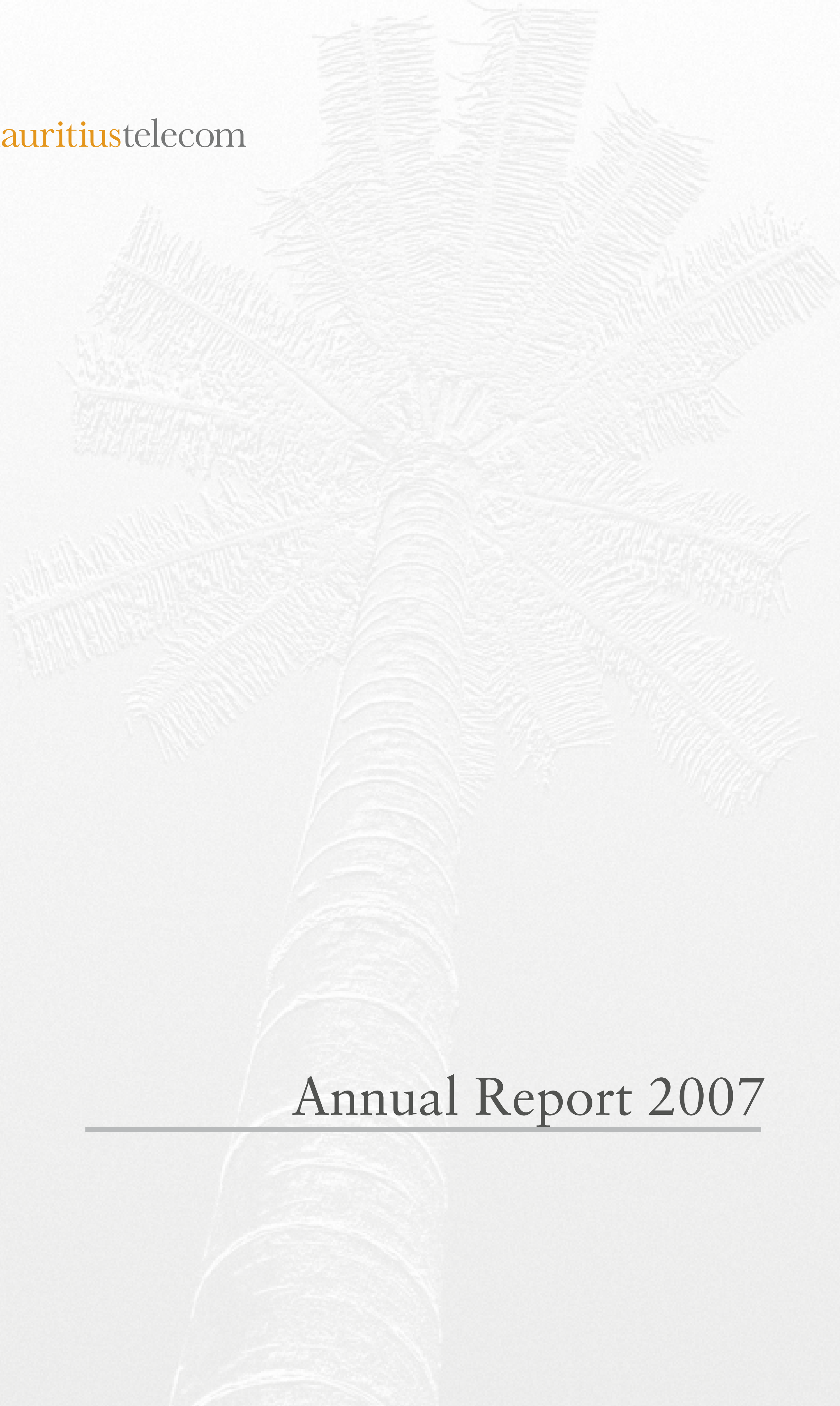
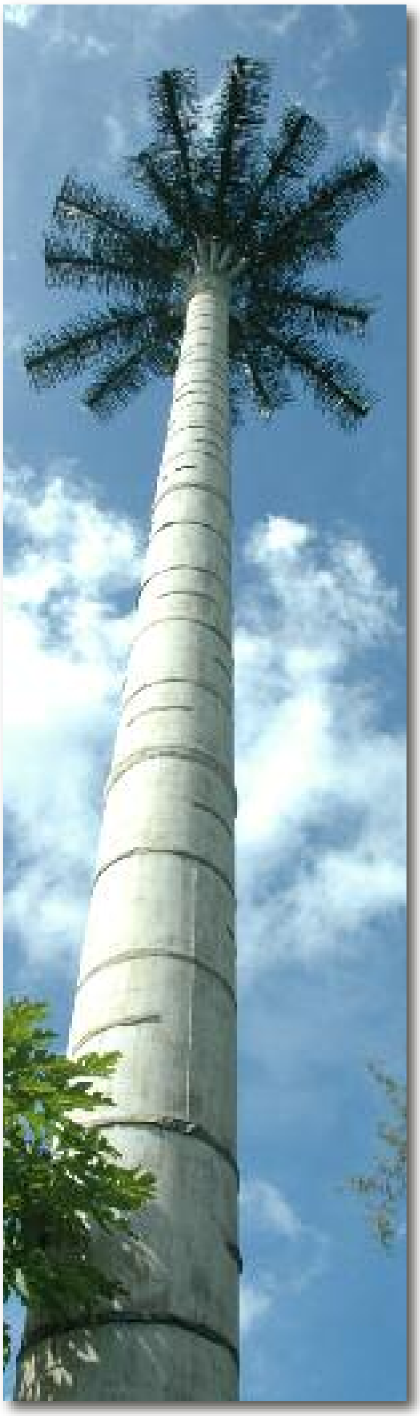
mauritiustelecom



