





# CONNECTING OUR ISLANDS

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North Coast above Devil's Hole, Jersey.

# Chairman's Foreword

Since I joined the JT board as a non-executive director seven years ago, it has been immensely satisfying to see the company evolve from a locally focused telecoms operator into a global business. JT SIMs now power more than 1.6 million devices worldwide and we have recently signed strategic partnerships with a number of leading multinationals, including Inmarsat and Sony. We are living through a period of huge technological change, and I am privileged to now be Chairman of an innovative business that is well positioned to grasp the opportunities that this presents.



**Phil Male**  
Chairman

2017 was another strong year with revenue and gross profit increases.



Starting with our financial performance (the details follow later in the report), 2017 was another strong year, with International business increasing JT's gross profit, whilst investing heavily for the future. JT continues to deliver a substantial dividend back to the States of Jersey on an annual basis and paid £4.7m during the year.

I feel honoured to have taken on the Chairmanship when the most ambitious initiative that JT has ever undertaken is nearing its successful completion. When I first joined the Board, we were just setting out on our Gigabit Jersey journey – a visionary project to connect every broadband customer in the island to a full-fibre network, which guarantees high-speed access to the internet. We were challenged at the time on its value and necessity, understandably, as the 'Digital Revolution' was still in its infancy; but for most of us, using the internet almost continuously has become an everyday part of our lives. Speedy and reliable access is now taken for granted.

We reached our original target of connected households and businesses last November, and we're now very close to connecting those final properties which have been built since the project began in 2012. Our purpose is to be always there, always on and always enabling for our customers, and our full-fibre network provides the foundations for new products, services and innovative ideas to be built on.

In a sense, JT has already moved on to our next project: removing the old copper network that fibre has replaced. That will continue throughout 2018 as old wires and cabinets are decommissioned. At that point, Jersey will become the world's first full-fibre Island, putting us 'leaps and bounds' ahead of other, much larger, jurisdictions.

## Connecting the Channel Islands

JT is proud to be the largest locally-owned telecoms operator in the Channel Islands. Ultimately, we are owned by the people of Jersey, but our focus is truly pan-Island. Having guardianship of the Jersey network has allowed us to run fibre directly to every broadband home. In Guernsey, we have also invested many millions of pounds linking homes, businesses, schools and States offices in and around St Peter Port to a smaller fibre network. In addition, we operate award-winning mobile networks in both islands which have won Ookla's Speedtest Awards for 2 years running.

## Connecting the world

2017 was a particularly successful year for JT International – our newly branded division tasked with developing business outside of the Channel Islands. It has launched a range of innovative product and services which primarily take advantage of JT's 750+ roaming agreements with other mobile network operators – a figure which compares favourably with some of the world's largest telcos. Our 'Internet of Things' SIM card, which can be found on an eclectic range of devices from heart monitors to 'smart' traffic lights, is particularly attractive because it will use whichever network is the strongest – and is therefore ideally suited to customers that need 'ultimate' connectivity. We are also developing low frequency, long range networks which allow machines to send simple data to each other frequently, such as temperature, location and air quality. Due to its 'manageable' size, existing mast network and diversity of terrain, Jersey is an ideal 'sandbox' for such innovation, and global giant Sony has already chosen the island and JT to test its technology.

## Customer focus

Even though our global success is increasing, our Channel Island customers remain our first priority. Listening to and servicing their needs is at the heart of everything we do. We run a complex business and we can always improve, but I'm confident that our level of service, and the products we offer, are unrivalled. Our MyAccount app has proved hugely successful across the Islands and our customer service teams are constantly finding new ways to engage with a technology-savvy audience, such as through our recently launched Live Chat service.

Finally I would like to thank two departing Board members. Firstly, Kevin Keen who has served for 3 years on the JT Board and was the Chairman of JT's Remuneration Committee. Secondly, my predecessor John Stares, for passing me the helm of such a strong, focused and well-led company. John's eleven years on the JT Board, the last five as Chairman, have been accompanied by a paradigm shift in the way we communicate, and, under his stewardship. My thanks to them both. JT has embraced the many opportunities that the Digital Revolution presents and I'm looking forward to an exciting future.

**Phil Male**  
Chairman, 11th May 2018



La Pulente, Jersey



## The JT My Account App

With 37,000 active subscribers, JT is the only Channel Island provider to have exclusively developed a FREE app for its customers, enabling them to control and manage their services on the go

JT SIMs now power more than 1.6 million devices worldwide.



# CEO's Business Review

It is often tempting in an annual review to focus on the 'new': the new technology, the new products, new services, and the new milestones passed. However, I want to begin by recognising two crucial constants which make JT what it is and drive us forward: **our customers and our people**. Without either, we would not have been able to grow and develop into the global telecoms operator we are today. Their continued support for us and our desire to meet their needs and aspirations drives us forward, whether that be through better services, faster and more resilient networks, or more employment opportunities. Collectively, they challenge us to ask: **Where Next?** So, I begin with a sincere thank you to our customers and the team that I am privileged to lead for their trust, commitment and loyalty.



**Graeme Millar**  
Chief Executive Officer

## The world's first full-fibre island

Last year, I reported that more than 84% of broadband customers were connected to our full-fibre network. In November 2017, we reached 100% of the target we set at the very start of the project but, since 2012, thousands more properties have been built and we expect to connect the final one before this summer. Upon completion, Jersey will become the first full-fibre jurisdiction in the world, meaning unrivalled upload and download speeds for households and businesses. One recent fibre installation which I'm particularly proud of is the **Central Market** in Jersey. Running fibre in and around a 137-year-old building was a technical challenge but the result means traders can now offer new online services to their customers, bringing our historic market into the modern, digital world of commerce.



The Central Market, Jersey

Running fibre in and around a 137-year-old building was a technical challenge.



Removal of copper infrastructure, La Collette Flats, Jersey



La Collette Flats became the first part of the Island to become completely 'copper-free'.

## As one project ends, another begins

With the Gigabit project nearing completion, our attention has already turned to removing the old copper network, which has served Jersey well for over a century but has now reached the end of its useful life. Towards the end of last year, **Andium Homes** approached us to ask if we could remove the copper lines and telephone cabinets around La Collette Flats, as they were demolishing 59 older homes to build 147 apartments that meet the highest standards of build quality and thermal efficiency. We grasped the opportunity to replace the old copper network with fibre in full, and La Collette Flats became the first part of the Island to become completely 'copper-free'. Over the next 12 months, we will repeat that process across the Island, and all the recovered copper will be recycled.

## Still the fastest networks in the Channel Islands

For the second year running, JT was confirmed as the fastest mobile carrier in the Channel Islands, and broadband provider in Jersey during 2017, by Ookla – the globally recognised leader in internet performance testing and metrics for broadband and mobile networks. Results from all networks across the Islands were analysed by Ookla, which runs Speedtest, the world's most popular internet performance testing service. Consumer-initiated test results confirmed that JT had faster speed scores than any of its competitors.

"It has been fantastic to work with JT on this project. The demolition and rebuild is all about giving our residents homes that are fit for the future, which is exactly what JT is doing in communications. The arrival of fibre is great news for our own residents as well as the wider community."

**Mike Porter, Andium Homes**  
Head of Operations.



**Roam like home**

Last year, we also were the first operator in the Channel Islands to cut our data roaming rates by 95% after negotiations with more than 150 operators across Europe and beyond. This was in response to an EU-wide directive ending roaming charges and even though our Islands are outside of the European Union, we were determined that our customers shouldn't be disadvantaged. By putting our customers' needs first, more people enjoyed dramatically reduced roaming bills over the key summer period and could travel with confidence.



Leading the market, JT were the first to dramatically reduce data roaming rates.

Saturday 15 July 2017

**Watchdog welcomes JT roaming charge cuts**

By Ian Heath  
ihealth@jerseyeveningpost.com

A DECISION by Jersey's largest mobile phone operator to slash roaming charges has been welcomed by the Channel Islands' competition watchdog. JT, which is States-owned, has announced that it is cutting the cost of its roaming charges - extra fees for using mobile phones abroad - by 95 per cent for customers when they visit the UK and Europe. The move comes after roaming charges in the EU were abolished last month, after which the Channel Islands Competition and Regulatory Authorities announced that they were investigating whether UK mobile firms, such as O2, EE and Three, could offer roaming charge-free contracts to Islanders. Dominic Vye, JT's head of commercial development, said that his firm's price cut (Cont on page 2)

**International growth; enabling local prosperity**

Almost three-quarters of our total revenue last year came from our International business, which reflects our expanding work and influence globally. You can read more about this later in this review, however, from a strategic perspective, it's important to explain why we are increasingly working beyond our shores.

The Channel Islands have a technologically-savvy population and a dominant financial services industry dependent on the speedy and safe processing of huge volumes of digital data. Yet we remain just 165,000 people with a competitive telecoms market, so we cannot rely on local revenue alone to pay for the infrastructure that our islanders rightly expect. To allow us to provide this, our partners and customers everywhere from Kenya to Canada all play their part helping us generate revenues to reinvest back in our islands.

