets (cont'd)

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (refer note 3.16).

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.15 Impairment of non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets.

No impairment loss is recognised on equity investment.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

3.15 Impairment of non-derivative financial assets (cont'd)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Standards and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

3.16 Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense
- the foreign currency gain or loss on financial assets and financial liabilities
- impairment losses (and reversals) on investments in debt securities carried at amortised cost

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

3.18 Cash and cash equivalents

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

3.19 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.

3.20 Employee entitlements

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.

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

3.20 Employee entitlements (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 after the balance date are disclosed at present value.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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 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 of provisions 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 operate in Fiji while its other subsidiary companies operate in Kiribati, Vanuatu, American Samoa, Samoa, Cook Islands, New Zealand (non-operating), United States of America (non-operating), Papua New Guinea, Singapore and Australia.

The segment reporting has been disclosed under note 34.

NOTE 4. 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 changes in market prices, such as foreign exchange rates and interest rate, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the Group to a decline in revenue. The Group operates in Fiji, Kiribati, Vanuatu, American Samoa, Samoa, Cook Islands, Papua New Guinea, Singapore and Australia 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 assets and liabilities.

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

As at year end, financial liabilities (trade and other payables) 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 the reporting period are as follows:

	2020	**2019**
	F$'000	**F$'000**
US Dollars	182,170	167,980
Euro	2,205	17,494

As at year end, there were no financial assets denominated in foreign currencies.

The following significant exchange rate was applied during the year:

	Reporting date spot rate	
	2020	**2019**
USD	0.439	0.468
Euro	0.397	0.416

4.1 Financial risk factors (cont'd)

a) Market risk (cont'd)

i) Foreign exchange risk (cont'd)

A reasonably possible strengthening (weakening) of the euro or US dollar against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A sensitivity rate of 10% is used when reporting foreign currency risk internally to key management personnel which also represents management's assessment of the reasonably possible change in foreign exchange rates.

	Profit or (loss)		Equity	
	Strengthen F$'000	Weaken F$'000	Strengthen F$'000	Weaken F$'000
31 March 2020				
US Dollars	(18,217)	18,217	(18,217)	18,217
Euro	(220)	220	(220)	220
31 March 2019				
US Dollars	(16,798)	16,798	(16,798)	16,798
Euro	(1,749)	1,749	(1,749)	1,749

ii) Interest rate risk

Interest rate risks are managed closely by the directors and management within the approved policy parameters. For re-investment and additional borrowings, the Group negotiates an appropriate interest rate with banks and other lenders and invests with or borrows from banks or other financial institutions which offers the best overall commercial terms, including the interest rate.

The Group has interest-bearing assets in the form of debt investment securities and advances to related entity. Generally, these are at fixed interest rates, hence, there are no uncertainties related to interest rate cash flows during the period of investment.

Furthermore, the subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited, Vodafone Fiji Pte Limited, Bluesky SamoaTel Investments Limited, Teleraro Limited and Bluesky Samoa Limited, have significant interest-bearing borrowings from ANZ Bank (Kiribati) Limited, Fiji National Provident Fund and Westpac Banking Corporation, and ANZ Bank (Samoa) Limited, respectively. These borrowings are at fixed interest rate over the remaining 2 - 8 years term of the loan.

Given the fixed nature of interest rates, the Group has a high level of certainty over the impact on cash flows arising from interest income and expense. 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 loans from Australia and New Zealand Banking Group Limited in respect to acquisition of subsidiary companies, Telecom Vanuatu Limited and the Bluesky Group for which repayments are based on notional term of 13-15 years and are at variable interest rate.

During the year, the Holding Company obtained additional borrowings to fund the establishment of a new mobile telecommunications network in Papua New Guinea for which repayments are based on a notional term of 3 years and are at variable interest rate.

Also, the subsidiary company, Telecom Vanuatu Limited, has significant interest-bearing borrowings from ANZ Bank (Vanuatu) Limited, Bred Bank (Vanuatu) Limited and Vanuatu National Provident Fund at variable interest rate.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

a) Market risk (cont'd)

ii) Interest rate risk

At the reporting date the profile of the Group's variable interest bearing financial instruments was as follows:

	2020 $'000	2019 $'000
Bank overdraft	22,201	18,777
Borrowings	205,366	217,806
	227,567	236,583

Sensitivity analysis
A 100 basis points (bp) increase in interest rates at the reporting date would have decreased equity and the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Equity $'000	Profit or loss before tax $'000
31 March 2020		
Variable rate instruments	2,276	2,276
31 March 2019		
Variable rate instruments	2,366	2,366

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties, where available, are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a regular basis.

Trade receivable consist of a large number of customers, spread across geographical areas. Ongoing credit evaluations are performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Refer note 21(c) for details of impairment losses on financial assets and contract assets recognised in profit or loss.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the country in which customers operate.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

b) Credit risk (cont'd)

Trade receivables and contract assets

At 31 March 2020, the exposure to credit risk for gross trade receivables and contract assets by geographic region was as follows:

	2020 $'000	2019 $'000
Fiji	67,000	53,952
Kiribati	820	1,073
Vanuatu	6,128	5,205
American Samoa	9,636	14,099
Samoa	15,732	16,897
Cook Islands	6,987	12,673
Papua New Guinea	3,583	3,953
	109,886	107,852

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 March 2019 and 2020:

	Gross Carrying amount $'000	Loss allowance $'000	Credit Impaired
31 March 2020			
Current (not past due)	41,688	1,697	No
1- 30 days past due	9,075	1,128	No
31 - 60 days past due	5,820	1,857	No
61 - 90 days past due	8,111	3,591	No
More than 90 days past due	10,870	5,443	Yes
	75,564	13,716	
Debtors specifically assessed	34,322	7,736	
	109,886	21,452	
31 March 2019			
Current (not past due)	44,650	3,487	No
1- 30 days past due	13,427	1,254	No
31 - 60 days past due	7,168	847	No
61 - 90 days past due	6,576	2,236	No
More than 90 days past due	28,059	14,830	Yes
	99,880	22,654	
Debtors specifically assessed	7,972	1,637	
	107,852	24,291	

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

b) Credit risk (cont'd)

Loss rates are based on actual credit loss experience over the past two years.

Impact of COVID-19
In response to COVID-19 and the Group's expectations of economic impacts, the loss rates utilised in the Group's calculation of ECL have been revised. At reporting date, the expected impacts of COVID-19 have been captured via incorporating an economic overlay in the historical loss rates. The economic overlay reflects the uncertainty given the unprecedented impacts of COVID-19. The economic overlay was determined based on an evaluation of the Groups customer base, the industries and geographies in which those customer operate in and the magnitude of the impact of COVID-19 to those industries and geographies. Notwithstanding the economic overlay, the fundamental ECL model mechanics and methodology underpinning the Group's calculation of ECL have remained consistent with prior periods.

The impacts of COVID-19 have resulted in significant estimation uncertainty in relation to the measurement of the Group's ECL for trade receivables and contract assets. The impacts of COVID-19 on consumers and businesses as well as the government stimulus packages deployed are unprecedented, accordingly significant adjustments to the ECL could occur in future periods as the full effects of COVID-19 are better understood.

Cash and cash equivalents
The Group held cash and cash equivalents of $92,223,000 at 31 March 2020 (2019: $80,276,000). The cash and cash equivalents are held with banks, which are rated B to AA-, based on Standards and Poor's (S&P) ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. The Group did not recognise an impairment allowance against cash and cash equivalents as at 31 March 2020 (2019: nil).

Debt investment securities
The Group held debt investment securities of $19,988,000 at 31 March 2020 (2019: $30,778,000). The debt investment securities are held with banks and credit institutions. Debt investment securities held with banks are rated B to AA-, based on S&P ratings. In relation to debt investment securities held with credit institutions the Group monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks and credit institutions has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group did not recognise an impairment allowance against debt investment securities as at 31 March 2020 (2019: nil).

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. Proper management of the Group's liquidity position is essential in order to ensure that adequate funds are available to meet the Group's ongoing financial obligations.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

c) Liquidity risk (cont'd)

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors liquidity through rolling forecasts of the Group's cash flow position and maintaining adequate funding arrangements. Also, a reasonable portion of revenue is billed and collected in advance or generally within 30 days of invoice.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	On demand $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 3 and 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
31 March 2020						
Trade and other payables	-	168,739	40,757	-	-	209,496
E-value in circulation*	34,862	-	-	-	-	34,862
Borrowings	22,201	62,043	71,321	110,331	166,829	432,725
	57,063	230,782	112,078	110,331	166,829	677,083
31 March 2019						
Trade and other payables	-	183,391	3,855	-	-	187,246
E-value in circulation*	34,959	-	-	-	-	34,959
Borrowings	18,777	22,810	31,435	86,691	178,581	338,294
	53,736	206,201	35,290	86,691	178,581	560,499
Financial assets						
31 March 2020						
Debt investment securities	-	19,988	-	-	-	19,988
Trade and other receivables	-	132,938	2,984	-	-	135,922
M-PAiSA trust account*	34,862	-	-	-	-	34,862
Cash and cash equivalents	-	92,223	-	-	-	92,223
	34,862	245,149	2,984	-	-	282,995
31 March 2019						
Debt investment securities	-	30,778	-	-	-	30,778
Trade and other receivables	-	141,255	2,586	-	-	143,841
M-PAiSA trust account*	34,959	-	-	-	-	34,959
Cash and cash equivalents	-	80,276	-	-	-	80,276
	34,959	252,309	2,586	-	-	289,854

M-PAISA is a mobile phone-based money transfer service that enables customers to send and receive money anywhere in Fiji. This service is provided by the subsidiary company, Vodafone Fiji Pte Limited. E-value in circulation represents the outstanding value of money in the customers M-PAiSA account as at year end. M-PAiSA trust account is the equivalent value of cash held by the subsidiary company, Vodafone Fiji Pte Limited.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

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 these 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. 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, Telecommunications and Radio Communications Regulator of Vanuatu, National Information and Communications Technology Authority of Papua New Guinea, Office of the Regulator of Samoa, Government of the Cook Islands, Federal Communication Commission (FCC) of USA, the Governor of American Samoa, Infocomm Media Development Authority of Singapore and Australian Communications and Media Authority of Australia.

