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Chief Executive Officer

Mr Samuela Vadei
Company Secretary

Overview

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

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

We are pleased to advise that for financial year 2017, the company recorded an improvement over

previous financial year's pre-tax operating results by maintaining sharp focus and persistence on its primary goals of maximising revenues, controlling costs, continuous innovation and a never ending quest for process excellence.

Financial Highlights

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

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

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

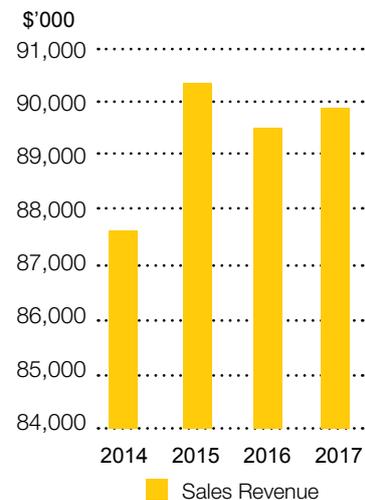
Fiber-to-the-Home

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

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



Sales Revenue



Telecom Fiji Limited (Cont'd)

4G+ Services and Coverage

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

Satellite Network Upgrade

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

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

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

Core Infrastructure and Transformation

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

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

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

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

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

Corporate Social Responsibility

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

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

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

Human Resource

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

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

Outlook

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