Utilising the 750+ roaming agreements that we have signed with other operators, we've built a number of innovative products. In particular, we have developed world-leading expertise in managed connectivity, SMS message routing, fraud protection services and the Internet of Things (IoT). More than 1.6 million JT IoT SIM cards are now in devices worldwide and we have partnered with some leading global businesses, such as Inmarsat, who have identified JT as the ideal operator to give their technology uninterrupted connectivity.

In December, we also signed an agreement with Andorra Telecom to work together in areas such as IoT and Information Security. The cooperation programme will also promote the professional development of our people through secondments and knowledge-sharing. From our apprenticeship, bursary and graduate programmes to technical qualifications and management training, JT is a business built on progression and committed to opportunity.



**Supporting our local community**

As well as working to provide the products and services our customers require, we have a similar emphasis on ensuring we play our part in supporting and making an active contribution to the communities in which we live and work. There is a section on our community involvement later in this Annual Review, however two events in 2017 really stand out for me. In Guernsey, we helped to organise a free open-air concert in Market Square, as part of The Lord's Taverners Summer Celebrity Cricket Weekend, which we have supported for the past seven years raising vital funds for this local charity. Whilst in Jersey, we were the official Technology Partner for Super League Triathlon, a major new sporting event held on the St Helier Waterfront which was broadcast to millions of people around the world bringing massive attention to Jersey.

**Round-up**

As well as our International expansion, JT's true success is built on the loyalty and support from Channel Island customers and we will continue to listen to them, through the many channels that people now choose to communicate. We're committed to continually learning, adapting and improving and can only do so if our customers keep giving us feedback and we keep listening. Thankfully, through our mobile and full-fibre networks, as well as at our shops and through our contact centres and social media, customers have every opportunity to get in touch - and I'm grateful that they do.

In conclusion 2017 was a great year for JT and I sincerely thank all of our stakeholders for their support, our customers for their loyalty and our people for their dedication. As we enter the full-fibre age in 2018, I'm really looking forward to seeing what, together, we can achieve.

*Graeme D. Millar*

**Graeme Millar**  
CEO, 11th May 2018

A major new sporting event held on the St Helier Waterfront which was broadcast to millions.





# OUR BUSINESS

St Ouens Bay, Jersey



# A full-fibre future



This year, Jersey will become the world's first 'full-fibre' island, with every household and business directly connected to JT's ground-breaking fibre network. Fibre means that data speeds are guaranteed to the front door without any loss of signal strength along the way.



From May 2018 our data speeds will more than double.

Download speed UP from 100 Mb/s to 250 Mb/s

Upload speed UP from 10 Mb/s to 50 Mb/s

When JT embarked on the Gigabit Jersey project in 2012, there was some doubt that the internet would become as important and widespread as we were predicting. Now, few would doubt the significance of that investment in light of all the digital services that we take for granted, from catch-up television and smart homes to storing music collections in the Cloud. And that's not to mention the crucial role that technology plays in health, education, business and commerce.

From May 2018, JT Fibre Broadband customers will begin to enjoy the **fastest data download speeds in the world**, when we more than double download speeds from 100 Mb/s to 250 Mb/s and increase upload speeds from 10 Mb/s to 50 Mb/s on our entry level plans.

According to the Speedtest Global Index, which compares internet speed data from around the world on a monthly basis, the country with the fastest download speed in January 2018 was Singapore, with an average of 161.53 Mb/s, followed by Iceland, at 157.73 Mb/s. The UK was in 29th position, with an average of 50.45 Mb/s.

## FIXED BROADBAND GLOBAL AVERAGE

Download Mb/s: 42.71  
Upload Mb/s: 20.39

Rank	Country	Download Mb/s
1	Jersey	250.00
2	Singapore	161.53
3	Iceland	157.73
4	Hong Kong (SAR)	129.64
5	South Korea	117.49
6	Romania	105.74
7	Sweden	93.24
8	Hungary	90.94
9	Macau (SAR)	87.92
10	United States	84.66

Jersey will rank FIRST at the top of the global leader board with speeds of up to 250Mb/s. It will also be the first place in the world to have every residential property and business directly connected to a full-fibre network.

A little over 34,000 services were listed to be connected when the first property was equipped with JT Fibre in May 2012. We reached that original target last November, but more homes and offices have been built since then and the extra 5,000+ connections will be completed by the middle of this year.

The JT Fibre project has provided hundreds of jobs in the Island, with the majority being local contracted staff supported by around 20 permanent JT staff. Other parts of the JT business have also contributed significantly to the project. JT has invested in staff and contractors by putting many through the City & Guilds Fibre Optic Cabling qualifications and a number have gone on to become full members of the Fibre-optic Industry Association.

Of course, fibre is not an end in itself, it is an enabler which helps other technologies to be deployed. We hope that the Island – with its new robust, speedy and scalable communications infrastructure – takes full advantage of the digital revolution to develop new services, find new efficiencies, identify new USPs and add new economic strings to its bow.

With JT Fibre and the growing influence of Internet of Things (IoT); emerging industries like Fintech, Cloud computing, AI, Chatbots and Blockchain all become very real possibilities for our Islands, enabled by JT.

Becoming **the world's first full-fibre island** has undoubtedly been a challenge but thanks to the work of an incredibly dedicated and resourceful team and the backing of our shareholder, JT has delivered a world-first and as such Jersey now has the foundations for many years of prosperity and economic development.

"I have fibre at home so I know that it's a lot more stable, and that is going to be a real bonus for us in the market. We have so little spare time, it's important to utilise all the time we can as efficiently as possible, and fibre will do that for us."

Jane James, Jane James Ceramics

"Fibre broadband will benefit me because my computer is cloud-based so I need a fast and reliable internet connection to help process transactions."

Donna Schollhammer, Donna's Cake Decorating Supplies

## FULL-FIBRE IN FIGURES

**150:** number of people on JT's fibre team

**£47.5m:** project cost

**3,000+:** kilometres of fibre-optic cable laid

**c40,000:** properties connected to the network

**604,740:** devices connected to Jersey's full-fibre network

**25.7:** number of devices, on average, connected in each broadband premise in Jersey

**1:** in the world for full-fibre connectivity

**1:** in the world for download and upload speeds



Our thanks go to JT for their on-going support, which has helped us to secure some of the best tribute acts on the scene.

**David Nussbaumer**



## What's happening in Guernsey?

JT's second Channel Island home in Guernsey is growing from strength to strength and we're really proud to be the only locally owned Telco in the Channel Islands. From our early days as Wave Telecom, JT has fought for a fair deal for islanders, providing fast, reliable and affordable communications to an ever-growing base of loyal residential and business customers, in an island with a strong digital agenda and future.

Our position (and responsibility) as the largest telecoms operator in the Channel Islands means that we have the resources, expertise and experience to provide world-class infrastructure and customer service. It means we have the skills to provide both the **fastest mobile network in Guernsey\***, and to install a full fibre-optic network 'ring' in and around St Peter Port. An £11m investment that was initially planned to link schools and States buildings, this is now also being rolled out to residential properties and businesses as quickly as we are practically able to do so.

With guaranteed download speeds of 1Gb and upload speeds of 100Mb/s, fibre technology has allowed Guernsey businesses to flourish.

Our continued investment and genuine passion for Guernsey extends beyond our award-winning mobile and fibre networks. JT's two data centres provide a range of diverse co-location and hosting services, which are highly secure and resilient. We are also a hosting and network partner of the Alderney Gambling Control Commission, meaning we are licensed to support the Island's growing e-Gaming sector. We also provide tailored private circuits to Guernsey businesses, guaranteeing secure, dedicated internet connections for high speed voice, video and data transfer.

In the business arena, JT has a long-standing relationship with the Institute of Directors in Guernsey which saw us sponsor their Seminar series for the 4th year. Bringing together key business leaders, stakeholders and influencers these seminars cover thought provoking topics throughout the year which we actively participate in. We were also heavily involved in the Digital Greenhouse Guernsey's inaugural digital apprenticeship scheme helping young talent gain valuable work experience in the digital and technical space over the summer. This 8 week programme creates valuable opportunities for young talent to gain real life experiences in the workplace.



"I expect that this year's Winter Seminar series will match last year's great success and I would like to thank JT for its ongoing sponsorship."

**James Ede-Golightly,**  
Committee member  
& series organiser



We are also long standing supporters of National Coding Week, an international effort to teach coding skills to children and adults. In 2017, the fourth NCW, more than 100 people attended events at the Digital Greenhouse, including 50 trying coding for the first time.



"I would like to thank JT for continuing to support this great fundraising weekend. JT's commitment ensures that we can support important projects such as a number of mini busses for children to use, supporting the KGV with developing The Lords Taverners Cricket Pavilion as well as a number of smaller grants to young individuals within the community.