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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Capital risk management (cont'd)

The gearing ratios at 31 March 2020 and 2019 were as follows:

	2020 $'000	2019 $'000
Total borrowings	372,373	338,294
Less: Cash and cash equivalents	(92,223)	(80,276)
Net debt	280,150	258,018
Total equity	466,046	459,532
Total capital (Total equity plus Net debt)	746,196	717,550
Gearing ratio (Net debt / Total capital x 100)	38%	36%
Debt to equity ratio % (Net debt / Total equity)	60%	56%

NOTE 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 33 – consolidation: whether the Group has de facto control over an investee

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 16(a) – impairment test of goodwill: key assumptions underlying recoverable amounts
- Notes 3.15 and 4.1(b) – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 15 – acquisition of subsidiaries: fair value of the assets acquired and liabilities assumed

Coronavirus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these financial statements. The Group has developed various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions may be different from those forecast since anticipated events may not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates particularly impacted by these associated uncertainties are predominantly related to the recoverable amount assessments of non-financial assets and expected credit losses for trade and other receivables and contract assets. The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further below. Readers should carefully consider these disclosures in light of the inherent uncertainty described above.

NOTE 5. USE OF JUDGEMENTS AND ESTIMATES (continued)

Coronavirus (COVID-19) pandemic (continued)

- Goodwill impairment
  The assumptions underpinning the value-in-use calculations used to evaluate the supportability of goodwill were adjusted to reflect reasonable estimates of the impact of COVID-19 and the increased risks associated with the estimated cash flows. There is a heightened level of uncertainty around key assumptions in the current environment. This has the potential to materially impact the value-in-use assessment moving forward and potentially the carrying value of the respective goodwill. Refer to Note 16 for further details on goodwill.

- Expected credit losses
  The impact of COVID-19 on the recoverability of trade and other receivables and contract assets has been considered. While the methodologies and assumptions applied in the expected credit loss (ECL) calculations remained unchanged from those applied in the prior financial year, the Group has incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic. Whilst no material recoverability issues have been identified, there is a risk that the economic impacts of COVID-19 could be deeper or more prolonged than anticipated, which could result in higher credit losses than those modelled. Refer to Note 21 for further details on ECL.

i. Measurement of fair values
When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	2020 $'000	2019 $'000
NOTE 6. REVENUE		
A. Revenue streams		
Revenue from ordinary activities are as follows:		
Revenue from contracts with customers	656,308	517,799
Other revenue		
- Equipment and lease circuit rental	6,619	5,880
Total revenue	662,927	523,679

NOTE 6. REVENUE [CONT'D]

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines.

Major products/service lines		
Call revenue	233,656	191,398
Computer hardware, software and technical support services revenue	68,811	31,962
Data network and internet revenue	229,645	184,491
Directory revenue	3,915	4,425
Equipment and ancillaries revenue	97,440	86,654
Other sales and services	22,841	18,869
Total revenue	656,308	517,799

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2020 $'000	**2019 $'000**
Receivables, included in 'trade and other receivables and contract assets'	102,717	103,929
Contract assets, included in 'trade and other receivables and contract assets'	7,169	3,923
Contract liabilities, included in 'trade and other payables'	18,289	20,626

The contract assets primarily relate to the Group's rights to consideration for mobile handsets provided to customers but not billed at the reporting date. The contract assets were impacted by an impairment charge of $12,000 (2019: $5,000). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to advance consideration received from customers under the mobile and backhaul contracts and from prepaid products and fixed monthly charges billed in advance. Revenue under mobile contracts are recognised when customers source the hardware from the Group. Revenue under backhaul contracts are recognised on completion of installation activities. Revenue from prepaid products and fixed monthly charges billed in advance is recognised as revenue either once the related service has been provided or when the product date has expired, whichever occurs earlier.

The amount of $20,626,000 included in contract liabilities at 31 March 2019 has been recognised as revenue in 2020 (2019: $17,642,000).

No information is provided about remaining performance obligations at 31 March 2020 or at 31 March 2019 that have an original expected duration of one year or less or where the Group recognises revenue based on the amount it has a right to invoice, as allowed by IFRS 15.

The Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less, as allowed by IFRS 15.

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Notes to the Consolidated Financial Statements (Cont'd)
For the year ended 31 March 2020

	2020 $'000	2019 $'000
NOTE 7. DIRECT COSTS		
Airtime and PSTN charges	77,940	71,616
Computer hardware, software and technical support services	44,685	22,986
Directory production costs	640	686
Equipment and ancillary costs	85,096	87,930
Satellite/Bandwidth charges	42,129	6,837
Stock obsolescence	426	1,027
Total direct costs	250,916	191,082

Direct costs represent the specific costs that the Group considers in pricing its products and services disclosed under note 6(b).

NOTE 8. OTHER INCOME

	2020 $'000	2019 $'000
Amortisation of government grant	35	45
Dividend income	-	271
Bad debts recovered	29	70
Gain / (loss) on sale of property, plant and equipment	837	265
Insurance claim	11	71
Reversal of impairment loss on telecommunications and capital equipment	-	53
Rental income	13,020	9,865
Holding and other fees	-	5,841
Other miscellaneous income	5,048	2,914
Total other income	18,980	19,395

NOTE 9. PERSONNEL COSTS

	2020 $'000	2019 $'000
Wages and salaries, including leave pay and other benefits	68,782	48,495
Superannuation contributions	4,496	3,857
Other personnel costs	7,748	5,394
Total personnel costs	81,026	57,746

	2020 $'000	2019 $'000 Restated
NOTE 10. NET FINANCE COSTS		
Interest income under the effective interest method on:		
- Debt investment securities	1,570	2,475
- Advances to related parties	30	30
Total interest income arising from financial assets measured at amortised cost	1,600	2,505
Net realised foreign exchange gain	586	796
Finance income - other	586	796
	2,186	3,301
Financial liabilities measured at amortised cost – interest expense on:		
- Lease liabilities	(2,663)	(1,379)
- Borrowings	(19,059)	(9,969)
Remeasurement to fair value of pre-existing equity interest (note 15(c))	-	(6,611)
Net unrealised foreign exchange loss	(13,021)	(2,254)
Finance costs - other	(34,743)	(20,213)
Net finance costs recognised in profit or loss	(32,557)	(16,912)

NOTE 11. OTHER EXPENSES

	2020 $'000	2019 $'000 Restated
Auditors' remuneration:		
• Audit fees - group auditor	358	172
- other auditors	42	109
• Other services - group auditor	62	82
- other auditors	65	55
Consultancy and contractors fees	1,485	2,252
Directors' remuneration – fees and allowances	713	408
Electricity	14,730	10,203
Insurance	10,353	5,239
Impairment of goodwill on consolidation	6,300	-
Legal and professional fees	2,192	4,865
Licence and support service fees	15,691	12,115
Management fee	-	1,130
Rent and rates	9,080	6,051
Repairs and maintenance	6,256	6,693
Travelling and transportation	3,584	3,986
Personnel costs (note 9)	81,026	57,746
Depreciation of property, plant and equipment (note 14)	89,446	59,539
Depreciation of right of use assets (note 17)	7,082	5,681
Amortisation of intangible assets (note 16)	15,219	4,630
Other miscellaneous expenses	35,907	34,219
Total other expenses	299,591	215,175

NOTE 12. INCOME TAX

	2020 $'000	2019 Restated $'000
a) Income tax expense		
Profit before tax	70,416	102,573
Prima facie income tax expense at 10% (2019: 10%)	7,042	10,257
Impact of difference in tax rates	14,730	17,227
Tax effect of:		
• Non-deductible expenses	999	813
• Tax exempt income	-	(9)
• Tax concessions and incentives	(453)	(482)
Tax effect of temporary differences and tax losses recognised	622	(527)
Current year tax losses not recognised	312	-
Movement in temporary differences derecognised	47	-
Movement in temporary differences not brought to account	954	-
Others	2,575	-
Under provision in prior year	234	270
Income tax expense	27,062	27,549
Income tax expense comprises of:		
Current tax expense	29,682	27,017
Deferred tax (benefit)/expense	(2,854)	262
Under provision in prior year	234	270
	27,062	27,549
b) Deferred tax assets		
Allowance for expected credit losses	5,041	6,238
Employee entitlements	1,439	1,388
Allowance for stock obsolescence	758	688
Deferred revenue	10	176
Difference in carrying value of right of use assets and lease liabilities for accounting and income tax purpose	165	85
Carried forward tax losses	3,830	102
Unrealised foreign exchange loss	-	71
Others	96	101
Total deferred tax assets	11,339	8,849
c) Deferred tax liabilities		
Prepaid expenses	3	12
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity, customer relationship and contracts, brand and spectrum licences for accounting and income tax purpose	30,907	34,111
Unrealised foreign exchange gain	30	57
Others	1,580	-
Total deferred tax liabilities	32,520	34,180

	2020 $'000	2019 Restated $'000

NOTE 12. INCOME TAX (CONT'D)

d) Current tax liability

	2020 $'000	2019 Restated $'000
Balance at 1 April	5,937	3,035
Recognition upon business acquisition	-	2,085
Current tax expense	29,682	27,017
Income tax paid	(32,200)	(27,026)
Tax deducted at source - Resident Interest Withholding Tax	(709)	(148)
Effect of movements in exchange rates	657	-
Others	-	704
Under provision in prior year	234	270
Balance at 31 March	3,601	5,937

e) Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items as it is not probable that future taxable income will be available against which the Holding Company can utilise the tax benefits. The benefit will only be obtained if:

i. the Holding Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
ii. the Holding Company continue to comply with the conditions for deductibility imposed by the law; and
iii. no change in tax legislation adversely affect the Holding Company in realising the benefit from the deductions for the losses.

	2020 $'000	2019 Restated $'000
Unrealised exchange loss	876	-
Employee entitlements	4	-
Tax losses	323	-
	1,203	-

Tax losses for which no deferred tax asset has been recognised expire as follows:

Financial year ended	Gross amount $'000	Tax effect $'000	Expiry date
31 March 2020	3,230	323	2027-2028

NOTE 13. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020	2019 Restated
Profit attributable to equity holders of the Holding Company	14,271	42,407
Weighted average number of ordinary shares (in thousands)	422,105	422,105
Basic and diluted earnings per share (cents per share)	3.38	10.05

Subsequent to balance date new shares were issued pursuant to the rights issue offer. Refer note 35 for further details.