Annual Report 2007



OUR VISION

To be a Premier World Class

Infocom Services Provider

OUR CORE VALUES

Innovation & Creativity

Quality

Professionalism

Customer Service

Competitiveness

mauritiustelecom

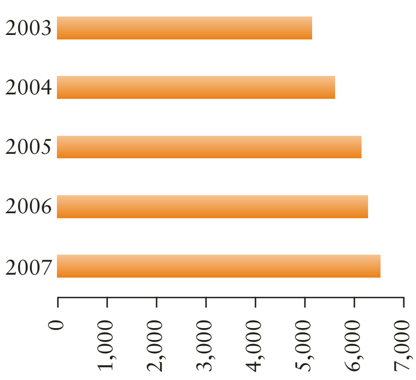
CONTENTS

Key Results for 2007

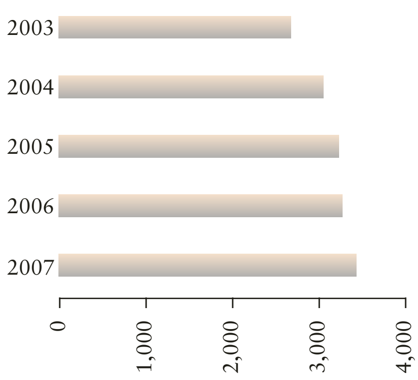
7.1%	7.5%	7.7%
Group Operating Revenue	Profit after Tax	Earnings per share

- Operating revenue for the Group was up 7.1% to Rs 6.5 billion compared to prior year
- Group EBITDA (earnings before interests, taxation, depreciation and amortization) of nearly Rs 3.4 billion, 8% up on prior year
- Profit after Tax increased by 7.5% over last year, to reach Rs 2.1 billion
- Group Capital Expenditure of Rs 1.1 billion, that is 17% of operating revenue
- Earnings per share at Rs 11.28 that is a 7.7% growth compared to 2006
- Return on total assets of 17.4% compared to 14.1% for last year
- Return on equity of 30.6%, against a return of 21.9% for last year

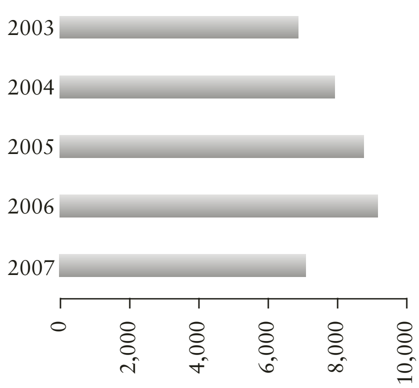
EVOLUTION IN
CONSOLIDATED REVENUES
(Rs M)



EVOLUTION IN
GROUP EBITDA
(Rs M)



EVOLUTION IN
CONSOLIDATED SHAREHOLDERS' EQUITY
(Rs M)

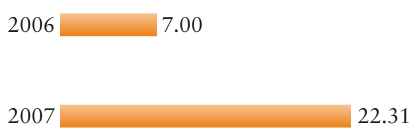


Note: *Special dividend distribution of Rs 3 billion in 2007.*

FINANCIAL KEY FIGURES FOR THE GROUP

	2007 (Million Rs)	2006 (Million Rs)
INCOME STATEMENT		
Operating Revenue	**6,468.10**	6,041.70
Profit before tax	**2,379.40**	2,413.80
Profit after tax	**2,142.80**	1,993.90
Earnings per share (Rs)	**11.28**	10.47
Dividends per share (Rs)	**22.31**	7.00
BALANCE SHEET		
Total Assets	**12,328.80**	14,143.40
Total Liabilities	**5,317.10**	5,038.30
Debt Interest Bearing	**239.70**	310.00
Shareholders funds	**7,011.80**	9,105.20
Net asset value per share (Rs)	**36.90**	47.92

DIVIDENDS PER SHARE
(Rs)



EARNINGS PER SHARE
(Rs)

CERTIFICATE BY
COMPANY SECRETARY

CERTIFICATE BY SECRETARY REQUIRED BY THE COMPANIES ACT 2001

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 as at 31 December 2007.