**Alex Ford,**  
Chairman



As proud as we are of our achievements in Guernsey, we love nothing more than giving back to the wider community in which we live and work in. We're a huge supporter of local music talent and helping to bring other acts to the Island. The free JT-sponsored **Cobo Bay Balcony Gigs** have been running for over five years and are attended by thousands of islanders and visitors each year and in 2017, we introduced a new concert to Guernsey's social calendar – JT's **Celebrity Market Rocks**, in aid of the Lord's Taverners. With top local act **Buffalo Huddlestone** headlining, the free gig included appearances by celebrities visiting for the Lord's Taverners annual Summer **Celebrity Cricket** Weekend, which JT has sponsored for the past seven years. **House on Herm** and **Sunset on Herm** are two other very popular events which JT is honoured to support.

JT is fully committed to continuing to invest in Guernsey and we want to continue to give our customers the best deals and the best networks to enable them to take full advantage of what we have to offer. The States of Guernsey is in the process of developing a digital strategy with a vision to make the island one of the most connected places on the planet. JT is ready to play a full part in turning that vision into a reality, and we're really excited for the digital future.

\* As verified for two years running by Ookla, the world's leading speed-test application.





# Homegrown innovation on an International stage



Our JT International division is driven by innovation and over the past five years has grown from strength to strength. Led by Managing Director Tom Noel, the division (previously JT Wholesale) has developed four principal products, which now contribute almost one quarter of JT Group's EBITDA.



JT maximises the use of our network capacity, passing on the cost benefits to our customers.

JT International's success is primarily built on making use of the capacity in JT's well established, world-class infrastructure and our expertise in managed connectivity. Its aim is to create fast, original and agile solutions to ensure JT maximises the use of its network capacity and passes on the cost benefits to our customers.

Increasing international revenues not only means that more money can be reinvested into our Channel Island networks; it also means that Jersey and Guernsey businesses can benefit from ground-breaking technology, such as taxi firms that can track their fleets around the islands to reduce journey time and fuel consumption, banks that can better protect their customers from fraud, or States departments that can more accurately monitor our environment.

JT International has built a suite of products that meet increasing demand for guaranteed connectivity, seamless and affordable roaming, and secure communications. Our latest is called **Inbound Network Extension (INE)**. With INE, JT's roaming agreements sit on top of other operators' networks, which allows them to capture inbound roaming traffic. These operators typically don't have their own roaming agreements, or have far fewer than JT.

Take Telkom South Africa (TSA), for example. Before they partnered with JT, they had just under 100 roaming agreements with other operators. With INE, they now have more than 300 using JT's existing agreements. Behind the scenes, our team handles the business-to-business billing, as well as the data and financial clearing on behalf of TSA, providing a seamless experience for the customer.



With the popularity of such platforms as WhatsApp, some technologists were predicting the death of **Messaging**, but with the growth of such services as two-factor authentication and 'chatbots', it is undergoing a renaissance. JT, for instance, completed a record-breaking four billion mobile transactions in 2017.

Once again, JT has found an opportunity to save customers time and money. JT manages a great deal of routing information for 'messaging aggregators' who want to better understand their customers. In the UK, for example, the aggregator - who typically sits between a business, such as clothing brand targeting a particular customer, and a mobile network provider - can use JT's service to instantly identify what network that customer belongs to. The fewer routes the message has to travel, the more efficient and cheaper it is for everyone.

We all recognise that fraud is a very real danger, particularly when we are overseas. JT International has developed a **Fraud Protection Service**, which uses mobile operator data to provide real-time information to companies to help them prevent fraud and protect their customers. For example, in order to know if a cash withdrawal is legitimate, a bank can check if the customer's mobile phone is next to the ATM by monitoring its location. Or online gambling companies can check if a customer is above the legal age limit by cross-referencing their details with the billing data in a mobile network operator's system, which will include their date of birth.

The final focus and largest growth area of JT International is the **Internet of Things**, which is featured in full on page 16. Together, these products meet global demand, they raise significant revenue to reinvest in local networks, and they have established JT and the Channel Islands as a centre of digital innovation, which will be recognised for many years to come.



Contrary to market predictions, we don't expect the messaging demand to slow down anytime soon.



# Globally present

With more than 750 roaming partners and more than 1.6 million global connections, it is not surprising that JT has a growing international presence. We have more than 600 global employees, across 11 locations and are proud to service over 2,200 business customers globally.

While our heart beats firmly in the Channels Islands, our international activities fuel growth that benefits the whole group, our customers and our shareholder.



**KraftHeinz**

“We were very attracted to the truly unique and industry-leading solutions that JT offers. It was evident that their approach to tailor solutions to meet our business needs would enable us to achieve our objective of consolidating our systems and improving connectivity for our staff.

**Francesco Tinto**, Global CIO of Kraft Heinz

## Meet some of our business leaders who coordinate JT’s global operations.



Barna Kutvolgyi is the CEO of ekit and Managing Director of JT in the Channel Islands. As part of the JT Group, ekit supports and operates its own global infrastructure with points of presence in Melbourne, Boston, London and Jersey. JT’s ekit team manage global operations, software development and are a trusted provider to some of the travel industry’s most influential organisations.



Craig Samuel, who is based in Arizona, leads our American activities, helping US and international customers enable and connect their IoT (and other) solutions with JT across the world. JT also has a team based in Chicago who look after large enterprises, such as Kraft Heinz who, with JT’s help, rolled out a new telephone system and infrastructure to their offices last year.



Based in Melbourne, John Diamond is our Australian and Asian senior Vice-President. In 2018, JT Australasia Pty. Ltd. was formed to promote the upcoming Fraud Protection Services business.



Paul D Taylor, who is Managing Director of JT in Guernsey also has responsibilities across Europe, the Middle East and Africa, supporting business and international customers and seeking new opportunities for the group.



In 2017, we appointed Elliott Mueller as CEO of our London-based JT Global Enterprise division. A niche player in a large field, JT Global Enterprise is able to provide some of the UK’s leading companies with innovative and agile solutions that other larger providers are unable to support.



“JT took the time to understand Bear Group’s needs, providing a robust, secure, and accredited Cloud solution.”  
Bear Group.

### Roam the world

Our first roaming agreement was signed 25 years ago, and we now have a portfolio of 750 operator partnerships globally. Every year, our roaming team, based in Jersey, has to renegotiate all agreements to secure the best possible rates for customers. We work to constantly upgrade our agreements and connectivity to the latest technologies, which requires testing with each network, taking our team to all parts of the globe. It is no easy feat, but it’s important for our customers to have access to every network in the world when on business or leisure travel. These agreements also support JT International products, particularly in the IoT space.

### The global journey of e-Gaming

e-Gaming companies are understandably keen to grow market share by sharing their gaming content across networks and platforms globally so, in 2017, we made it possible for our customers to expand across multiple jurisdictions using JT as a single service provider.

Changes in gambling regulation now mean that gaming operators are likely to require separate licences from different regulators in each country they expand into. Dealing with a different service provider in each jurisdiction would make this journey even more time and resource consuming so, at JT, we responded to this demand by signing data centre partnerships across the globe. We will soon have partner centres available in Canada, Hong Kong, USA, Gibraltar, Malta and Australia.

As with all our global relationships with trusted providers, it means we can pass these time and cost benefits onto our customers, while reinvesting into our Channel Island networks.





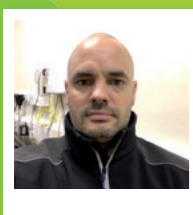
# OUR PEOPLE

Bouley Bay, Jersey

# Our People, Their Customers

Our customers are a big part of what makes JT. The other important part of our DNA is our people. Our people drive this business forward every day; they are innovative and passionate and most importantly they strive to give our customers the best experience they can.

Here we meet some of our customer facing people and hear what their customers have to say...



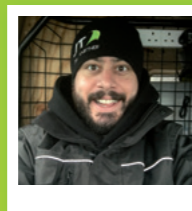
★★★★★

**DAVID KITTOW**  
Customer Solutions Engineer

**Why JT?** I love the diversity of the job as one day I could be up a telephone pole and the next I could be installing the latest smart home products.

**Piece of tech you can't live without:** My iPhone – I use it for all my general work and emails, but additionally its now become one of my main tools for faulting routers, Wi-Fi issues, IP issues.

**Customer compliment:** "I just wanted to say a huge thank you to David, who helped connect my 90-year-old Mum to Wi-Fi! A fabulous job and loads of patience with her. Thanks a million! Dave has been extremely helpful in resolving the issue and has provided us some very useful and valuable advice. What an absolute asset Dave is to your team."



★★★★★

**LEON BOUHAIRE**  
Customer Solutions Engineer

**Why JT?** The products and services we provide are world-class and I work with such a great team. My days are varied, challenging and exciting.

**Interesting Fact:** My father worked at JT for 38 years before retiring and my wife joined 6 months ago so JT is a very big part of the Bouhaire family.