Notes to the Consolidated Financial Statements (Cont'd)
For the year ended 31 March 2020

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Telecommunications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2020								
Opening net book amount	39,839	328,052	6,008	9,197	8,965	1,922	169,482	563,465
Additions	886	9,661	184	1,840	2,976	1,374	138,122	155,043
Effect of movements in exchange rates	3,051	4,407	(634)	344	12	-	(4,135)	3,045
Disposals	(128)	(3,541)	(2)	(86)	(577)	-	(6)	(4,340)
Transfers	2,255	146,585	5,959	1,608	398	(1,641)	(160,059)	(4,895)
Depreciation	(741)	(80,361)	(2,598)	(2,887)	(2,859)	-	-	(89,446)
Closing net book amount	45,162	404,803	8,917	10,016	8,915	1,655	143,404	622,872
At 31 March 2020								
Cost	94,710	1,334,848	67,555	84,561	24,258	1,822	143,404	1,751,158
Accumulated depreciation and impairment allowance	(49,548)	(930,045)	(58,638)	(74,545)	(15,343)	(167)	-	(1,128,286)
Net book amount	45,162	404,803	8,917	10,016	8,915	1,655	143,404	622,872

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

	Leasehold land and buildings $'000	Telecommunications equipment and plant $'000	Computer equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Capital equipment $'000	Capital work in progress $'000	Total $'000
Year ended 31 March 2019								
Opening net book amount	31,821	262,728	6,521	5,135	4,433	3,168	36,770	350,576
Acquisition through business combination	8,579	62,511	-	8,980	2,025	-	12,636	94,731
Additions	2	17,372	186	791	4,338	-	161,404	184,093
Effect of movements in exchange rates	98	-	-	866	49	-	-	1,013
Disposals	(217)	(545)	-	(5,050)	(351)	(1,246)	-	(7,409)
Transfers	878	38,937	771	668	74	-	(41,328)	-
Depreciation	(1,322)	(52,951)	(1,470)	(2,193)	(1,603)	-	-	(59,539)
Closing net book amount	39,839	328,052	6,008	9,197	8,965	1,922	169,482	563,465
At 31 March 2019								
Cost	79,986	1,011,630	62,197	168,554	19,563	2,110	169,482	1,513,522
Accumulated depreciation and impairment allowance	(40,147)	(683,578)	(56,189)	(159,357)	(10,598)	(188)	-	(950,057)
Net book amount	39,839	328,052	6,008	9,197	8,965	1,922	169,482	563,465

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

a) 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 security in accordance with the security arrangements for term loan facilities. Furthermore, land and buildings located at Bluesky Headquarters at Maluafou, Samoa are subject to a first charge against Bluesky Samoa Limited's bank loans with ANZ Bank (Samoa) Limited.

NOTE 15. BUSINESS COMBINATIONS

a) Acquisition of Bluesky Group

In 2019, ATH completed the acquisition of Bluesky Group, a mobile and telecommunications provider in Samoa, Cook Islands and American Samoa. The acquisition was in line with ATH's investment strategy as it combines businesses that are complementary for a number of reasons, including their respective market positions and geographic presence, and the opportunity to deliver scale benefits and synergies for the combined group.

On 31 January 2018, ATH incorporated a fully owned subsidiary company, Amalgamated Bluesky Telecom Holdings LLC of USA. Amalgamated Bluesky Telecom Holdings LLC holds 100% membership interest in AST Telecom LLC.

Upon receiving the requisite approvals, resignation of Amper SA (vendor) nominated directors and appointment of ATH nominated directors on the Boards of the companies within the Bluesky Group, the acquisition was effected on the date of change of control, which was 1 January 2019 and was completed when the consideration was transferred to Amper on 22 February 2019.The consideration was a 100% cash consideration of FJD 182.9m.

The fair values of the identifiable assets and liabilities of Bluesky Group at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 1 January 2019 was taken to be the effective date of transaction):

	FJD'000
Cash	37,601
Property, plant and equipment	92,619
Inventories	6,166
Deferred tax assets	2,037
Intangible assets	45,243
Trade and other receivables	22,786
Other assets	14,333
Trade and other payables	(40,188)
Current tax liability	(2,063)
Deferred tax liability	(5,423)
Borrowings	(32,152)
Provisions	(3,759)
Total identifiable net assets acquired	137,200
Consideration transferred	182,906
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the Bluesky Group	60,626
Fair value of pre-existing interest in the Bluesky Group	7,723
Goodwill on acquisition (Note 16a))	**114,055**
Net cash outflow from the acquisition (net of cash)	145,305

NOTE 15. BUSINESS COMBINATIONS (CONT'D)

a) Acquisition of Bluesky Group (Cont'd)

The remeasurement to fair value of the Group's existing 24.88% interest in Bluesky SamoaTel Investments Limited and 4.66% interest in Bluesky Pacific Holdings Limited resulted in a loss of $6,611,000 ($7,730,000 less the $14,341,000 carrying amount of the equity interests at the date of acquisition). This amount has been included in 'finance cost' (see Note 10).

None of the goodwill recognised is expected to be deductible for tax purposes. The goodwill arising on the acquisition is primarily attributable to two key factors; namely the cash generating ability of the businesses being acquired and the synergies expected to be achieved by the ATH Group from integrating the Bluesky Group.

b) Acquisition of Digitec Group

In 2019, ATH completed the acquisition of the Digitec group, an ICT provider in PNG, Singapore and Australia. The acquisition is strategic to ATH's existing businesses and is complementary for a number of reasons, including their respective market positioning and geographic presence, and should deliver scale benefits for the combined group. Digitec group also has acquired mobile licence and spectrum in PNG. On 7 December 2018, the Holding Company incorporated a fully owned subsidiary company, ATH International Venture Pte Limited in Singapore. The acquisition was implemented through a transaction where ATH International Venture Pte Limited acquired a 70% controlling interest in the Digitec Group.

Upon receiving the requisite approvals, and appointment of ATH nominated directors on the Boards of the companies within the Digitec Group, the acquisition was effected on the date of change of control, which was 1 January 2019, and was completed when the initial consideration was transferred to Austel Investment Pty Limited (vendor) on 14 February 2019. The consideration was 100% cash consideration of approximately FJD 30.6m.

The fair values of the identifiable assets and liabilities of Digitec Group at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 1 January 2019 was assumed to be the effective date of transaction):

	FJD'000
Cash	1,412
Property, plant and equipment	1,127
Intangible assets	27,503
Inventories	6,039
Trade and other receivables	1,922
Other assets	480
Trade and other payables	(2,493)
Deferred tax liability	(5,704)
Total identifiable net assets acquired	30,286
Consideration transferred	30,583
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the Digitec Group	8,792
Goodwill on acquisition (Note 16a))	9,089
Net cash outflow from the acquisition (net of cash)	29,171

NOTE 15. BUSINESS COMBINATIONS (CONT'D)

b) Acquisition of Digitec Group

None of the goodwill recognised is expected to be deductible for tax purposes. The goodwill arising on the acquisition is primarily attributable to the synergies expected to be achieved from integrating Digitec into the Group's operations. The goodwill arising on the acquisition is primarily attributable to the cash generating ability of the businesses being acquired.

c) Finalisation of acquisition accounting

During 2020, the Group discovered that a number of intangible assets subject to the business combination transaction in the prior year were not accounted for. These included:

	Bluesky Group $'000	Digitec Group $'000	Total $'000
Brand	14,007	1,400	15,407
Customer relationships and	30,991	4,685	35,676
contracts Spectrum licences	-	21,418	21,418
	44,998	27,503	72,501

The related deferred tax impact on date of acquisition was $10,205,000. The related amortisation expense and income tax benefit for the 3 months ended 31 March 2019 was $3,543,000 and $439,000 respectively.

The Group also noted that in the prior year the following was recorded inaccurately:

- pre-existing goodwill of $25,537,000 as a separate asset.
- reversal against opening retained earnings of the share of profits in Bluesky SamoaTel Investments Limited recognised up until 31 March 2018. This amounted to $603K.
- used $196.6m as the purchase consideration which included consideration of $12,117,000 and $1,621,000 paid for the direct acquisition of minority shares in Bluesky SamoaTel Investments Limited and Bluesky Pacific Holdings Limited respectively. Under IFRS 3 *Business Combinations* control obtained in successive share purchases is commonly referred to as a 'business combination achieved in stages' or a 'step acquisition'. In a step acquisition, the fair value of any non-controlling equity interest in the acquiree that is held immediately before obtaining control is used in the determination of goodwill. The fair value of Bluesky SamoaTel Investments Limited and Bluesky Pacific Holdings Limited as at date of acquisition was $6,167,000 and $1,563,000 respectively. This amounted to a loss on remeasurement to fair value of $6,611,000.

Additionally, the final compensation to be paid for the acquisition of the Digitec Group was to be adjusted with the financial net debt difference of the acquired companies between July and December 2018. The additional consideration to be transferred was not recognised in the prior year. This amounted to FJD2,060,000.

The above factors also impacted the amount of equity attributable to non-controlling interests and the foreign currency translation reserve as at 31 March 2019.

As a consequence, amortisation expense, finance cost, income tax expense, intangible assets, deferred tax liability, foreign currency translation reserve and minority interests have been misstated. The errors have been corrected by restating each of the affected financial statement line items for prior period.

The following tables summarise the impacts on the Group's consolidated financial statements. The opening balances have not been disclosed as the errors related to transactions that occurred during the prior year.