P.C. COLIMALAY
Company Secretary
21 April 2008

Mauritius Telecom (MT) is the leading telecommunications operator and services provider in Mauritius. Incorporated in 1992, the Company has enjoyed a phenomenal rate of development and it is now one of the top enterprises in the country, with revenue of Rs 6.5 billion in 2007.

The Government of Mauritius, the State Bank of Mauritius and the National Pensions Fund hold 59% of shares in the Company. 1% of the total shares of Mauritius Telecom have recently been sold to employees at a discounted price under an Employee Share Participation Scheme. The remaining 40% belong to France Telecom, through its investment vehicle RIMCOM. Procedures have also been initiated for the listing of the Company on the Stock Exchange of Mauritius.

Mauritius Telecom is committed to giving its customers quality ICT services at competitive prices. It provides a full spectrum of voice and data services over fixed, mobile and internet platforms. Mauritius Telecom also offers convergent services through My.T, its Multiplay-IPTV services.

Mauritius Telecom is also present in the regional telecommunications market through its investments in Orange Madagascar.

Its growth strategy is based on innovation in line with its vision “To be a Premier World Class Infocom Services Provider”, whilst its commercial strategy is led by the concept of “Customer Satisfaction First”. In 2007, the Company has successfully completed its organisational restructuring which constitutes a crucial step in its endeavour to become an integrated operator.

Mauritius Telecom is the country’s only telecommunications company that provides universal service and universal access. In embracing this responsibility, the Company has ongoing strategies to develop its networks throughout the country and provide effective services to all citizens and residents within the Republic of Mauritius.

At December 2007 Mauritius Telecom had around 333,000 fixed line customers, 555,000 mobile customers, 44,000 dial-up and 28,600 broadband (ADSL and My.T) internet customers. In all, around 300,000 people use MT’s internet services.

In a short space of time, this significant customer-base has enabled Mauritius Telecom to position itself as the preferred end-to-end solutions provider.

Mauritius Telecom’s network is being rolled out to provide high-performance voice, data, video and multimedia services. The Company is setting the pace in the region in migrating its existing legacy network into a fully IP based one. State-of-the-art technology is providing businesses with a one-stop solution for IP-based services, virtual private networks, high-speed internet access and application services. Mauritius Telecom is leading the way towards the Mauritian Government’s vision of Broadband Mauritius and the transformation of the country into a Cyber Island.

The Company offers global connectivity via the SAT3/WASC/SAFE undersea fibre-optic cable and satellite systems. As the provider of international bandwidth services, Mauritius Telecom is continuously upgrading the available bandwidth on the SAT3/WASC/SAFE cables in order to meet the increasing demand of Call Centre and BPO operators. Mauritius Telecom is also playing an active part in the process of connecting Mauritius to the EASSy (Eastern Africa Submarine System) cable, which will link the countries of East Africa and Madagascar between themselves and to the rest of the world.

MT’s acceptance of its Corporate Social Responsibilities plays a major part in how the Company functions. The Company has enhanced its strategies to comply with good Corporate Governance practices, provide fair working conditions, offer secure products and services, avoid damaging the environment and continue to support many worthwhile educational, sporting, environmental and community projects. In its endeavour to make ICT available to as many people as possible, the Company introduced the Mauritius Telecom NetPC. The NetPC is a low-cost device using a thin client technology, in order to provide home computing services and broadband internet at an affordable price.

BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2007

CHAIRMAN

Appalsamy THOMAS

MEMBERS

(From left to right and top to bottom)

R. Dubois

A. Mansoor

M. Monzani

A.N. Oozeer
(as from 01 June 2007)

R. P. Ramlugun
(up to 22 May 2007)

M.K.T. Reddy, G.O.S.K

M. Rennard

S.C. Seeballuck

G. Vaillant

COMPANY SECRETARY

C. Colimalay

APPALSAMY THOMAS

Appalsamy Thomas holds a Diploma in Personnel Management and a Diploma in Occupational Health and Safety as well as an MBA from the University of Surrey, UK.

He started his career with the national carrier, Air Mauritius, and worked with them for 13 years, occupying several positions including that of Executive Adviser to the Chairman and Managing Director. He then became a Human Resources Manager at British American Tobacco, ending up as an Expatriate Merger Integration Director with BAT in Russia. In 2001, he joined the leading consultancy firm in Mauritius, DCDM, as a free-lance consultant and, in 2004, became its CEO for the Central, Eastern and Southern Africa Region. He is currently Harel Mallac's Group Human Resources Director, as well as being Chairman of Mauritius Telecom.