**Customer compliment:** "I just wanted to say that I was very impressed with Leon. He came up with a quick and easy solution to fix a problem cable that had been uncovered by the removal of a carpet during renovation work in my house. The alternative would have involved chasing a concrete wall, more work, more expense for me and a LOT of dust. He was both friendly and professional".



★★★★★

**LAUREN DE SOUSA**  
Business Relationship Manager

**Why JT?** JT is made up of many talented and passionate individuals and I feel part of an organisation with customers at the heart of decision making.

**Tell us something about you:** I was the manageress of a local patisserie for 6 years before joining JT.

**Customer compliment:** "As a business customer with JT I would like to let you know that I received excellent service from Lauren. She was helpful, polite and prompt in all our dealings. All my queries, problems and solutions were dealt with successfully, with no delay."



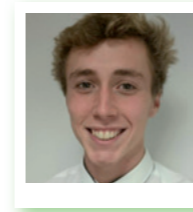
★★★★★

**PAUL RENAULT**  
Consumer Engineer

**Why JT?** For me, it's meeting the customers and working on solutions that benefit them.

**Tell us something about you:** I like to do woodwork in my spare time.

**Customer compliment:** "I would like to commend the excellent service and extensive advice given by Paul Renault; I would readily recommend him to anyone. Massive thanks to Paul Renault for sorting out an issue brought on by a UK company. Cheers Paul!"



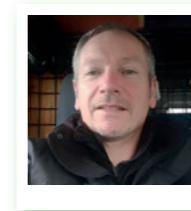
★★★★★

**DOM BARNES**  
Retail Sales Advisor

**Why JT?** I started working at JT after finishing college and have done since. I enjoy working at JT because everyone shares the same vision and is dedicated to the cause. That being to enable, acknowledge and act as the top telecommunication company on the island! This truly is a great family environment where everyone is there for each other, and never hesitates to help one another. I look forward to staying with JT and moving on up as the years go on.

**Interesting Fact:** I suppose a weird fact about myself is anything with more than four legs creeps me out.

**Customer compliment:** "Amazing – JT – Dominic Barnes. I was having a few issues in store at JT this afternoon and Dom saved me! His customer service was fantastic! He has the patience of a saint, I would highly recommend him if you are having any problems. Really lovely genuine guy JT are very lucky to have him. Thank you Dom!!"



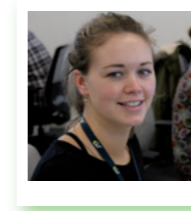
★★★★★

**DARREN KENNY**  
Customer Solutions Engineer

**Why JT?** I enjoy that each and every job can be so different. I also get a lot of satisfaction after resolving a technical fault for our customers.

**Piece of tech you can't live without:** My iPhone would be one of the top 5 tools that I use on a daily basis to do my job, emails, scheduled work and the apps that I found invaluable like the spirit level!

**Customer compliment:** "I wish to compliment JT on the excellent assistance I have received from Darren, I found him a very pleasant, knowledgeable, and experienced person, who fitted a new modem, tested the system and ensured that there were no more problems. He is a real asset to Telecoms, well done!"



★★★★★

**PIPPA DONOVAN**  
Digital Customer Experience Co-ordinator

**Why JT?** It's a local company who cares about our customers, our Islands, and its employees. There are great career development and training prospects in JT and I've learned such a lot in the time that I've been here.

**Tell us something about you:** I was part of the England rounders team for 6 years! (Yes, rounders is a sport! And yes, there is a national team!).

**Customer compliment:** "From start to finish she was extremely knowledgeable, helpful, polite and patient and I really felt she went the extra mile. Pippa's friendly personality definitely came across online. Her knowledge was second to none. An excellent all-round employee!"



★★★★★

**STEPHEN PAGE**  
Private Circuit Engineer

**Why JT?** I enjoy the large network projects I am involved in (particularly LAN & WAN) and I enjoy working with our business customers to make their life easier and their business more efficient.

**Piece of Tech you can't live without:** My fibre level loss meter – used to measure the given light level loss of a fibre.

**Customer compliment:** "Stephen's performance throughout our 6-month migration period has quite simply been remarkable. Stephen's communication to us has been very clear, concise, with follow up reminders and very helpful hints and guidance which has greatly assisted in making this a major success."

# JT in our communities

At JT, we're proud of our Channel Island roots and the contribution we make in our local communities. We're also lucky to have people who champion and volunteer for community involvement in their own time.

Every year, we ask our people to vote for a chosen charity and 2017 was dedicated to the hard work of Alzheimer's charities across the islands, where our teams raised over £10,000 for Jersey Alzheimer's Association and Guernsey Alzheimer's Association.

We also support many other events and community activities, all with the aim of giving something back to the people of our islands: both residents and businesses.

There were many highlights for us, here are but a few...



## LET'S GET RECYCLING

We worked with local primary schools across Jersey to recycle more than 8,000 telephone directories. The campaign encouraged children to reduce waste and teach them the importance of recycling, in exchange we donated 53 tablets to schools throughout the island.



## JT DAREDEVILS

Our 'JT Daredevils' – ten intrepid JTers who volunteered to freefall from 10,000 feet above St Aubin's Bay before parachuting down to land on the beach to raise money for charity.



## FREE CODE WORKSHOP

2017 was the 4th year for National Coding Week, which we have sponsored in the islands since its inauguration. The week was the most successful yet and saw hundreds of local and global activities taking place. JT ran free coding workshops for start-ups and small businesses.



## SUPER LEAGUE TRIATHLON

Jersey hosted the Super League Triathlon with JT as the official Technology Partner. The weekend of sporting action in September brought some of the sport's biggest names to Jersey for plenty of high-adrenaline action that reached a worldwide television and online audience.



## AUTISM JERSEY GOLF DAY

We sponsored and supported the annual Autism Jersey Golf day, which raised over £20,000.



## SUMMER OF MUSIC

JT provided over 25 FREE music events showcasing local and International talent in Guernsey through our sponsorship of Celebrity Market Rocks in aid of The Lord's Taverners, The Cobo Bay Balcony Gigs, the House on Herm and Sunset on Herm festivals.



## WINTER SEMINARS

JT's longstanding support for the Institute of Directors Seminar Series saw 4 high profile topics debated amongst large audiences of industry leaders and key business influencers in Guernsey.



## IN RESPONSE TO IRMA

JT also joined the Channel Islands' response to the destruction caused by Hurricane Irma in the Caribbean and Florida by waiving all roaming charges for any JT customer caught up in the disaster.



# PERFORMANCE REVIEW

Fort Clonque Causeway, Alderney

# Performance review

## How are we doing?

JT's financial results are similar to last year's, but with higher depreciation charges reflecting JT's ongoing investment in Jersey infrastructure and higher tax charges due to US tax rate changes.

**Revenue** is obtained through providing telecommunication services to consumer, enterprise and wholesale customers: fixed access charges and network usage, mobile airtime usage, messaging and data services, interconnection and roaming revenue, broadband rentals and usage, private circuit rentals, equipment, sales through international sponsored roaming, fraud protection services and IoT and maintenance and support services.

**Revenue** rose by 41% to £260.7m mainly from the increase in low margin off-island wholesale voice revenues (137%) (2016: -20%). Other increases in revenue from our growth business lines within fraud protection services (48%) (2016: 48%), sponsored roaming (117%) (2016: 100% as new business line) and IoT (19%) (2016: 138%) helped to offset the decline in fixed line (-5%) (2016: -8%) and equipment and device sales (-14%) (2016: 26%).

**Gross profit** rose by 1% to £92.0m, mainly due to growth in our international lines of business in fraud protection services (48%) (2016: 16%) and IoT business (20%) (2016: 101%).

**Operating profit** was £11.1m (2016 £11.7m). This decrease was mainly due to an increase in depreciation and amortisation (excluding goodwill) charges from £16.8m to £19.3m arising from JT's continued investment in its network to support local and international customers. Capital expenditure during the year was £22.0m (2016: £22.8m). The Gigabit programme made up 54% of the overall investment in 2017. Increased depreciation charges were somewhat offset by falling operating overheads and costs across the group.

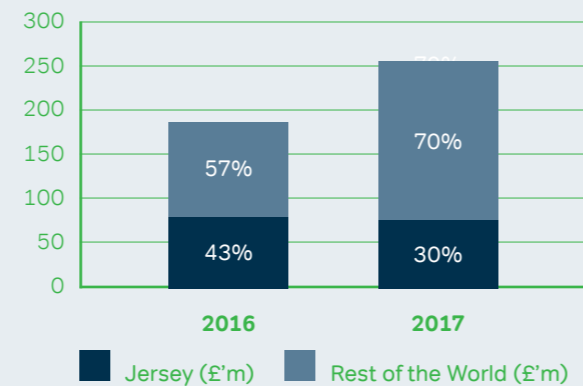
**Profit on ordinary activities before taxation** was £9.0m (2016: £9.0m) despite a fall in operating profits following an increase in the value of shares purchased in Energous Corporation of £0.2m and decreased interest charged to the income statement of £0.3m compared to 2016.