NOTE 15. BUSINESS COMBINATIONS (CONT'D)

c) Finalisation of acquisition accounting (cont'd)

i. Consolidated statement of financial position as at 31 March 2019

	Impact of correction of error		
	As previously reported $'000	Adjustments $'000	As restated $'000
Intangible assets			
• Brand	-	13,891	13,891
• Customer relationships and contracts	-	34,185	34,185
• Spectrum licences	4,982	20,882	25,864
• Goodwill - Bluesky Group	130,780	(16,725)	114,055
- Digitec Group	22,689	(13,600)	9,089
- TCNZ Cook Islands Limited	24,684	(24,684)	-
- American Samoa Entertainment	2,133	(2,133)	-
Others	936,200	-	936,200
Total assets	1,121,468	11,816	1,133,284
Deferred tax liabilities	24,414	9,766	34,180
Trade and other payables	205,841	2,060	207,901
Others	431,671	-	431,671
Total liabilities	661,926	11,826	673,752
Retained earnings	219,309	(11,305)	208,004
Foreign currency translation reserve	1,302	(1,586)	(284)
Minority interest	131,331	12,881	144,212
Others	107,600	-	107,600
Total equity	459,542	(10)	459,532

ii. Consolidated statement of profit or loss and OCI for the year ended 31 March 2019

	Impact of correction of error		
	As previously Reported $'000	Adjustments $'000	As restated $'000
Other expenses	(211,632)	(3,543)	(215,175)
Finance cost	(13,602)	(6,611)	(20,213)
Income tax expense	(27,988)	439	(27,549)
Others	337,961	-	337,961
Profit	84,739	(9,715)	75,024
Other comprehensive income	2,244	(1,347)	897
Total comprehensive income	86,983	(11,062)	75,921

There is no impact on the total operating, investing or financing cash flows for the year ended 31 March 2019 as a result of these adjustments.

	2020 $'000	2019 $'000 Restated
NOTE 16. INTANGIBLE ASSETS [CONT'D]		
Goodwill (a)	125,956	132,256
Computer software (b)	1,979	1,249
Spectrum licences (c)	23,418	25,864
Brands (d)	7,827	13,891
Customer relationship and contracts (e)	28,383	34,185
Total intangible assets, net	187,563	207,445
a) Goodwill		
Gross carrying amounts:		
Goodwill on acquisition of :		
Datec (Fiji) Pte Limited and Subsidiary Company (i)	3,401	3,401
Telecom Vanuatu Limited (ii)	5,711	5,711
Bluesky Group (iii)	114,055	114,055
Digitec Group (iv)	9,089	9,089
Balance as at 31 March	132,256	132,256
Accumulated impairment:		
Impairment loss	6,300	-
Balance as at 31 March	6,300	-
Net book amount as at 31 March	125,956	132,256

i) On 29 May 2015, subsidiary company, Vodafone Fiji Pte Limited acquired 100% shareholding in Datec (Fiji) Pte Limited and its Subsidiary Company. Goodwill of $3,401,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $17,997,000. The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	10.50%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	3.00%

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 12.41%.

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 taking into account an estimate of the impact of COVID-19 as at reporting date.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

NOTE 16. INTANGIBLE ASSETS [CONT'D]

a) Goodwill (cont'd)

ii) On 27 March 2017, the Holding Company acquired 100% shareholding in Telecom Vanuatu Limited. Goodwill of $5,711,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $76,012,000. The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	14.90%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	4.00%
Average annual maintenance capital expenditure	$4,224,000

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 14.41%.

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 subscriber base for the next five years taking into account an estimate of the impact of COVID-19 as at reporting date.

Management has identified that a reasonably possible change in the key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount
Discount rate	0.69%
Terminal value growth rate	1.10%
Budgeted EBITDA growth rate	0.58%
Average annual maintenance capital expenditure	$1,166,000

iii) On 1 January 2019, the Holding Company acquired 100% membership in AST Telecom LLC and 100% shareholding in eLandia Technologies Inc. Goodwill of $114,055,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date. The goodwill was allocated to the operating companies within the Group as follows:

a. American Samoa Telecom LLC - $31,279,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $76,537,000.

NOTE 16. INTANGIBLE ASSETS [CONT'D]

a) Goodwill (cont'd)

The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	8.20%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	5.00%

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 11.19%.

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 subscriber base for the next five years taking into account an estimate of the impact of COVID-19 as at reporting date.

Management has identified that a reasonably possible change in the key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the key assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount
Discount rate	0.60%
Terminal value growth rate	0.75%
Budgeted EBITDA growth rate	0.80%

b. Bluesky Samoa Limited - $18,886,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of $65,584,000 and an impairment loss of $6,300,000 during 2020 (2019: nil) was recognised. The impairment loss was fully allocated to goodwill and included in "other expenses". The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	12.40%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	5.00%

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 15.62%.

NOTE 16. INTANGIBLE ASSETS [CONT'D]

a) Goodwill (cont'd)

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 subscriber base for the next five years taking into account an estimate of the impact of COVID-19 as at reporting date.

Following the impairment loss recognised, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

c. Telecom Cook Islands Limited - $23,970,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $71,515,000. The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	10.10%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	1.00%

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 11.65%.

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 subscriber base for the next five years taking into account an estimate of the impact of COVID-19 as at reporting date.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount
Discount rate	0.94%
Terminal value growth rate	1.26%

NOTE 16. INTANGIBLE ASSETS [CONT'D]

a) Goodwill (cont'd)

d. Vodafone Fiji Pte Limited - $39,920,000

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount of $491,359,000. The key assumptions used in the estimation of value in use were as follows:

	2020
Discount rate	10.50%
Terminal value growth rate	2.00%
Budgeted EBITDA growth rate (average of next five years)	1.00%

The discount rate was a post-tax measure based on the rate of 30-year US government bonds as well as 10-year NZ government bonds issued by the government in the relevant market and adjusted for country risk and an inflation differential to reflect the same currency as the cash flows, further adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU. The pre-tax discount rate was 12.37%.

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 nominal gross domestic product (GDP) rates for the countries in which the CGU operates.

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 subscriber base for the next five years taking into account an estimate of the impact of COVID-19 as at reporting date.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

iv) On 1 January 2019, ATH International Venture Pte Limited acquired 70% shareholding in Etech ICT Pty Limited of Australia, Etech ICT Pte Limited of Singapore and Digitec Communication Limited (collectively Digitec group) of Papua New Guinea. Goodwill of $9,383,000 was recognised as the excess of the consideration transferred over the fair value of net assets acquired at acquisition-date. The entire goodwill was allocated to Digitec Communications Limited.

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see Note 5(i)). The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

	2020
Discount rate	13.10%
Terminal value growth rate	2.00%

The discount rate was a post-tax measure estimated based on an industry weighted-average cost of capital, with a possible debt leveraging of 30% at a market interest rate of 10.7% to 11.2%. The pre-tax discount rate was 15.96%.

NOTE 16. INTANGIBLE ASSETS (CONT'D)

a) Goodwill (cont'd)

The cash flow projections included specific estimates for ten years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience and different market analysis, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the past experience of the Group, the business plan of Digitec Communications Limited, and the estimated subscriber base for the next 10 years taking into account an estimate of the impact of COVID-19 as at reporting date.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $989,657,000.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Impact of COVID-19

The Group incorporated the impact of COVID-19 via revising its forecast cash flows for 2021. The following factors were considered by the Group when determining the impact of COVID-19:

- travel bans and the associated impact on visitor arrivals and the extent of each CGUs reliance on the tourism sector to generate EBITDA.
- duration of travel restrictions, shutdown of border and expected gradual opening up of the international borders.
- flow on impact on the CGUs of a sharp deterioration in economic conditions driven by significant restrictions and lockdowns.

The impact of COVID-19 has been mainly limited to the value of roaming revenue previously generated by the CGUs with average growth over the next 5 years being largely based on the average growth over the past 5 years except for AST Telecom LLC and Bluesky Samoa Limited as the Group believes that a higher growth can be achieved for these CGUs.

NOTE 16. INTANGIBLE ASSETS (CONT'D)

	2020 $'000	2019 $'000
b) Computer software		
Gross carrying amount:		
Balance as at 1 April	35,514	34,998
Additions	1,148	-
Disposals	(565)	-
Work in progress	-	516
Effect of movement in exchange rates	3,458	-
Balance as at 31 March	39,555	35,514
Accumulated amortisation:		
Balance as at 1 April	34,265	33,675
Amortisation	682	590
Disposals	(493)	-
Effect of movement in exchange rates	3,122	-
Balance as at 31 March	37,576	34,265
Net book amount as at 31 March	1,979	1,249

NOTE 16. INTANGIBLE ASSETS (CONT'D)

	2020 $'000	2019 $'000 Restated
c) Spectrum licences		
Gross carrying amount:		
Balance as at 1 April	27,788	6,370
Acquisition through business combination	-	21,418
Effect of movements in exchange rates	(290)	-
Balance as at 31 March	27,498	27,788
Accumulated amortisation:		
Balance as at 1 April	1,924	891
Effect of movements in exchange rates	(350)	-
Amortisation	2,506	1,033
Balance as at 31 March	4,080	1,924
Net book amount as at 31 March	23,418	25,864

Spectrum licences include licences acquired by the subsidiary companies, Telecom Fiji Pte Limited and Vodafone Fiji Pte Limited on 2 September 2013 from Department of Communications. Spectrum licences also include licence acquired by the subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited on 27 May 2016 from the Communications Commission of Kiribati and Digitec Communications Limited on 19 December 2018 from National Information and Communications Technology Authority.

The licences of Telecom Fiji Pte Limited and Vodafone Fiji Pte 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.

The licence of Digitec Communications Limited is for a 10 year term starting from 18 December 2018.

	2020 $'000	2019 $'000 Restated
d) Brand		
Gross carrying amount:		
Balance as at 1 April	15,407	-
Acquisition through business combination	-	15,407
Balance as at 31 March	15,407	15,407
Accumulated amortisation:		
Balance as at 1 April	1,516	-
Amortisation	6,064	1,516
Balance as at 31 March	7,580	1,516
Net book amount as at 31 March	7,827	13,891

NOTE 16. INTANGIBLE ASSETS (CONT'D)

d) Brand (cont'd)

The value of the Bluesky brand attributable to the Samoa and Cook Islands business has been fully amortised as at year end as the Group has discontinued using the Bluesky brand in those markets. The carrying amount as at year end relates to the value of the Digitec brand attributable to Digitec ICT Limited of $1,400,000 and the value of the Bluesky brand attributable to American Samoa Telecom LLC of $6,427,000. The Group has assessed that these brand values have an indefinite useful life as the brands are mature and contribute significant value to the businesses and its abandonment would represent an unrealistic decision given the market in which the businesses operate, the industry in which the brands are being used and the nature of services that the entities provide. Impairment of brand has been tested together with impairment of goodwill (see Note 16(a)).