As a consultant, his work included assignments for Mauritius Telecom, Telecoms Malagasy (Telma), the Malawi Communications and Regulatory Authority and Tanzania Telecommunications. He is a council member of the Mauritius Employers Federation. He has delivered papers at ILO conferences in Geneva and Swaziland and twice been a speaker in 2007 for the Commonwealth Telecommunications Organisation.

ROLAND DUBOIS

Roland Dubois has been Head of Financial Controlling at the AMEA Division (Africa, Middle East and Asia) of France Telecom, since 2006. In that capacity, he is a Board member of several local and overseas subsidiaries of France Telecom dealing with fixed and mobile telephony and the internet.

He was formerly Head of Financial Controlling at the International Division of France Telecom (2003-2006) and Financial Controller of the Africa-Asia-America zone (2000-2002).

Roland Dubois has also been Financial Director of Global One (1996-1999), Financial Director of Cogecom (1991-1995) and Financial Director of Télésystèmes (1987-1991).

Before joining France Telecom, he held several positions in finance with Schlumberger (1981-1987), GTE Sylvania (1977-1981) and General Biscuits (1975-1977).

Roland Dubois is 58. He is a graduate of the Ecole Supérieure de Commerce, Le Havre, and holder of a Diplôme d'Etude de Comptabilité Supérieure.

ALI MICHAEL MANSOOR

Ali Mansoor holds an MSc in Mathematical Economics and Econometrics, London School of Economics, and a Master's in Public Policy, in which he is also completing a PhD.

He has been Financial Secretary at the Ministry of Finance and Economic Development in Mauritius since 2006.

He was an Economist at the International Monetary Fund in Washington DC (1982-1988), and a Public Finance and Trade Economist at the World Bank, also in Washington (1988-1992). He has also worked for the European Commission (1992-1995).

He was subsequently the Country Economist for Madagascar for the World Bank (1995-1997) and then the Executive Secretary of the COMESA Clearing House, Harare, Zimbabwe (1997-1999).

From 2003 to 2006, he was the Lead Economist at the World Bank's Economist Office for Europe and Central Asia Region (2003-2006) and also served at the Office of Iraq Assessment in Washington (2005).

MICHEL MONZANI

Michel Monzani is a graduate of the HEC School of Management, Paris. He started his career at France Telecom as a financial controller in 1981.

After holding various responsibilities in the fields of IT, consumer and business sales, he was promoted to the position of Regional Director of France Telecom, covering the north of France, in 1991, prior to being appointed Senior Vice-President in charge of the Consumer Division in 1996. In 1998, he was appointed Senior Vice-President in charge of the Sales and Services Division for the whole of France. In 2002, he was seconded to Poland to assist TP management in restructuring the domestic consumer sales network. In 2003, Michel Monzani was appointed Head of the International Division's Strategy Department with worldwide responsibility for the corporate development of the France Telecom group.

Since September 2006, Michel Monzani has been Vice-President in charge of Poland at France Telecom corporate level. He is a member of the Supervisory Board of the TP Group, which is the leading player in the Polish telecommunications market.

He is also a Chevalier de l'Ordre National du Mérite.

ABDOOL NOORANEE OOZEER

Nooranee Oozeer holds a degree from the University of Delhi and an MBA in Finance from the University of Technology Mauritius.

He was an education officer and then an administrative officer before being promoted to the rank of Permanent Secretary in 2005. He has served as Permanent Secretary at the Ministry of Civil Service Affairs, the Ministry of Lands and the Ministry of Information Technology and Telecommunications. He is currently Permanent Secretary at the Ministry of Health and Quality of Life.

RAM PRAKASH RAMLUGUN

Prakash Ramlugun holds an Honours Degree in Administration from the University of Mauritius and a Postgraduate Certificate in Education from the Mauritius Institute of Education.

He was recently Permanent Secretary at the Ministry of Information Technology and Telecommunications.

He worked in the private education sector prior to joining the Public Service as Administrative Officer in 1985. He served in various ministries before acceding to the position of Permanent Secretary in 2004.

He has served as a Director on the boards of various parastatal bodies and public companies.

He was made a "Chevalier dans l'Ordre des Palmes Académiques" by the French authorities in 2006.

MUNI KRISHNA T REDDY, G.O.S.K

Muni Krishna Reddy has a Master's degree in Extension Education and has had over 37 years of experience in the financial services industry. He was the Chief Executive Officer of the State Bank of Mauritius (SBM) for over 16 years until October 2003, when he was elected SBM's Board Chairman.