**Profit on ordinary activities after taxation** was £4.8m (2016: £6.0m) from increased tax charges following tax reform in the US which resulted in a prior year adjustment to reduce the value of our deferred tax asset in ekit.com Inc (a US subsidiary).

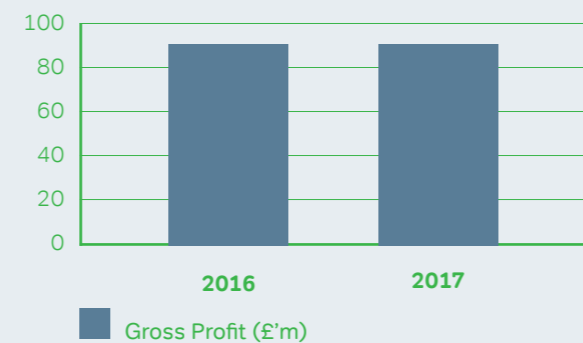
## Headline results

JT Group Limited	2016 (£'m)	2017 (£'m)
Revenue	185.0	260.7
Gross profit	90.7	92.0
Operating profit	11.7	11.1
Profit on ordinary activities before taxation	9.0	9.0
Profit on ordinary activities after taxation	6.0	4.8

## Revenue (£'m)



## Gross Profit (£'m)



**Ordinary dividends paid** during the year rose by 52% (2016: 81%). No exceptional dividend (2016: £2.4m) was paid during 2017.

**Cash flow from operating activities** decreased by 13% to £37.5m, and of this cash generated:

- £21.8m (2016: £23.5m) was used on capital expenditure, equivalent to 8% (2016: 13%) of revenue
- £6.9m (2016: £7.6m) was paid to States of Jersey as corporate tax, preference interest and dividends
- £1.7m (2016: 2.0m) was used to contribute to pension schemes and net of non-Jersey taxes paid and refunded
- £2.2m (2016: £2.2m) was used to pay net interest on borrowings, offset by £0.4m (2016: £nil) in proceeds from disposals, leaving £19.8m (2016: £14.8m) in cash at bank at year end.

## “JT’s global success brings investment back to the Island and its Jersey shareholders”

**£2.0m** Jersey income tax

**£4.7m** Dividends paid

**£1.7m** Pension net of non-Jersey paid and refunded

**£5.3m** Net increase in cash

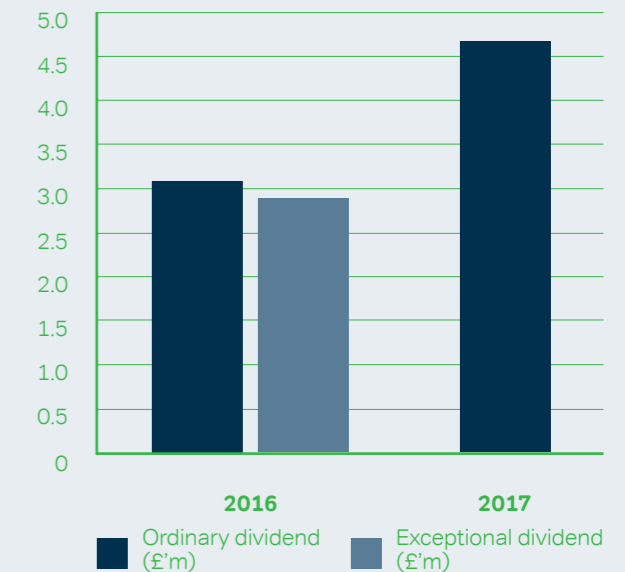
**£2.4m** Interest paid

**£0.4m** Capital expenditure Rest of World

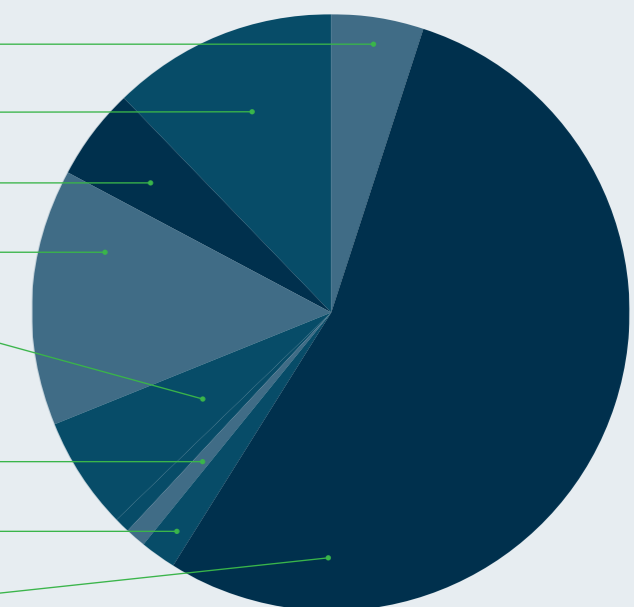
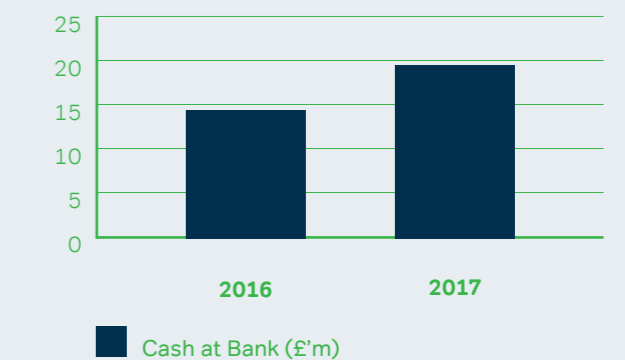
**£0.9m** Capital expenditure Guernsey

**£20.5m** Capital expenditure Jersey

## Dividends paid (£'m)



## Cash at Bank (£'m)





# Board of Directors



**PHIL MALE**  
Chairman  
(with effect from 1 April 2018)

After obtaining a computer science degree at Imperial College, Phil Male was a founding director of Computer Newspaper Services and became involved in the start-up of Demon Internet (one of the world's first commercial Internet Service Providers), ultimately becoming the Technical Director with responsibility for all operational and development activity. The company was acquired by Scottish Telecom in 1998 and Phil was one of the three founding directors that floated the combined business on the London Stock Exchange as THUS Plc in 1999. Phil became Chief Operating Officer in 2002, and when THUS was acquired by Cable & Wireless Worldwide in 2008, Phil became Group Operations Director, then Chief Strategy Officer and served on the Executive Board, leading the demerger and listing of Cable & Wireless Worldwide Plc in 2010. Phil left Cable & Wireless in 2010 and today serves as a Non-Executive Director on a number of boards, actively investing in new technology businesses, and works in an advisory capacity with a number of institutions in the City.



**COLIN TUCKER**  
Non-Executive Director,  
Senior Independent Director

Senior Independent Director Dr Colin Tucker trained as an Electrical Engineer at UMIST achieving a BSc, MSc and ultimately a PhD. He has spent over 25 years in the telecommunications industry in a number of senior roles. The last two positions were as main board director and COO of Orange Plc and Managing Director and Deputy Chairman of 3. Colin has also served as a Non-Executive Director for Sarantel, TTP, Morse, and Monitise and as Chairman of UIQ Technologies. In addition to his industrial experience Colin has acted as Industrial Professor at Loughborough University and continues to assist in the academic world with management and mentoring of spin-out companies coming from Edinburgh University.



**SEAN COLLINS**  
Non-Executive Director, Chairman  
of Audit and Risk Committee

A chartered accountant and a graduate in Classics from Cambridge University, Sean was formerly a senior audit and advisory partner at KPMG, where he had worked since 1972. From 2009 to 2012, Mr Collins was Head of Markets, Asia Pacific, responsible for the firm's business development in the Asia Pacific region. He also led the Global Communications and Media practice for over a decade. Mr Collins has deep and extensive experience of corporate governance, financial reporting and other corporate disciplines, gained during many years as lead partner for a large number of major international clients. He was the Senior Independent Non-Executive Director and Chairman of the Audit Committee of Millennium & Copthorne Hotels Plc until December 2014. Other appointments include member of the Conduct Committee and Case Management Committee of the Financial Reporting Council, former trustee of the Royal Society for Asian Affairs, Trustee and Finance Chairman at Cystic Fibrosis Trust, Governor and Chairman of More House School in Surrey, England. Sean is also a Crown Representative at the Cabinet Office, overseeing the provision of telecommunication services by major suppliers to UK Government.