	2020 $'000	2019 $'000 Restated
e) Customer relationship and contracts		
Gross carrying amount:		
Balance as at 1 April	35,676	-
Acquisition through business combination	-	35,676
Effect of movements in exchange rates	215	-
Balance as at 31 March	35,891	35,676
Accumulated amortisation:		
Balance as at 1 April	1,491	-
Amortisation	5,967	1,491
Effect of movements in exchange rates	50	-
Balance as at 31 March	7,508	1,491
Net book amount as at 31 March	28,383	34,185

	2020 $'000	2019 $'000

NOTE 17. LEASES

Information about leases for which the Group is a lessee is presented below.

A. Right of use assets

i) Property leases

The Group leases land and building. Information about leases for which the Group is a lessee is presented below:

	2020 $'000	2019 $'000
Balance as at 1 April	31,195	23,518
Additions	35,567	11,290
Effect of movements in exchange rates	(41)	-
Remeasurement	(1,877)	-
Disposals	(28)	-
Depreciation charge for the year	(4,932)	(3,613)
Balance as at 31 March	59,884	31,195

ii) IRU Network Capacity

	2020 $'000	2019 $'000
Balance as at 1 April	13,257	13,828
Additions	3,844	1,514
Adjustments	-	(17)
Transfer from plant and equipment	185	-
Depreciation charge for the year	(2,150)	(2,068)
Balance as at 31 March	15,136	13,257
Total right of use assets	75,020	44,452

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

During the prior year, the subsidiary company, Fiji International Telecommunications Pte 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. The company paid FJD 4,610,113 for Marine Route Survey. Remaining balance is disclosed as part of capital commitments. Refer Note 31(a). The projected 'Ready for Service' date for SX Next is 2023.

	2020 $'000	2019 $'000
NOTE 17. LEASES (CONT'D)		
B. Lease liabilities		
Lease liabilities included in the statement of financial Position		
Current		
IRU network capacity	699	577
Property leases	4,345	3,874
Total current lease liabilities	5,044	4,451
Non-current		
IRU network capacity	100	618
Property leases	56,162	27,471
Total non-current lease liabilities	56,262	28,089
Total lease liabilities	61,306	32,540
Amounts recognised in profit or loss		
Interest on lease liabilities	2,663	1,379
Expenses relating to short-term leases and variable lease payments	24,529	22,483
	27,192	23,862
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	31,957	27,404
Maturity analysis - contractual undiscounted cash flows		
Less than one year	5,314	4,464
One to five years	20,644	13,312
More than five years	81,087	35,456
Total undiscounted lease liabilities as at 31 March 2020	107,045	53,232

Real estate leases

The Group leases various premises, base stations, land and buildings for its office premises, tower sites and access roads. These range over periods from one to ninety nine years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rental payments that are based on changes in local price indices.

Extension options

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

NOTE 18. NON-CONTROLLING INTEREST

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

31 March 2020	Vodafone Fiji Pte Limited $'000	Bluesky Group $'000	Digitec Group $'000	Intra-group eliminations $'000	Total $'000
NCI Percentage**	49.0%		30%		
Non-current assets	327,500	89,388	127,532		
Current assets	129,969	64,769	23,458		
Non- current liabilities	(123,579)	(27,012)	(49,893)		
Current liabilities	(185,883)	(35,616)	(70,392)		
Net assets	148,007	91,529	30,705		
Net assets attributable to NCI	72,523	41,695	9,212	16,200	139,630
Revenue	350,521	107,929	63,221		
Profit / (loss)	56,792	10,151	(2,490)		
OCI	(20)	-	1,432		
Total comprehensive income	56,772	10,151	(1,058)		
Profit / (loss) allocated to NCI	27,828	6,452	(747)	(4,450)	29,083
OCI allocated to NCI	(10)	-	430	(1,936)	(1,516)
Cash flows from operating activities	92,468	21,666	(4,481)		
Cash flows from investment activities	(76,695)	(10,605)	(39,875)		
Cash flows from financing activities (dividends to NCI: $28,884,000)	(5,074)	(19,104)	48,623		
Net increase (decrease) in cash and cash equivalents	10,699	(8,043)	4,267		

31 March 2019	Vodafone Fiji Pte Limited $'000	Bluesky Group* $'000	Digitec Group* $'000	Intra-group eliminations $'000	Total $'000
NCI Percentage**	49.0%		30.0%		
Non-current assets	299,926	102,267	28,568		
Current assets	113,890	45,665	14,390		
Non- current liabilities	(96,942)	(25,639)	(1,689)		
Current liabilities	(180,639)	(25,823)	(8,699)		
Net assets	136,235	96,470	32,570		
Net assets attributable to NCI	66,755	44,931	9,771	22,755	144,212
Revenue	335,722	24,206	12,565		
Profit / (loss)	59,313	2,670	(1,480)		
OCI	4	-	86		
Total comprehensive income	59,317	2,670	(1,394)		
Profit / (loss) allocated to NCI	29,063	1,641	(444)	2,357	32,617
OCI allocated to NCI	2	-	26	230	258

* On 1 January 2019, the Group acquired the Bluesky and Digitec Group (see Note 15). Accordingly, the information relating to these groups are only for the period from 1 January to 31 March 2019.

** Refer note 33 for percentage ownership in the Bluesky Group.

NOTE 19. INVENTORIES

	2020 $'000	2019 $'000
Merchandise and consumables	40,024	39,304
Less: allowance for stock obsolescence	(3,606)	(3,420)
	36,418	35,884
Goods in transit	1,390	906
Total inventories, net	37,808	36,790

In 2020, inventories of $4,456,000 (2019: $4,558,000) were recognised as an expense during the year and included in "direct costs".

	2020 $'000	2019 $'000
NOTE 20. DEBT INVESTMENT SECURITIES		
Current		
Fiji Government Registered stock	-	11,000
Term deposits	19,988	19,778
Total debt investment securities	19,988	30,778

(a) The carrying amount of debt investment securities are considered to be a reasonable approximation of fair value.

(b) Term deposits held with financial institutions attract interest rates in the range of 1.25% to 5.6% per annum, and will mature within 12 months from balance date.

NOTE 21. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2020 $'000	2019 $'000
Non-current		
Advance to Amalgamated Telecom Nominees Limited	2,482	2,482
Refundable deposits and others	502	104
Total non-current trade and other receivables and contract assets	2,984	2,586
Current		
Trade receivables	102,717	103,929
Contract assets	7,169	3,923
Less: allowance for expected credit losses	(21,452)	(24,288)
Trade receivables and contract assets, net	88,434	83,564
Receivable from related parties	868	222
	89,302	83,786
Other receivables and advances	13,398	20,106
Less: allowance for expected credit losses	-	(3)
	13,398	20,103
Prepayments	15,955	16,998
Total current trade and other receivables and contract assets, net	118,655	120,887

(a) The carrying amount of trade and other receivables and contract assets are considered to be a reasonable approximation of fair value.

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

(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 expected credit losses of trade and other receivables and contract assets, including contract assets, are as follows:

	2020 $	2019 $
Balance at 1 April	24,291	16,103
Adjustment on initial application of IFRS 9	-	218
Balance at 1 April per IFRS 9	24,291	16,321
Addition on business acquisition	-	16,320
Net re-measurement of loss allowance	8,495	(587)
Effect of movement in exchange rates	320	-
Amounts written off during the year	(11,654)	(7,763)
As at 31 March	21,452	24,291

The Group generally obtains security deposits for all new land line and internet connections. Apart from these, it does not hold any collateral as security. The total carrying amount of security deposits in relation to the above trade receivables carried by the Group is $5,731,000 (2019: $5,867,000).

NOTE 22. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2020 $'000	2019 $'000
Cash on hand and at bank	92,223	80,276
Bank overdraft	(22,201)	(18,777)
Total cash and cash equivalents	70,022	61,499

Financing facilities

Financing facilities available to the Group includes bank overdrafts. Financing facilities of $32,206,000 were available to the Group as at 31 March 2020 (2019: $32,206,000) of which $22,201,000 (2019: $18,777,000) was utilised. See also note 25.

	2020 $'000	2019 $'000

NOTE 23. SHARE CAPITAL

Issued and Paid Up Capital

	2020 $'000	2019 $'000
Balance as at 31 March (422,104,868 ordinary shares)	107,600	107,600

All issued shares are fully paid. Shares have no par value.

NOTE 24. 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.

NOTE 25. BORROWINGS

	2020 $'000	2019 $'000
Non-current		
Term loan - Fiji National Provident Fund (a)	72,750	65,000
Term loan - Westpac Banking Corporation (b(i))	1,630	3,267
Term loan - Westpac Banking Corporation (b(ii))	16,889	-
Term loan - ANZ Bank (Kiribati) Limited (c)	2,488	3,505
Term loan - ANZ Bank (Vanuatu) Limited (d)	10,154	13,808
Term loan - ANZ Banking Group Limited - Fiji (e)	154,628	166,733
Term loan - Bred Bank (Vanuatu) Limited (f)	955	3,218
Term loan - ANZ Bank (Samoa) Limited (g)	35,201	25,788
Term loan - Vanuatu National Provident Fund (h)	15,066	15,388
Total non-current borrowings	309,761	296,707
Current		
Term loan - Fiji National Provident Fund (a)	7,250	-
Term loan - Westpac Banking Corporation (b(i))	1,684	1,645
Term loan - Westpac Banking Corporation (b(ii))	3,344	-
Term loan - ANZ Bank (Kiribati) Limited (c)	2,336	2,014
Term loan - ANZ Bank (Vanuatu) Limited (d)	2,014	1,824
Term loan - ANZ Banking Group Limited - Fiji (e)	17,040	9,815
Term loan - Bred Bank (Vanuatu) Limited (f)	2,195	2,108
Term loan - ANZ Bank (Samoa) Limited (g)	4,548	5,404
Bank overdraft - ANZ Bank (Kiribati) Limited (c)	-	76
Bank overdraft - ANZ Banking Group Limited - Fiji	4,103	-
Bank overdraft - Bred Bank (Vanuatu) Limited (f)	4,939	4,403
Bank overdraft - ANZ Bank (Samoa) Limited (g)	682	-
Bank overdraft - Westpac Banking Corporation (i)	12,477	14,298
Total current borrowings	62,612	41,587
Total borrowings	372,373	338,294

The Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the years ended 31 March 2020 and 2019.