Prior to joining SBM, Mr Reddy worked in the banking sector in India and Singapore for 17 years. Besides SBM, he has been on various boards, both in Mauritius and overseas, including as Chairman of ArcelorMittal Point Lisas (Trinidad), Mittal Steel USA (Chicago) and Vice-Chairman of Global Capital (Malta).

Mr Reddy was made Grand Officer of the Star and Key of the Indian Ocean (GOSK) by the Government of Mauritius on the first anniversary of the establishment of Mauritius as a republic in 1993, for distinguished services in the banking industry and for his significant contribution to Mauritius' economic development.

MARC RENNARD

Marc Rennard is a graduate of EM Lyon and holds a postgraduate diploma in Management Science.

He is Executive Vice-President International of France Telecom Orange, in charge of Africa, the Middle East & Asia and member of the group leadership team. In this capacity he has been Chairman or Board member of several of France Telecom's international fixed-line, mobile and internet operators since 2006.

He has been Chairman and Chief Executive Officer of the telecommunications operator, UNI2, a France Telecom subsidiary in Spain, Deputy Managing Director of TDF, Chairman of TDF Video Service, Chairman of TDF Cable and Commercial Director of TDF .

SURESH CHUNDRE SEEBALLUCK

Suresh Seeballuck is a graduate in Economics from the University of Delhi, a holder of a diploma in Public Administration from the University of Mauritius, a Diploma in Development Administration & Management from Jawarhalall Nehru University in India and another Diploma in Public Management from the Institution of Public Administration in Quebec.

He has served in various ministries, including the Ministry of Finance, the Ministry of Housing and Lands, and the Prime Minister's Office.

He is also a Director of Air Mauritius and of the State Investment Corporation.

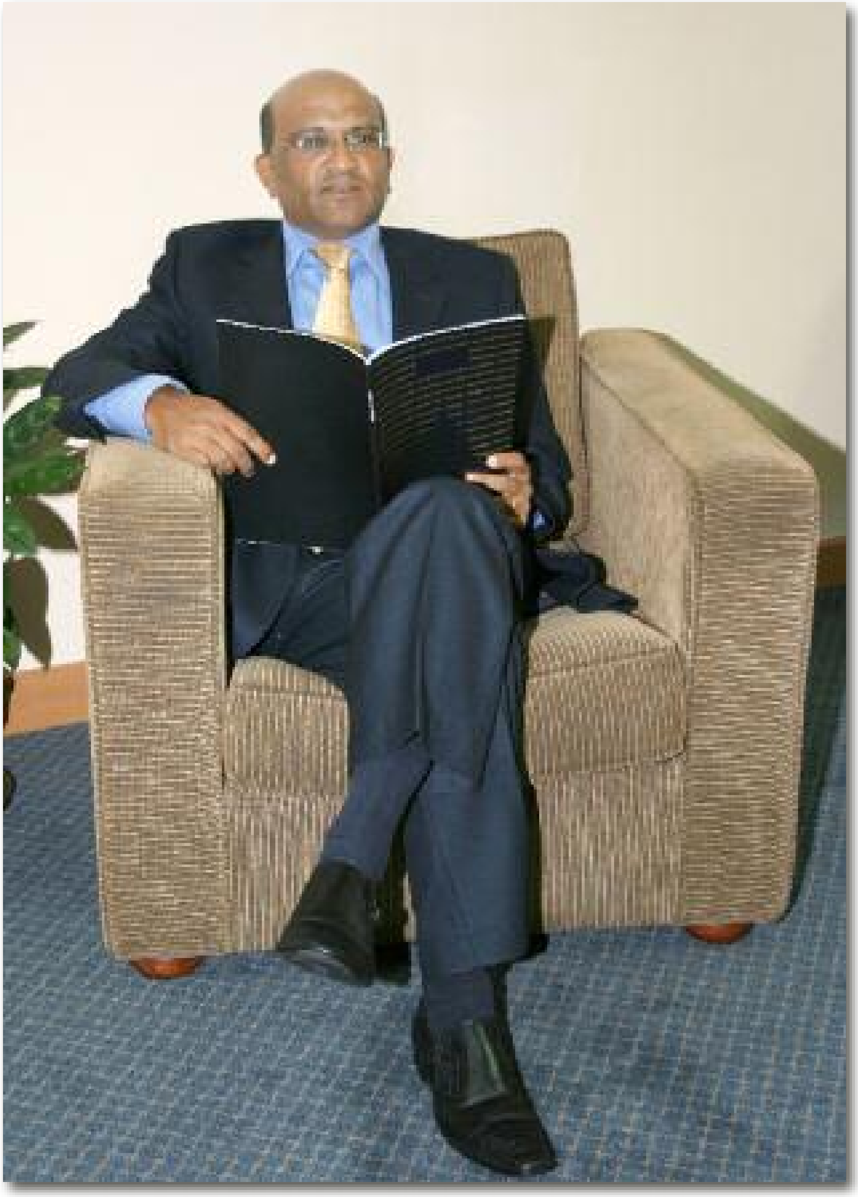
GILLES VAILLANT

Gilles Vaillant is 59. He is a graduate of the French Ecole Polytechnique. He is also a qualified Engineer from High School for Telecommunications (France) and Officier de l'Ordre National du Mérite.