**JOE MOYNIHAN**  
Non-Executive Director (appointed  
with effect from 1 May 2018)

Joe Moynihan is an experienced international financial services executive with senior level commercial and public-sector experience. He has held a wide range of board level positions in Jersey and International businesses during a career that has spanned over 30 years. This includes being President of the Jersey Bankers Association, Chief Officer/Director of Financial Services for the States of Jersey, and consultant to a number of financial services projects. Joe has an MBA from the CASS Business School, University of London, is a fellow of the Association of Chartered Certified Accountants and a graduate of the Irish Institute of Bankers.



**GRAEME MILLAR**  
Chief Executive Officer

Graeme was appointed JT CEO in January 2010. A Cambridge science graduate with a postgraduate engineering qualification, Graeme has over 25 years of telecoms experience. Graeme has worked in countries as diverse as the USA, Russia, Hungary and the Netherlands for companies such as Vodafone and Motorola. Immediately prior to taking up his role at JT Group, Graeme was the Chief Commercial Officer Russia for MTS, Russia's largest mobile telephone operator. In addition to his role at JT, Graeme is also a Non-Executive Director of Wellington Partners Management Limited and is a Fellow of the Institute of Directors.



**MERIEL LENFESTEY**  
Non-Executive Director, Chairman  
of the Remuneration Committee

Meriel joined JT's Group Board as a Non-Executive Director in 2016. She has experience driving and enabling a shift to customer centricity with forward looking companies across a wide range of business sectors. After receiving her MA in Computer Related Design from the Royal College of Art, she worked at Microsoft in the US and the BBC in London, in 1997 she founded a London-based User Experience Company and grew it to become the UK market leader and highly respected globally. Her work has included tactical and strategic engagements with clients embracing digital transformation across many sectors including Financial Services, Consumer Electronics & Software, Telecoms, Media, Retail, Transport and Public Sector. She is also a Non-Executive Director for several companies including Aurigny locally. She holds voluntary roles with the IoD and Startup Guernsey.



**JOHN KENT**  
Chief Financial Officer

John joined JT as CFO of the JT Group in February 2012. He is a highly commercial CFO who has spent a major part of his career working for two large FTSE companies in the utilities sector, Vodafone and British Gas, in financial and commercial leadership roles. Prior to joining JT, John was the CFO for Vodafone Ireland, the €1 billion turnover Vodafone operating company based in Dublin. John has a Mathematics degree from Cambridge.



**JOHN STARES**  
(resigned as Chairman with effect  
from 31 March 2018)



**KEVIN KEEN**  
(resigned as Chairman of the Audit  
and Risk Committee with effect  
from December 2017)

With sincere thanks to out-going Chairman and Board members John Stares and Kevin Keen for their valuable personal contributions to JT during 2017. John Stares stood down as Chairman as of March 2018 and Kevin Keen left the JT Board in December 2017.

# Corporate Governance

## Compliance with the UK Corporate Governance Code 2016 (the 'Code').

The Company adheres to the principles of good corporate governance and best practice set out in the Code and, in particular, has in place a sound system of internal controls to safeguard its shareholder's investment and its assets.

## Directors and the Board

### The Board

During the financial year the Board consisted of eight directors, two of whom are Executive Directors and six of whom are Non-Executive Directors. The Board has a schedule of regular meetings, normally between six and eight per year, with any additional meetings convened as and when required. The Board is collectively responsible for the long-term success of the Company. This is achieved by setting the overall operating strategy, approving detailed business plans and overseeing delivery of objectives by continually monitoring performance against those plans. The Board establishes the culture, standards and values of the Company. The Board oversees the management of risk, monitors financial performance and reporting and ensures that appropriate and effective succession planning and remuneration policies are in place. Whilst maintaining oversight at regular meetings of the Board, the day to day operation of the Company has been delegated to the Executive Directors. The Board is supplied with a sufficient level of regular, detailed and timely management information to allow it to discharge its functions efficiently.

## Meetings and Committee membership

During the year, the Board met eight times. Details of attendance at Board meetings are as follows:

Number of Board Meetings in 2017	8
Sean Collins	8
Kevin Keen	8
John Kent	8
Meriel Lenfestey	7
Phil Male	8
Graeme Millar	8
John Stares	8
Colin Tucker	8

## Director independence

The Board considers all of the Non-Executive Directors to be independent in character and judgement. In determining independence, the Board considers the specific circumstances of each Director. The Board has concluded that Sean Collins, Kevin Keen, Meriel Lenfestey, Phil Male and Colin Tucker shall be deemed independent, with Colin Tucker adopting the role of Senior Independent Director. John Stares, as Chairman of the Company for the year ended 31 December 2017, was considered independent on appointment and, in accordance with the Code, is not subject to the independence test thereafter.

## Performance evaluation

In order to ensure that the Board continues to operate effectively, the Board and its Committees carry out an assessment of performance across key areas. The results of the performance assessments and appraisals are fed back to the Board as a whole (as appropriate) and action taken accordingly.

## Other significant commitments

Under the terms of engagement for each Non-Executive Director, an indication of required hours is agreed that should enable the Non-Executive Directors to discharge their duties to the Company. The level of commitment to the Company has not been impinged by other significant commitments for any of the Non-Executive Directors.

## Reappointment

The Executive Directors are not subject to retirement by rotation but they are subject to periods of notice related to the termination of employment, as are other members of the Company's Senior Management.

The Company has adopted a policy of requiring Non-Executive Directors to seek re-election after having served a three-year term. Non-Executive Directors who have served on the Board for nine years or more are required to retire from the Board and seek re-election on an annual basis. Directors appointed to fill a casual vacancy must seek formal appointment by the shareholders at the next Annual General Meeting ("AGM").

## Relations with the shareholder

While the Company is wholly owned by the States of Jersey, under the terms of Article 32(6) of the Telecommunications (Jersey) Law 2002, the Minister for Treasury & Resources (the "Minister") is charged as its representative in matters related to its shareholding in the Company. Limitations on the powers of the Minister, which relate principally to share ownership matters, are set out in that same article. In order to ensure an appropriate accountability framework, a Memorandum of Understanding exists between the Company and the Minister, and that Memorandum of Understanding recognises the obligation that the directors have in regard to cooperating at all times in the best interests of the company.

## Internal Controls

The Board is responsible for ensuring that there are effective systems of internal control in place to reduce the risk of misstatement or loss and to ensure that business objectives are met. These systems are designed to manage and mitigate (rather than to eliminate) the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has developed and adopted corporate and operational risk registers detailing and risk grading the significant risks faced by the Company. Alongside the register is a process through which the significant risks faced by the business are identified and evaluated on a regular basis and the controls operating over those risks are assessed to ensure that they are adequate.

The process of risk assessment and reviewing the effectiveness of the systems of internal control is regularly reviewed by the Audit Committee, accords with Turnbull guidance and has been in place for the whole of the year, up to and including the date on which the financial statements were approved.

Controls adopted by the Board (or its Committees) to ensure the effectiveness of the systems of internal control include the following:

The review of the corporate and operational risk and control registers maintained and updated by the Company and of the status of any actions arising from their regular review.

The receipt of confirmation from Senior Management of the proper operation of controls throughout the period of the review.

The review and approval during the year of the schedule of matters specifically reserved for its attention.

The review of reports received from the Audit Committee concerning the findings of the external auditors on the financial statements of the Company and the systems of internal control.

## Audit Committee

During the year ended 31 December 2017, the Audit Committee comprised Sean Collins (Chairman), Phil Male and Kevin Keen. The auditors, KPMG LLP, and the Executive Directors also attend the meetings by invitation.

There were five meetings of the Audit Committee during 2017, with full attendance at each of those meetings.

The terms of reference of the Audit Committee require it to meet at least twice per annum. Additional meetings may be called where deemed necessary. The Committee is charged by the Board with the following main responsibilities:

To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

To provide advice, when requested by the Board, on whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholder to assess performance, the business model and strategy.

Ensure that arrangements are in place for the proportionate and independent investigation of concerns raised confidentially by whistle-blowers about possible improprieties in matters of financial reporting or any other matters.

To review and monitor the adequacy, operation and effectiveness of the Company's internal financial and other controls and make recommendations for improvement where necessary.

To oversee the external audit process and manage the relationship with the external auditors.

To make recommendations to the Board as to the re-election and remuneration of the auditors at the Annual General Meetings based upon its assessment of the performance of the auditors and giving due regard to their continued independence and any other regulatory or professional requirements.

During the year ended 31 December 2017, the Audit Committee formed the view that there is now a need for an internal audit function and assigned accountability for this to a senior accountant reporting to the CFO.

## Review of Financial Statements

To enable the Audit Committee to discharge its responsibilities effectively in respect of the financial statements, a number of processes are in place.