NOTE 25. BORROWINGS (CONT'D)

(a) Term loans – Fiji National Provident Fund

In the prior year, the subsidiary company, Vodafone Fiji Pte Limited entered into a loan agreement with FNPF for $80m. As at balance date, the entire $80m (2019: $65m) has been drawn. The loan is at an interest rate of 4.30% per annum fixed for a period of 2 years and variable thereafter. The repayments are interest only for a period of two years. Total term of the loan is 7 years.

Corporate guarantee has been provided by the subsidiary company for the loan.

(b) Term loan – Westpac Banking Corporation

(i) The Holding Company has a loan facility with Westpac Banking Corporation which are unsecured and subject to a variable interest rate of 4.95% per annum with monthly repayments of $150,800.

(ii) During 2020 financial year, the subsidiary company, Vodafone Fiji Pte Limited entered into a loan agreement with Westpac Bank Corporation for USD 9 million. As at balance date the entire USD 9 million has been drawn down. The loan is at a fixed interest rate of 4.45% per annum. The principal plus interest repayments are USD 150,000 per month. Total term of the loan is 5 years.

The loan is secured by registered first fixed and floating charge over all its assets and undertakings including called and uncalled but unpaid capital of the subsidiary company.

Subsequent to year end the entire loan of USD 9 million was paid off.

(c) Bank Overdraft and Bank Loan – ANZ Bank (Kiribati) Limited

The bank overdraft and term loan from ANZ Bank (Kiribati) Limited is subject to interest at a rate of 4.5% and 6.4% respectively. The term loan is subject to a fixed interest rate and is repayable by monthly instalments of AUD 109,265 and AUD 35,572 (inclusive of interest).

The term loan and bank overdraft are secured by the following:

i) Limited Guarantee provided by the Holding Company to the amount of AUD 9,577,000 plus interest, costs and other amount.

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. The subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited and ANZ Bank (Kiribati) Limited, covenanting that the loan from the Holding Company to the subsidiary company will not reduce without prior written consent of ANZ Bank (Kiribati) Limited and ANZ Bank (Kiribati) Limited has priority to extend the facilities provided.

(d) Bank Loan – ANZ Bank (Vanuatu) Limited
The term loan from ANZ Bank (Vanuatu) Limited is subject to a variable interest rate of 7%.

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

NOTE 25. BORROWINGS (CONT'D)

(e) Term loan – ANZ Banking Group Limited – Fiji

In the prior year, the Holding Company obtained a loan from ANZ Banking Group Limited (ANZ) to finance acquisition of Telecom Vanuatu Limited and Amper SA interest in certain subsidiaries of Bluesky Group.

The loan facility from ANZ Banking Group Limited are secured and subject to variable 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 of the Holding Company.

ii) Authority to appropriate and set off term deposit.

iii) Deed of Assignment dated 23 November 2016 assigning the Holding Company second priority over the assets of AST Telecom LLC to ANZ.

Borrowing for acquisition of Telecom Vanuatu Limited

The term loan amounting to FJD 20 million as at year end was obtained for the purpose of funding the transaction to acquire Telecom Vanuatu Limited.

The loan is payable on monthly repayments of FJD 306,294 based on notional term of 14 years and at a variable interest rate of 5.25% per annum at year-end.

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

The term loans amounting to USD 61 million (FJD 139 million) at year-end was obtained for the purpose of funding the transaction to acquire Amper SA's interest in certain subsidiaries of Bluesky Group.

The term loans are payable on monthly repayments of USD 508,490 based on notional terms of between 13 – 15 years and at variable interest rates of 4.58% – 4.83% per annum at year-end.

Borrowing to fund Digitec Communication Limited mobile network rollout

The term loan amounting to USD 6 million (FJD 13 million) at year-end was obtained during the year for the purpose of funding the establishment of a new mobile telecommunications network in Papua New Guinea.

The loan is payable on monthly repayments of USD 277,777 based on a notional term of 3 years and at a variable interest rate of 3.98% per annum at year-end.

(f) Term loan and Bank overdraft – Bred Bank (Vanuatu) Limited

The subsidiary company, Telecom Vanuatu Limited, has a bank overdraft facility of VUV270 million at an interest rate of 6.75% and term loan with Bred Bank (Vanuatu) Limited at a variable interest rate of 6.15%, which is unsecured, and is subject to maintaining certain financial covenants.

NOTE 25. BORROWINGS (CONT'D)

(g) **Term loan - ANZ Bank (Samoa) Limited**

The subsidiary company, Bluesky Samoa Limited, has a secured loan and a bank overdraft facility of WST 1 million with ANZ Bank (Samoa) Limited and is secured over:

(i) First registered mortgage over leasehold Bluesky Headquarters at Maluafou. Lease is 20 years commencing 2003 with a right of renewal of 20 years and final expiry in 2043.

(ii) First registered Mortgage Debenture over the fixed and floating assets (including paid and unpaid capital) of Bluesky Samoa Limited.

The subsidiary company, Bluesky SamoaTel Investments Limited, has a secured loan with ANZ Bank (Samoa) Limited and is secured over:

(i) First registered Mortgage Debenture, being a fixed and floating charge, over all present and future assets, undertakings and unpaid or uncalled capital of Bluesky SamoaTel Investments Limited.

(ii) Corporate guarantee and indemnity unlimited as to amount plus interest, costs and other amounts given by the Holding Company in favour of ANZ Bank (Samoa) Limited.

The subsidiary company, Teleraro Limited, has a secured loan with Australian and New Zealand Banking Group Limited and is secured over:

(i) First registered Mortgage Debenture, being a fixed and floating charge, over all assets and undertakings (including paid and unpaid capital) of Teleraro Limited.

(ii) First registered Mortgage over 100% of the shares held in TCNZ Cook Islands Limited by Teleraro Limited.

(iii) Corporate guarantee given by subsidiary company, AST Telecom LLC, in favour of Teleraro Limited.

(iv) Corporate guarantee given by subsidiary company, Bluesky Samoa Limited, in favour of Teleraro Limited.

(h) Term loans – Vanuatu National Provident Fund

The subsidiary company, Telecom Vanuatu Limited, has an equity convertible loan from Vanuatu National Provident Fund at a variable interest rate of 6.15%.

Corporate guarantee has been provided by the Holding Company for the loan.

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

The subsidiary company, Vodafone Fiji Pte Limited, has a bank overdraft facility of $20 million at a variable interest rate of 4.35% with Westpac Banking Corporation which is unsecured, and is subject to maintaining certain financial covenants.

The subsidiary company, Datec (Fiji) Pte Limited has a standard finance lease facility with Westpac Banking Corporation expiring within two years, which attracts interest at a rate of 4.5% per annum.

(j) Other Bank Facilities – ANZ Banking Group Limited - Fiji

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

NOTE 25. BORROWINGS (CONT'D)

Reconciliation of movement of liabilities to cash flows from financing activities			
	Other borrowings ($'000)	Lease liabilities ($'000)	Total ($'000)
Balance at 1 April 2019	319,517	32,540	352,057
Changes from financing cash flows			
Proceeds from borrowings	67,904	-	67,904
Repayment of borrowings	(47,123)	-	(47,123)
Payment of lease liabilities	-	(4,765)	(4,765)
Total changes from financing cash flows	**20,781**	**(4,765)**	**16,016**
The effect of changes in foreign exchange rates	**9,874**	**(131)**	**9,743**
Other changes - liability related			
New leases	-	35,567	35,567
Re-measurement	-	(1,877)	(1,877)
Disposal	-	(28)	(28)
Interest expense	19,059	2,663	21,722
Interest paid	(19,059)	(2,663)	(21,722)
Total liability related other changes	**-**	**33,662**	**33,662**
Balance at 31 March 2020	**350,172**	**61,306**	**411,478**

Reconciliation of movement of liabilities to cash flows from financing activities			
	Other borrowings ($'000)	Lease liabilities ($'000)	Total ($'000)
Balance at 1 April 2018	148,147	14,495	162,642
Changes from financing cash flows			
Proceeds from borrowings	191,301	-	191,301
Repayment of borrowings	(52,527)	-	(52,527)
Payment of lease liabilities	-	(3,542)	(3,542)
Total changes from financing cash flows	**138,774**	(3,542)	**135,232**
Changes arising from obtaining control of subsidiaries	32,125	-	32,125
The effect of changes in foreign exchange rates	471	-	471
Other changes - liability related			
New lease liabilities	-	21,587	21,587
Interest expense	9,969	1,379	11,348
Interest paid	(9,969)	(1,379)	(11,348)
Total liability related other changes	**-**	**21,587**	**21,587**
Balance at 31 March 2019	**319,517**	**32,540**	**352,057**

	2020 $'000	2019 $'000
NOTE 26. PROVISIONS		
Non-current		
Retirement benefits	183	583
Current		
Employee entitlements	7,615	6,756
Directory production costs	51	51
Dividends	-	12,516
	7,666	19,323
NOTE 27. TRADE AND OTHER PAYABLES		
Non-current		
Trade payables and accruals (a)	36,808	-
Subscriber deposits	3,949	3,855
Total non-current trade and other payables	40,757	3,855
Current		
Trade payables and accruals (b)	144,439	159,285
Owing to related parties	221	44
Advance for relocation of telecommunication cables	88	29
Dividend payable	22,297	22,050
	167,045	181,408
Security deposits	1,782	2,012
Contract liabilities	18,289	20,626
Total current trade and other payables	187,116	204,046
Total trade and other payables	227,873	207,901

(a) Noncurrent trade payables principally comprise of capital creditors for the subsidiary company, Digitec Communications Limited, which relates to vendor finance of PGK 51.9 million (FJD 34.2 million). Per the vendor finance agreement the subsidiary company will only pay interest for one year from the date when "Equipment Arrival Certificate" is signed following which principal repayment will come into effect. Therefore, the subsidiary company has classified the amount as noncurrent.