He has more than 30 years of experience in the telecommunications industry and has held various positions of responsibility in technical and other fields of management, and as Regional Director between 1984 and 1991.

He has been in France Telecom's International Division since 1991. He was Managing Director of FT in Indonesia (1995-2000) and, since 2001, Vice-President of FT's International Division, with a supervisory role for the Middle East (including Jordan), the Indian Ocean and Asia.

He has been a Board member of 7 companies associated with France Telecom in Jordan, Lebanon, Mauritius, Singapore and Vietnam.



On behalf of the Board of Directors, I am pleased to submit the Annual Report and the Audited Financial Statements of Mauritius Telecom for the financial year ending 31st December 2007.

Dear Shareholders,

Our Company has once again recorded a remarkable performance for 2007 with all its business units being profitable. The Group's total operating revenue grew by 7.1% compared to the restated figures of 2006 generating an EBITDA of Rs 3,356m, which is an improvement of 8% over 2006. PAT exceeded for the first time the two billion bar to reach Rs 2,143m representing an increase of 7.5 % on 2006 performance. Earnings per share rose from Rs 10.47 to Rs 11.28 whilst the return on net assets improved from 19% to 21%. The total dividend paid during 2007 including the exceptional dividend payment due to a restructuring of the balance sheet amounted to Rs 22.31 per share.

The above performance was the resulting effect of our judicious strategy to invest in upgrading/renewing our equipment particularly in areas such as broadband internet, mobile and converging technologies to meet customers' needs. Likewise, our investments made on our people to enhance their knowledge, skills and competencies in various fields of the business have been instrumental to our successful performance. The number of customers with access to broadband, including subscribers to My.T services, has grown from 17,000 to 28,600 within one year. The upgrading and increase of capacity and coverage of our mobile network and infrastructural development works as well as the innovative commercial initiatives during 2007 have contributed to an increase of more than 12% in our mobile customer base, thus bringing it to 555,000 customers.

Coupled with the above initiatives, such a performance would not have been possible had the Company not taken some bold measures in pursuing a review of its organizational structure, a process which started in July 2006. To date its lean structure of 52 management cadres together with its 1,748 remaining employees have conscientiously worked towards improving the Company's performance.

I am glad that the above decisions would benefit not only the major shareholders but more closely the 2,104 employees and former employees who participated in the equity of the Company since more than a year now. I am confident that such type of participation from the employees' side will enhance their involvement in the Company's affairs. It can but strengthen their already transparent determination to bring the Company's performance in relation to growth, business excellence and profitability to lofty heights.

In line with customers' preferences in terms of usage of mobile broadband internet connection 'wherever they may be', the Company pioneered in Mauritius the introduction of Blackberry® Solution. The latter enables primarily access to corporate email in a secure environment, improved data connectivity and Internet access through a smart device. During the year we also introduced 'Business Everywhere', a key convergent solution that connects users to the best available data network (fixed, mobile or private Wifi) for optimal connectivity, thus facilitating their access to the internet, email and their corporate environment from anywhere be it locally or abroad.

With respect to Good Corporate Governance, besides the existing Board Committees (Audit Committee, Risk Committee and Remuneration Committee) whose roles are to ensure compliance with best corporate governance practices, a Strategic Executive Committee and a Senior Management Committee under the chairmanship of the Chief Executive Officer were set up to take operational decisions within the ambit of the Strategic Plan and budget approved by the Board. Moreover, the Internal Auditor reporting to the Audit Committee ensures that the management operates within the established framework and ensures compliance with laid out policies, procedures and regulations as well as ISO certified written internal procedures for all major processes. Monthly review meetings are also held to monitor performance against approved budgets and targets.

...such a performance would not have been possible had the Company not taken some bold measures in pursuing a review of its organizational structure.

With regard to corporate social responsibility, Mauritius Telecom has continued to play its role as a prominent corporate citizen. It pursued its initiative to be the government's partner in democratizing access to the internet like the School Net Project which provides for the connection of more than 200 schools and libraries to high speed internet. Other initiatives included the donation of a computer and printer to each of the 24 educational and vocational institutions of Rodrigues; participation as main partner in 'teledons'; sponsorship of visits of several artists of international repute for performances in Mauritius; and protection of the environment projects as well as acting as a major sponsor for several sports events.