The Audit Committee is briefed by the Chief Financial Officer in advance of the year-end on the significant issues pertaining to the financial statements and how they will be dealt with. These issues are generally focused on the areas of subjectivity in the financial statements, changes in accounting or disclosure requirements and the accounting or disclosure implications of one off events occurring in the year. Where necessary, the Audit Committee considers evidence and independent third-party advice on the key matters for consideration. At the year end, the Audit Committee reviews the financial statements and related announcements and considers them in the context of the significant issues identified, the suitability of any key assumptions and the extent that they have been disclosed. The whole process is completed in consultation with the auditors, whose view is sought by the Audit Committee. The Audit Committee also consider, based on their knowledge of the business and issues arising, whether they can advise the Board that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, the business model and strategy.

## Auditor appointment and additional services

The performance and effectiveness of the external auditors is monitored continually and formally considered by the Audit Committee before a recommendation is made to the Board regarding their reappointment. Length of service of the incumbent audit firm, effectiveness of the audit process, the independence and objectivity of the team, the depth and breadth of the audit approach, the level of fees and the quality of the service provided are all taken into account.

The current auditor is KPMG LLP who replaced Deloitte LLP following a competitive tender for audit services for the year ending 31 December 2017 carried out in 2016, following which the Audit Committee's recommendation that the Board appoint KPMG LLP as the Company's auditors was approved. The Audit Committee considers the impact of the provision of any non-audit services by the external auditor on the objectivity and independence of the audit. The consideration has regard to the nature of the non-audit work, size of the fee relative to any audit, any potential involvement of the audit team in the work and the longer-term effect of the non-audit services on the relationship with the audit firm, including an assessment of their continuing objectivity and independence.

## Remuneration Committee

During the year ended 31 December 2017, the Remuneration Committee comprised Kevin Keen (Chairman) (resigned with effect from 31 December 2017), Sean Collins, Meriel Lenfestey (replaced Kevin Keen as Chairman of the Remuneration Committee), Phil Male, John Stares and Colin Tucker. The Executive Directors, Graeme Millar and John Kent, may also attend the meeting by invitation.

No director is allowed to be party to discussions regarding, or play any role in, the determination of their own remuneration. There were two formal meetings of the Remuneration Committee during 2017, with full attendance at each of those meetings.

The terms of reference of the Remuneration Committee allow it to meet as and when necessary to:

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Review and determine the level of remuneration of Executive Directors.

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Review and determine the level of remuneration of the Senior Management Team.

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Review periodically the terms and conditions of employment of the Executive Directors and Senior Management Team.

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Make recommendations to the Board on the Company's overall framework of salaried staff remuneration and costs.

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Review and make recommendations to the Board concerning the remuneration of the Chairman.

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## Nomination Committee

During the financial year ended 31 December 2017, the Nomination Committee comprised Phil Male (Chairman), Sean Collins, Kevin Keen (resigned with effect from 31 December 2017), Meriel Lenfestey, John Stares, Colin Tucker and Graeme Millar. Executive Director, John Kent may also attend the meeting by invitation.

There were two formal meeting of the Nomination Committee during 2017, with full attendance at that meeting.

The Nomination Committee is primarily responsible for the selection and appointment of the Company's Executive and Non-Executive Directors, as and when required.

The other duties of the Nomination Committee include:

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Making recommendations to the Board as to the re-election of Directors under the 'retirement by rotation' provisions in the Company's Articles of Association whilst giving due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.

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Reviewing and making recommendations to the Board as to the succession planning for Executive and Non-Executive Directors.

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Regularly reviewing the structure, size and composition, including the balance of skills and attributes required of the Board, compared to its current position and making recommendations to the Board with regard to any changes.

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Keeping under review the leadership needs of the organisation, both Executive and Non-Executive, including succession plans, with a view to ensuring the continued ability of the organisation to operate effectively.

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When selecting candidates for potential appointment as a Non-Executive Director, the Nomination Committee evaluates the needs of the Company and identifies the necessary skills and experience required by candidates for consideration. The Nomination Committee makes recommendations to the Board taking into account the performance of the candidates at interview, their skills and experience and their ability to meet the specific needs of the Company. Consideration is given to the use of external recruitment consultants and open advertising in the recruitment process. However, this is weighed against the cost of doing so and the specialist needs of the Company as a Jersey-based telecom provider.

It is the policy of the Board to populate itself with Directors who have a diverse range of skills, attributes and backgrounds so that collectively, the Board is appropriately resourced to discharge its duties effectively and meet the changing needs of the business. A wide range of factors are considered in determining the appropriate composition of the Board including but not limited to technical expertise, local market knowledge and experience, independence, length of service on the Board and diversity.



# Directors' Report

## Incorporation

JT Group Limited (the "company") was incorporated in Jersey, Channel Islands on 22 October 2002.

## Principal activities

The principal activity of the company and its subsidiaries (the "Group") is the supply of telecommunication services and equipment.

The principal place of business is Jersey, Channel Islands.

## Results

The results are set out on page 6 to 8 of the consolidated financial statements.

The Group made an operating profit of £11.1m (2016: £11.7m). This decrease is mainly due to an increase in depreciation and amortisation charges totalling £2.6m. Revenue has increased to £260.7m (2016: £185.0m).

Profit on ordinary activities after taxation was £4.8m (2016: £6.0m) from increased tax charges following tax reform in the US which resulted in a prior year adjustment to reduce the value of our deferred tax asset on ekit.com Inc (a US subsidiary).

At the year end the Group's net assets were £91.8m (2016: £92.4m).

The 2016 final and 2017 interim dividends of £4.7m were paid during 2017 (2016: £3.1m). No special dividend was paid during the year (2016: £2.4m).

The Directors have approved the payment of a final dividend for 2017 of £2.4m (2016: final dividend for 2016 of £1.2m).

## Going concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in note 3 of the consolidated financial statements.

The Group has considerable financial resources together with long-term contracts with customers and suppliers. Therefore, the Directors believe that the Group is well placed to manage its business risks successfully in the current operating environment.

Management have prepared a budget for 2018, projecting cash flows and results for the year based on the strategies being followed by the Group and have concluded that there is a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the consolidated financial statements.

## Directors

The Executive and Non-Executive Directors of the group who served during the year and subsequently are:

### Non-Executive

John Stares	resigned 31 March 2018
Phil Male	
Colin Tucker	
Sean Collins	
Kevin Keen	resigned 31 December 2017
Meriel Lenfestey	
Joe Moynihan	appointed with effect from 1 May 2018

### Executive

Graeme Millar  
John Kent

## Directors' interests

The Directors of the Group had no interests, beneficial or otherwise, in the shares of the Group.

## Insurance of Directors and officers

The Group maintains an insurance policy on behalf of all Directors and officers of the Group against liability arising from neglect, breach of duty and breach of trust in relation to their activities as Directors and officers of the Group.

## Independent auditor

KPMG LLP were appointed as the company's auditors at the AGM on 5th June 2017 and have indicated their willingness to continue in office as auditor.

By order of the Board.



**Daragh J McDermott**  
Company Secretary

# Financial Summary

The financial summary presents the main highlights from the 2017 financial statements prepared under accounting standards currently applicable in the United Kingdom and in accordance with Jersey company law. A copy of the detailed audited consolidated financial statements may be obtained via [www.jtglobal.com](http://www.jtglobal.com)

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings as at 31 December each year. The results of subsidiary undertakings acquired or disposed of during the year are consolidated for the periods from or to the date on which control passed.

## Consolidated income statement

for the year ended 31 December 2017

	2017 £'000	2016 £'000
Revenue	260,660	184,968
Cost of sales	(168,633)	(94,275)
<b>Gross profit</b>	<b>92,027</b>	<b>90,693</b>
Operating expenses	(80,949)	(79,008)
<b>Operating profit</b>	<b>11,078</b>	<b>11,685</b>
Share of results of associated undertakings	(2)	(2)
Gain/(loss) on financial assets at fair value through profit or loss	210	(8)
<b>Profit before interest and taxation</b>	<b>11,286</b>	<b>11,675</b>
Finance income and similar income	6	9
Finance costs and similar charges	(2,328)	(2,636)
<b>Profit on ordinary activities before taxation</b>	<b>8,964</b>	<b>9,048</b>
Tax on profit on ordinary activities	(4,147)	(3,020)
<b>Profit on ordinary activities after taxation</b>	<b>4,817</b>	<b>6,028</b>

## Consolidated statement of comprehensive income

for the year ended 31 December 2017

	2017 £'000	2016 £'000
Profit for the financial year	4,817	6,028
Currency translation difference	(704)	768
Cash flow hedge movement	171	(171)
Remeasurements of net defined benefit obligations	55	(42)
Total tax on components of other comprehensive income	(11)	8
<b>Other comprehensive income for the year, net of tax</b>	<b>(489)</b>	<b>563</b>
<b>Total comprehensive income for the year</b>	<b>4,328</b>	<b>6,591</b>
<b>Profit for the year attributable to</b>		
– Owners of the parent	4,817	6,028
– Non-controlling interest	-	-
	<b>4,817</b>	<b>6,028</b>
<b>Total comprehensive income attributable to</b>		
– Owners of the parent	4,328	6,591
– Non-controlling interest	-	-
	<b>4,328</b>	<b>6,591</b>