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

The carrying amount of trade and other payables are considered to be a reasonable approximation of fair value.

	2020 $'000	2019 $'000
NOTE 28. DEFERRED INCOME		
Non-current		
Government grant	6,459	6,459
Less: Accumulated amortization	(6,459)	(6,424)
Total deferred income, net	-	35
NOTE 29. DIVIDENDS		
Ordinary shares		
Final dividend ($nil per share (2019: $0.03))	-	10,553
Total dividends	-	10,553
NOTE 30. CONTINGENT LIABILITIES		
Following is a summary of estimated contingent liabilities:		
Bank and performance guarantees	7,682	3,840

a) Legal claims

Various claims have been brought against certain subsidiary companies. 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 Pte Limited, has provided letter of support to its subsidiary company, Datec (Fiji) Pte Limited, for the bank overdraft 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 given a limited guarantee to Bred (Vanuatu) Limited for the term loans and bank overdraft facility obtained by the subsidiary company, Telecom Vanuatu Limited, to the amount of VUV 659,000,000.

iv) The Holding Company has given a guarantee to Vanuatu National Provident Fund for the term loan obtained by the subsidiary company, Telecom Vanuatu Limited, to the amount payable pursuant to the Deed of Loan between Vanuatu National Provident Fund and the subsidiary company.

v) The Holding Company has given a corporate guarantee and indemnity to ANZ Bank (Samoa) Limited for the term loan obtained by the subsidiary company, Bluesky SamoaTel Investments Limited, unlimited as to amount plus interest, costs and other amounts.

NOTE 30. CONTINGENT LIABILITIES [CONT'D]

b) Other contingent liabilities

vi) The Holding Company has given a guarantee to ZTE Corporation for the vendor finance obtained by the subsidiary company, Digitec Communications Limited, to the amount of USD 27,325,000 plus interests and other expenses relating to the facility.

vii) The subsidiary company, Bluesky Samoa Limited, is in discussion with Ministry of Revenue Samoa about certain tax deductions that the Ministry has disallowed. These deductions stem from tax losses created by balance sheet write offs (accelerations of depreciation and inventory write-offs) undertaken after the Group bought 75% of the shares from the Government of Samoa in 2011. The tax impact of the deductions amount to WST 3,737,000. The subsidiary company's tax agents are currently dealing with the Ministry of Revenue Samoa on the matter. Based on advice from the tax agents, management believes that the tax deductions will be allowed.

viii) The subsidiary company, Telecom Cook Islands Limited has an irrevocable letter of credit of USD186,000.

	2020 $'000	2019 $'000
NOTE 31. COMMITMENTS		
a) Capital commitments		
Capital expenditure commitments as at balance date are as follows:		
Intangible assets	50,706	49,546
Property, plant and equipment	236,990	134,008

Capital expenditure commitments primarily relate to various capital investment projects, programmes 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 2020 also includes $50,660,000 (2019: $49,546,000) for lease of new submarine cable capacity linking Australia and USA.

b) Operating lease expenses

The Group has entered into line rental agreements with various line rental service providers. The arrangement includes variable lease payments based on an index or rate.

The Group also has a number of short term leases, for which no right of use assets and liabilities have been recognised.

Refer note 17 for rental payments for the year ended 31 March 2020 in respect to the above.

c) Sponsorship agreement with Fiji Rugby Union

On 13 November 2017, the subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji Rugby Union.

As per the terms of the agreement, Fiji Rugby Union 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 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.

NOTE 31. COMMITMENTS (CONT'D)

d) Sponsorship agreement with Fiji Football Association

On 4 January 2019, the subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji Football Association.

As per the terms of the agreement, Fiji Football Association (Association) 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 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.

e) Sponsorship agreement with Fiji National Rugby League Limited

On 25 January 2018, subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji National Rugby League Limited.

As per the terms of the agreement, Fiji National Rugby League (FNRL) 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 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.

f) Sponsorship agreement with Samoa Rugby Union

Bluesky Samoa Limited has a 4-year Sponsorship Agreement with Samoa Rugby Union for the Manu Samoa 7s team and includes the HSBC Sevens Series, Rugby World Cup of 2018 and the Commonwealth Games of 2018.

The value of the contract is WST 5 million (cash and kind) for the term of the contract which ends in September 2021. Annual commitment by Bluesky Samoa Limited is WST 1.25 million towards Manu Samoa 7s.

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), the Government of Vanuatu (for Telecom Vanuatu Limited) and Office of the Regulator (for Bluesky Samoa Limited) based on the audited annual gross revenue which arises directly from the provision of services under the respective licence.

Certain subsidiaries in Fiji 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 are calculated net of settlements with other licences in Fiji.

NOTE 31. COMMITMENTS (CONT'D)

h) Operating lease income

The Group earns rental income from colocations and equipment and lease circuit rental. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2020 was $19,639,000 (2019: $15,745,000). The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2020 $'000	2019 $'000
Less than one year	1,371	1,116
One to two years	1,130	638
Two to three years	479	702
Three to four years	350	282
Four to five years	217	93
	3,547	2,831

NOTE 32. RELATED PARTIES

a) Parent entity

The ultimate parent company is Fiji National Provident Fund (FNPF), a defined contribution superannuation fund domiciled 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 U Kodagoda – Chairman
Mr Arun K Narsey
Mr Umarji Musa
Ms Kalpana Lal (appointed 1 February 2020)
Mr Taito R Waqa
Mr Tom Ricketts
Mr David Kolitagane

Directors' remuneration is disclosed under Note 11.

c) Government related entity

The Government of Fiji has significant influence over the Group through its shareholding of 17.3% in the Holding Company and also through its influence over the parent company, Fiji National Provident Fund, through the FNPF Act 2011 under which FNPF has been constituted. The Group has transactions with the Government, and other government-related entities, including but not limited to sales and purchases of goods and ancillary materials, rendering and receiving services, lease of assets, and use of public utilities.

NOTE 32. RELATED PARTIES [CONT'D]

d) Sale of goods and services

	2020 $'000	2019 $'000
Interest income (Amalgamated Telecom Nominees Limited)	30	30
Advertising income (FNPF)	21	16

e) Purchases of goods and services

	2020 $'000	2019 $'000
Interest expenses and fees (FNPF)	3,424	686
Operating lease (FNPF)	888	875

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:

	2020 $'000	2019 $'000
Salaries and other short-term employee benefits	4,091	6,877

g) Year-end balances arising from sales/purchases of goods and services

	2020 $'000	2019 $'000
Receivables from related parties (Note 21):		
- Ultimate parent entity	868	222
Payables to related parties (Note 27):		
- Ultimate parent entity	221	44

h) Loans and advances to related parties

	2020 $'000	2019 $'000
Advances to other related entity - Amalgamated Telecom Nominees Limited (Note 21)	2,482	2,482

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

i) Borrowings from ultimate parent entity

	2020 $'000	2019 $'000
Term loans (Note 25)	80,000	65,000

j) Debt investment securities

	2020 $'000	2019 $'000
Term deposits held with HFC Bank (Note 20)	200	17,000

k) Guarantees

Refer Note 30(b) for provision of guarantees to related parties.

l) Commitments

Refer Note 30(b) for provision of letter of support to related parties.

Notes to the Consolidated Financial Statements (Cont'd)
For the year ended 31 March 2020

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).

	Principal place of business	Equity holding 2020	Equity holding 2019
Telecom Fiji Pte Limited	Fiji	100%	100%
Fiji International Telecommunications Pte Limited (FINTEL)	Fiji	100%	100%
Vodafone Fiji Pte Limited (VFL)	Fiji	51%	51%
Datec (Fiji) Pte Limited (DFL)	Fiji	51%	51%
Datec Australia Pty Limited	Australia	51%	51%
Fiji Directories Pte Limited	Fiji	100%	100%
Amalgamated Telecom Holdings (Kiribati) Limited	Kiribati	100%	100%
Telecom Vanuatu Limited	Vanuatu	100%	100%
ATH International Venture Pte Limited (ATHIV)	Singapore	100%	100%
Digitec Communication Limited	PNG	70%	70%
Digitec ICT Limited	PNG	70%	70%
Etech ICT Pty Limited	Australia	70%	70%
Etech ICT Pte Limited	Singapore	70%	70%
eLandia Technologies, LLC	USA	100%	100%
American Samoa Hawaii Cable LLC	American Samoa	66.66%	66.66%
Samoa American Samoa Cable	American Samoa	66.66%	66.66%
Amalgamated Bluesky Telecom Holdings LLC (ABTH)	USA	100%	100%
AST Telecom LLC (AST)	American Samoa	100%	100%
American Samoa Entertainment	American Samoa	100%	100%
Bluesky SamoaTel Investments	Samoa	97.2%	97.2%
Bluesky Samoa Limited	Samoa	72.9%	72.9%
Bluesky Pacific Holdings Limited	Samoa	60.2%	60.2%
Bluesky Holding New Zealand Limited	New Zealand	60.2%	60.2%
Bluesky Cook Islands Investment	Cook Islands	60.2%	60.2%
Teleraro Management Limited	Cook Islands	60.2%	60.2%
Teleraro Limited	Cook Islands	54.2%	54.2%
TCNZ Cook Islands Limited	Cook Islands	54.2%	54.2%
Telecom Cook Islands Limited	Cook Islands	32.5%	32.5%

All the subsidiaries have the same balance date as the parent entity which is 31 March.

Although the Group has less than half of the voting rights in Telecom Cook Islands Limited (32.5%), management has determined that the Group controls Telecom Cook Islands Limited. This is on the basis that the Holding Company has the majority voting rights and appoints the directors for Telecom Cook Islands Limited.