As we move in 2008 and years ahead, we cannot turn a blind eye on what happened over the past decade during which mobile communications have revolutionized the way we stay in touch with each other and how broadband has connected the world in an unprecedented manner. With the advent of Web 2.0 and more social networking from users, the telecoms market will be revolutionized through expansion by enabling a richer lifestyle with communication for all facilitated by 'broadband everywhere connectivity' for individuals, enterprises and the society as a whole.

Broadband access is becoming a natural part of our daily lives and an integral part of business. Government, as has been keyed down in its National ICT Strategic Plan 2007-11 (NICTSP) plan, is keen to drive the expansion of broadband usage and will continue to push for new initiatives, encouraging its further penetration to boost national productivity, realize strategic advantages and bridge the 'digital divide'. The boundaries between mobile and fixed, voice and data, service and content are becoming increasingly blurred. Person-to-person communications are being enriched in a number of ways, using images, text, sounds and video. Content is becoming the next step to conquer after Fixed, Mobile and Internet Convergence. Content distribution over networks is growing fast which is having a profound effect on the market. Broadband connections are becoming the key interface for delivering and managing media, as well as for enjoying entertainment services such as TV, music and games.

Given the above as well as having to operate in a global economy, let alone the liberalization of the industry, Mauritius Telecom is under increased pressure to perform competitively and efficiently. The need to control costs, boost productivity and enhance customer satisfaction whilst ensuring increase of shareholders' value has never been greater and will become high priority on the company's corporate agenda. It needs to look at its technologies and provide solutions to ever increasing demands. As such, Mauritius Telecom has to reshape its business model as called for.

The challenge is to improve efficiency, create more flexible working conditions and provide a more competitive edge. It also has to look at its brands portfolio and position itself to penetrate the regional market for growth. The move towards embracing the 'Orange' brand for its mobile and internet services points towards that direction.

In conclusion, I would like to express my sincere appreciation to all those who have contributed in one way or the other to the remarkable performance of the Company, particularly the Chief Executive Officer, his management team, all the employees of the Company, my fellow members of the Board of Directors, France Telecom's representatives for their invaluable contribution and support and last but not least our loyal and faithful customers. On behalf of the Board, I would also like to pay a special tribute to Mr. M K T Reddy, G.O.S.K, our longest serving Director who resigned from the Board in January 2008. His pertinent advice, sense of justice and probity as well as his contribution both as Board Director and Chairman of the Audit Committee has been exemplary.

Mauritius Telecom is a leading company with great potential and great people. Our performance and the strategies we have engaged in so far have proved successful and I feel confident indeed that we can rise up to the challenges lying ahead and look forward to an even stronger and brighter future.

APPALSAMY THOMAS
Chairman of the Board of Directors

April 2008

The successful completion in 2007 of the organisational restructuring exercise constitutes a crucial step in Mauritius Telecom's endeavour to become an integrated operator. Under the stewardship of the new management team put in place, this integration enables the Company to enhance efficiency, by making the best use of the combined expertise of employees from our various business lines, and also to take advantage of potential synergies to promote further growth. The rationalisation of our operations fosters the optimal utilisation of our resources and boosts the individual creativity and productivity of our staff for the ultimate benefit of our customers.

The two management committees, the Strategic Executive Committee and the Senior Management Committee, provided for in the new structure, have greatly facilitated decision making.

The good performance of the different revenue channels has enabled the Mauritius Telecom group to achieve an operating revenue of Rs 6.5 billion and generate after-tax profits of Rs 2.1 billion.

Our subsidiaries, Cellplus Mobile Communications Ltd, Call Services Ltd, Telecom Plus Ltd and Teleservices Ltd, have contributed positively to the group results as they also performed well.

During the year, Cellplus further developed, upgraded and increased the capacity, coverage and resiliency of its mobile network. At the start of 2007, the mobile network was upgraded across the island, to provide for higher and better data throughput and to provide for a planned significant increase in the number of customers. This was followed by other capacity upgrade and network expansion works during the year.

To cater for the rapid growth in demand for mobile services, Cellplus increased the capacity of its switch by almost 29% and that of its IN Platform by more than 8%.

In November the Company realised a new milestone with the launch of the first 3G roaming service, in association with Orange France.

On the commercial side, in addition to the groundbreaking introduction of BlackBerry® and Business Everywhere solutions, Cellplus rolled-out several initiatives, including the introduction of a new generation of VAT-inclusive pre-paid cards and promotional campaigns offering double airtime at each renewal, as well as the allocation of free SIM cards to new customers. These initiatives elicited an impressive response.

Cellplus' revenue grew to Rs 2.6 billion compared with Rs 2.4 billion in the previous financial year.

Moreover, in May 2007, in line with its CSR policy, Cellplus launched a major campaign promoting courteous use of mobile phones, "Au Portable .... Soyons Courtois". There was a promising response to the campaign, which aimed at sensitising customers and the general public on a nuisance-free use and prevention of misuse of mobile phones.