# Financial Summary

## Consolidated statement of financial position

At 31 December 2017

	2017 £'000	2016 £'000
<b>Fixed assets</b>		
Intangible assets and goodwill	20,156	26,645
Tangible assets	112,468	109,224
Investment in associate	611	728
Other investments	4,209	3,999
Deferred tax asset	941	1,769
	<b>138,385</b>	<b>142,365</b>
<b>Current assets</b>		
Inventories	3,355	6,433
Receivables due within one year	38,969	36,333
Receivables due after one year	3,013	2,519
Cash at bank and in hand	19,781	14,786
	<b>65,118</b>	<b>60,071</b>
<b>Payables: amounts falling due within one year</b>	<b>(38,548)</b>	<b>(38,169)</b>
<b>Net current assets</b>	<b>26,570</b>	<b>21,902</b>
<b>Total assets less current liabilities</b>	<b>164,955</b>	<b>164,267</b>
Payables: amounts falling due after more than one year	(51,000)	(51,000)
Deferred tax liability	(9,238)	(8,169)
Provision for other liabilities	(2,205)	(1,849)
Post-employment benefits	(725)	(803)
2.5% Redeemable preference shares	(10,000)	(10,000)
<b>Total non-current liabilities</b>	<b>(73,168)</b>	<b>(71,821)</b>
<b>Net assets</b>	<b>91,787</b>	<b>92,446</b>
<b>Capital and reserves</b>		
Called-up share capital	20,000	20,000
Currency translation reserve	2	297
Hedging reserve	-	(171)
Equity reserve	71,785	72,320
<b>Equity attributable to owners of the parent</b>	<b>91,787</b>	<b>92,446</b>

## Consolidated statement of changes in equity

for the year ended 31 December 2017

	Called up share capital £'000	Equity reserve £'000	Hedging reserve £'000	Currency translation reserve £'000
<b>Balance at 1 January 2016</b>	<b>20,000</b>	<b>71,054</b>	<b>-</b>	<b>(422)</b>
Profit for the year	-	6,028	-	-
Other comprehensive income for the year	-	734	(171)	-
Total comprehensive income for the year	-	6,762	(171)	-
Currency retranslation on foreign operations	-	-	-	719
Dividends	-	(5,496)	-	-
	-	1,266	(171)	719
<b>Balance as at 31 December 2016</b>	<b>20,000</b>	<b>72,320</b>	<b>(171)</b>	<b>297</b>
<b>Balance at 1 January 2017</b>	<b>20,000</b>	<b>72,320</b>	<b>(171)</b>	<b>297</b>
Profit for the year	-	4,817	-	-
Other comprehensive income for the year	-	(660)	171	-
Total comprehensive income for the year	-	4,157	171	-
Currency retranslation on foreign operations	-	-	-	(295)
Dividends	-	(4,692)	-	-
	-	(535)	171	(295)
<b>Balance as at 31 December 2017</b>	<b>20,000</b>	<b>71,785</b>	<b>-</b>	<b>2</b>

# Financial Summary

<b>Consolidated cash flow statement</b> for the year ended 31 December 2017	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Profit for the financial year	4,817	6,028
Adjustment for:		
Tax on profit on ordinary activities	4,147	3,020
Finance income and similar income	(6)	(9)
Finance costs and similar charges	2,328	2,636
Share of results in associate	2	-
Fair value movements on financial assets at fair value through profit or loss	(210)	-
<b>Operating profit</b>	<b>11,078</b>	<b>11,675</b>
Amortisation of goodwill and intangible assets	7,986	6,323
Depreciation of tangible assets	15,945	15,104
Amortisation of goodwill in associate	115	24
Loss on disposal of intangible assets	162	-
Loss on disposal of tangible assets	228	244
Provision for bad debts and bad debt write off	313	519
Inventory impairment	240	133
Currency translation difference	300	205
<b>Operating cash flow before movement in working capital</b>	<b>36,367</b>	<b>34,227</b>
Net charge on provisions	356	171
Decrease in inventories	2,838	1,970
Increase in receivables	(3,443)	(1,669)
Increase in payables	1,428	8,576
<b>Cash flow generated from operating activities</b>	<b>37,546</b>	<b>43,275</b>
<b>Taxation paid</b>	<b>(1,950)</b>	<b>(2,311)</b>
<b>Pension contributions</b>	<b>(1,805)</b>	<b>(1,619)</b>
<b>Net cash flow generated from operating activities</b>	<b>33,791</b>	<b>39,345</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible assets	(2,202)	(3,674)
Purchase of tangible assets	(19,606)	(19,149)
Purchase of associate	-	(652)
Disposal of intangible assets	367	-
Purchase of equity investment	-	(4,007)
Finance income and similar income	6	9
<b>Net cash used in investing activities</b>	<b>(21,435)</b>	<b>(27,473)</b>

<b>Consolidated cash flow statement (continued)</b> for the year ended 31 December 2017	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(4,692)	(5,496)
Borrowings	-	(665)
Interest paid	(2,174)	(2,200)
Preference dividend paid	(200)	(200)
<b>Net cash used in financing activities</b>	<b>(7,066)</b>	<b>(8,561)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,290</b>	<b>3,311</b>
Cash at bank and in hand at beginning of the year	14,786	10,756
Effect of foreign exchange rate changes	(295)	719
<b>Cash at bank and in hand at end of year</b>	<b>19,781</b>	<b>14,786</b>

# Notes to the Financial Summary

## General information

JT Group Limited (the “company”) and its subsidiaries (together the “Group”) has its principal operations in Jersey. The Group also has operations in UK, Australia and USA. The principal activity of the company and its subsidiaries is the supply of telecommunication services and equipment.

The Group financial statements of JT Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and in compliance with the Companies (Jersey) Law 1991.

The ultimate controlling party of JT Group Limited is the States of Jersey.

## Jersey taxation

Current tax, including income tax in Jersey and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the time of the statement of financial position, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised to the extent that they are regarded as recoverable and that on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## Tangible assets

Tangible assets are stated at cost net of depreciation and any impairment. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Buildings include freehold and leasehold retail outlets and offices. Buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Network equipment, fixtures and fittings and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of network equipment includes all cable, ducting and transmission equipment extending from the main switching systems to the customers’ premises.

Capital work in progress comprises capital projects which are under construction. Once completed, projects are capitalised as separately identifiable assets and depreciated over their estimated useful economic lives.

The costs of tangible assets, less estimated residual value, are written off over their estimated useful economic lives on a straight-line basis as follows:

Freehold buildings	50 years
Leasehold buildings	the term of the lease
Motor vehicles	7 years

Equipment fixtures and fittings:

Network infrastructure	3-25 years
Other*	5-10 years

\*This includes freehold and leasehold fixtures and fittings.

## Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets consist of internally and externally developed assets. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Websites and website development	3–5 years
Software, software development and software applications	3–5 years
Software licences	the term of the licence

## Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

## Associates

Investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group’s share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above.

## Financial assets - Investments

Investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

## Inventories

Inventories are valued at the lower of cost and net realisable value, and accounted for on a weighted average cost basis.

## Other provisions for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events. Asset retirement obligations and dilapidations are recognised as provisions as a result of the legal obligation for decommissioning costs on mobile site and property leases. These provisions are recognised through the statement of financial position.

## Pension and employee benefits

For defined benefit plans, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of the staff costs. Past service costs are recognised immediately in the income statement.

The company has two defined benefit schemes of the Public Employees Contributory Retirement Scheme (“PECRS”) and the Telecommunications Board Pension Scheme (“TBPS”).

On 1 October 2015, JT (Jersey) Limited’s pension assets and liabilities were moved out of the PECRS sub-fund and into the main scheme, administered by States of Jersey. This is considered to be a multi-employer (benefit) plan as defined by FRS 102.

Under the revised Terms of Admission there is insufficient information available to use defined benefit accounting and, with effect from 1 October 2015, JT (Jersey) Limited has accounted for the scheme as if it was a defined contribution scheme.

This change resulted in the release of the defined benefit liability, held by the group on the statement of financial position from its previous accounting basis, down to nil as at 31 December 2015.

The deficit in the defined benefit plan for TBPS, being the difference between the value of the scheme assets and the present value of the scheme liabilities, is recognised in the statement of financial position.

201 employees of the company are members of PECRS. This has been closed to new joiners since 2011. TBPS has 3 members.

The company also offers employees the JT Group Limited Pension Plan, which is a defined contribution scheme.

## Share capital, dividends and redeemable preference shares

The States of Jersey have been issued with 20m ordinary shares at £1 each, authorised and fully paid up. The shares carry a voting right of one vote for each share held.

Dividends of £4.7m (2016: £5.5m) were paid during 2017 to the States of Jersey.

In 2012, JT Group Limited issued 10m 2.5% preference shares at £1 each to the States of Jersey Currency Fund, with interest payable twice yearly.



# Notes

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