NOTE 34. SEGMENT REPORTING

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

a) Operating Segments

	Fixed Line Telecom $'000	Mobile Telecom $'000	Other $'000	Elimination $'000	Total $'000
31 March 2020					
External revenues	90,182	461,870	110,875	-	662,927
Inter-segment revenue	19,772	15,575	56,710	(92,057)	-
Other income	13,964	3,495	1,521	-	18,980
Segment revenue	123,918	480,940	169,106	(92,057)	681,907
Segment profit (loss) before tax	23,794	85,754	28,919	(68,051)	70,416
Interest income	429	627	2,092	(1,548)	1,600
Interest expense	1,185	10,124	11,072	(659)	21,722
Depreciation and amortisation	22,275	65,528	10,757	13,187	111,747
Other material non-cash items:					
Impairment losses on trade receivables and contract assets	4,112	2,899	2,143	(659)	8,495
Impairment losses on non-financial assets	-	6,300	-	-	6,300
Segment assets	190,886	673,028	796,333	(453,817)	1,206,430
Capital expenditure	20,183	55,327	86,303	(6,770)	155,043
Segment liabilities	56,622	425,248	394,778	(136,264)	740,384
31 March 2019					
External revenues	70,632	388,576	64,471	-	523,679
Inter-segment revenue	19,282	9,265	75,795	(104,342)	-
Other income	11,546	2,357	5,492	-	19,395
Segment revenue	101,460	400,198	145,758	(104,342)	543,074
Segment profit (loss) before tax	26,508	78,479	81,282	(83,696)	102,573
Interest income	297	131	2,518	(441)	2,505
Interest expense	492	5,001	5,855	-	11,348
Depreciation and amortisation	18,396	43,164	4,997	3,293	69,850
Other material non-cash items:					
Reversal of impairment losses on trade receivables and contract assets	720	(85)	(48)	-	587
Segment assets	138,549	514,363	826,790	(346,418)	1,133,284
Capital expenditure	23,166	155,979	471	-	179,616
Segment liabilities	38,348	347,600	341,174	(53,370)	673,752

NOTE 34. SEGMENT REPORTING (CONT'D)

b) Geographical segments

The geographic information analyses the Group's revenue and non-current assets by the Holding Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	Fiji $'000	Outside Fiji $'000	Elimination $'000	Total $'000
31 March 2020				
External revenues	419,080	243,847	-	662,927
Inter-segment revenue	92,057	-	(92,057)	-
Other income	12,855	6,125	-	18,980
Segment revenue	523,992	249,972	(92,057)	681,907
Segment profit (loss) before tax	128,978	9,489	(68,051)	70,416
Interest income	2,358	790	(1,548)	1,600
Interest expense	15,549	6,832	(659)	21,722
Depreciation and amortisation	59,267	39,293	13,187	111,747
Other material non-cash items:				
Impairment losses on trade receivables and contract assets	3,719	5,435	(659)	8,495
Impairment losses on non-financial assets	-	6,300	-	6,300
Segment assets	1,181,342	478,905	(453,817)	1,206,430
Capital expenditure	45,499	116,314	(6,770)	155,043
Segment liabilities	555,949	320,699	(136,008)	740,640
31 March 2019				
External revenues	412,570	111,109	-	523,679
Inter-segment revenue	103,725	617	(104,342))	-
Other income	19,479	(84)	-	19,395
	535,774	111,642	(104,342)	543,074
Segment revenue				
Segment profit (loss) before tax	181,138	5,131	(83,696)	102,573
Interest income	2,762	184	(441)	2,505
Interest expense	7,762	3,586	-	11,348
Depreciation and amortisation	49,526	17,031	3,293	69,850
Other material non-cash items:				
Reversal of impairment losses on trade receivables and contract assets	(847)	260	-	(587)
Segment assets	1,115,535	364,167	(346,418)	1,133,284
Capital expenditure	155,526	24,090	-	179,616
Segment liabilities	527,938	199,184	(53,370)	673,752

NOTE 35. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date:

(a) A total of 25,807,000 new shares were issued pursuant to the rights issue offer. The Holding Company received valid applications for entitlements totalling $51,614,000 from eligible shareholders.

The new shares were issued on 24 July 2020 and the normal trading of the new shares commenced on 29 July 2020.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in subsequent financial years.

NOTE 36. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorised for issue on 28 August 2020.

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 2020 Under Section 51.2 (iv):

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

2. Top 20 shareholders report under section 51.2 (v):

Shareholders	No. Of Shares
Fiji National Provident Fund	304,964,953
Republic of Fiji Islands	72,966,105
Unit Trust of Fiji (Trustee Company) Limited	19,391,624
Fijians Trust Fund	5,000,000
Amalgamated Telecom Nominees Limited	4,700,193
Yasana Holdings Limited	3,091,363
FHL Trustees Limited ATF Fijian Holdings Unit Trust	2,265,097
BSP Life (Fiji) Limited	1,819,668
Samoa National Provident Fund (SNPF)	1,666,666
Carlisle (Fiji) Limited	250,893
Naitasiri Provincial Council	120,670
Jacks Equity Investment Limited	114,013
J P Bayly Trust	111,500
RFMF Army Medical Scheme	100,000
Nakuruvakarua Company Limited	100,000
Kiran Lata Kumar	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

3. Distribution of share holding under Section 51.2 (vi):

Holding	No. of Holders	Total % Holding
Less than 500 shares	273	0.03%
501 to 5,000 shares	973	0.45%
5,001 to 10,000 shares	121	0.23%
10,001 to 20,000 shares	42	0.15%
20,001 to 30,000 shares	8	0.05%
30,001 to 40,000 shares	5	0.04%
40,001 to 50,000 shares	11	0.13%
50,001 to 100,000 shares	13	0.25%
100,001 to 1,000,000 shares	4	0.14%
Over 1,000,000 shares	9	98.52%
Total	**1,459**	**100%**

4. Disclosure on the trading results of each subsidiary under Section 51.2 (x):

(Amount in $'000)	Telecom Fiji Limited	Vodafone Fiji Limited & Subsidiary Companies	FINTEL	Fiji Directories Limited	ATH Kiribati Limited	Telecom Vanuatu Limited	Bluesky Group	Digitec Group
Sales revenue	90,775	350,521	15,863	4,050	21,327	49,694	130,356	42,468
Other Operating revenue	1,733	8,212	148	98	667	176	4,804	821
(excluding dividends)								
	92,508	358,733	16,011	4,148	21,994	49,870	135,160	43,289
Depreciation and amortisation	16,735	40,254	1,960	157	3,261	9,139	24,229	3,488
Impairment loss on trade and other receivable	2,875	-221	968	97	82	-	5,228	125
Cost of Sales	16,210	151,627	2,122	360	8,747	17,011	42,141	23,016
Other expenses	35,984	92,115	4,503	1,291	7,181	21,135	47,320	22,687
Finance cost/(income) net	38	4,024	-413	-70	405	2,508	3,030	95
Income tax expense/(benefit)	3,795	14,142	1,395	419	804	-	6,959	415
	75,637	301,941	10,535	2,254	20,480	49,793	128,907	49,826
Net profit after income tax	16,871	56,792	5,476	1,894	1,514	77	6,253	-6,537
(excluding dividends)								
Operating assets	139,126	457,469	25,864	5,697	28,962	74,897	221,156	155,344
Operating liabilities	34,532	309,462	11,298	2,199	22,588	47,359	95,794	157,414
Shareholders' equity	104,594	148,007	14,565	3,497	6,374	27,538	125,362	-2,070

5. Share Register

Central Share Registry Pte Limited
Shops I and II
Sabrina Building
Victoria Parade
Suva, Fiji

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

6. Group Consolidated Ten Years Financial Performance under section 51.2 (xiv):

	For the 12 months ended 31 March 2020 ($'000)	For the 12 months ended 31 March 2019 ($'000)	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)
Operating Revenue	662,927	523,679	460,416	394,702	356,211	310,668	281,004	270,469	249,411	247,068
EBIT	102,973	119,485	118,803	108,411	90,878	85,272	46,664	(31,040)	51,251	36,775
EBITDA	214,720	189,335	173,384	153,611	134,468	129,903	93,109	26,171	108,603	94,023
Net Earnings	43,354	75,024	58,065	54,222	56,725	49,812	14,469	(15,905)	18,362	4,142
Earnings per share	3.38 cents	10.05 cents	13.8 cents	12.8 cents	13.4 cents	11.8 cents	3.4 cents	(4.0 cents)	4.0 cents	1.0 cents
Return on equity	9.30%	16.33%	20.56%	22.3%	26.5%	25.7%	8.4%	(9.3%)	8.9%	2.1%
Total Assets	1,206,430	1,133,284	682,586	635,313	466,882	417,105	396,813	444,481	518,839	504,054
Return on assets	3.8%	6.4%	11.5%	19.2%	23.0%	22.7%	10.7%	(5.6%)	8.9%	5.2%
Current Ratio	1.01 times	0.98 times	0.85 times	0.61 times	0.76 times	0.82 times	0.86 times	0.84 times	0.77 times	0.46 times
Net Debt	280,150	258,018	99,723	118,233	12,139	22,394	46,606	63,781	85,098	102,493
Gearing	38%	36%	23%	29%	5.0%	9.0%	19.0%	23.0%	24.0%	30.0%
Interest cover	4.74 times	10.53 times	13.82 times	34.9 times	41.5 times	28.9 times	9.9 times	(8.6) times	6.2 times	5.1 times
Net cash flow from operating activities	148,024	140,350	129,828	132,590	105,006	116,340	94,252	92,739	78,949	76,082
Capital expenditure	155,043	184,093	84,306	43,412	71,932	60,810	24,636	52,429	27,699	73,376
Dividend per share	$0.025	$0.025	$0.045	$0.06	$0.08	$0.07	$0.05	$0.045	$0.03	$0.03
Net Tangible Asset per share	0.33	0.26	$0.60	$0.50	$0.44	$0.41	$0.35	$0.35	$0.44	$0.51
Market price per share	$2.58	$3.28	$2.28	$1.32	$1.20	$1.01	$0.80	$0.84	$0.75	$0.89
Maximum market price per share	$3.34	$3.28	$2.30	$1.32	$1.25	$1.01	$0.86	$0.89	$0.89	$1.01
Minimum market price per share	$2.58	$2.28	$1.32	$1.08	$1.00	$0.81	$0.60	$0.70	$0.65	$0.88
Price Earnings ratio	76.33 times	32.64 times	16.52 times	10.3 times	8.9 times	8.6 times	23.5 times	(21.0) times	18.8 times	89 times
Dividend Yield	0.97%	0.76%	1.9%	4.5%	6.7%	6.9%	6.3%	5.4%	4.0%	3.4%

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