Telecom Plus, the leading provider of dial-up and broadband internet and value-added services in Mauritius, generated revenue of Rs 477 million for the year under review, representing a 2.2% increase over the previous year.

At the end of December 2007, Telecom Plus was serving around 44,000 dial-up internet customers. The number of ADSL broadband customers was nearly 13,000, a 22% increase.

During the year, Telecom Plus repositioned itself as an Application Service Provider in addition to offering internet and value-added services. It brought about another innovation by starting to develop Content services for local and international customers.

Call Services, which offers call centre as well as directory enquiry services, accounted for total revenue of Rs 74.2 million in 2007, compared with Rs 65 million in 2006. Its net profits increased by 100% during the period under review.

The average number of calls received on a monthly basis continues to increase each year. In 2007, this number grew by more than 4%.

The revenue of Teleservices, the largest directory business in Mauritius, increased by 9.9% in 2007, with EBITDA growth of 31%.

One of the innovations introduced by Teleservices during the year was the issue of a MT Rodrigues Directory, specifically for Rodrigues, for the first time.

Mauritius Telecom has always striven assiduously to promote accessibility to and utilisation of broadband all over the country…

Mauritius Telecom has always striven assiduously to promote accessibility to and utilisation of broadband all over the country, to foster the advent of Broadband Mauritius, a crucial step on the way towards the transformation of Mauritius into a cyber island. Several projects were initiated in 2007 as steps in this direction.

The IP Core Network Expansion 2007 Project, for example, aimed at increasing the resiliency of Mauritius Telecom's IP Core Network and satisfying the need for high-speed data lines.

Another project initiated in 2007 was the deployment of Fibre-to-the-Cabinet (FTTC) units, to extend broadband facilities to regions located further from an exchange than the distance within which ADSL connections can operate.

At the same time, we increased the number of our ADSL ports by almost 60%, to cope with the growing demand for broadband services.

In addition to rolling out network infrastructure for broadband deployment, Mauritius Telecom has made every effort to make it more affordable and, from 2003 to 2006, Mauritius Telecom has been able to bring down the cost of ADSL by some 46%.

According to the Central Statistical Office, only 24% of Mauritian households were equipped with a PC in 2006. The low rate of PC penetration is therefore one of the main barriers to internet and ADSL use in Mauritius. In line with its commitment to bridge the digital divide, MT has initiated the Mauritius Telecom NetPC project, which will contribute to increasing households' PC ownership.

In December 2007, we held the first public demonstration of the NetPC, a low-cost computing system, aimed at providing low and middle income groups and students with computer access. The commercialisation of the NetPC, which makes home computing simple, reliable, hassle-free and affordable, began in early 2008.

Our Multiplay-IPTV services, My.T, introduced in July 2006, has also contributed significantly to broadband penetration in Mauritian homes. The provisioning for this service has increased from 6,000 subscribers in 2006 to reach 15,600 in December 2007.

At the end of 2007, Mauritius Telecom had some 333,000 fixed-line, 555,000 mobile, 44,000 internet dial-up and 28,600 broadband (ADSL and My.T) subscribers. I am confident that, following our endeavours, Mauritius Telecom will hit an overall subscription of 1 million in 2008.

To strengthen the Mauritius Telecom group's market position, it became necessary to simplify its brand portfolio, which had become complex and was causing confusion. As the Wanadoo brand, under which Telecom Plus was commercialising its ADSL offers since 2002, had been rebranded Orange, it became evident that it would be beneficial for Telecom Plus to also enter into an agreement to rebrand its services to Orange. Orange is the leading brand for our partner France Telecom and is one of the world's premier telecom brands.

Cellplus also entered into an agreement to use the Orange brand for its products and services. These subsidiaries will keep their company names. The agreements, into which Telecom Plus and Cellplus have entered with Orange, are in the best interests of these subsidiaries and of their customers .

We are confident that our new brand architecture will reinforce our market position. Our customers will undoubtedly benefit from the association with a brand of international repute, in terms of prices, offerings and quality of service.

We have also refreshed the logo of Mauritius Telecom to better reflect its new positioning as an integrated operator.

I wish to convey my special thanks to Dominique Saint-Jean. Mr Saint-Jean, who was our Deputy Chief Executive and Chief Operations Officer, has completed his assignment with Mauritius Telecom and has been entrusted with other responsibilities by France Telecom.

We thank him for his dedication, loyalty and sustained support during the past four years. We wish him well in his new assignment

We warmly welcome his successor Jean-François Thomas, who assumed office as Deputy Chief Executive and Chief Operations Officer as from February 2008.

To conclude, I wish to express my gratitude to all Mauritius Telecom's stakeholders – our valued customers for their continuing loyalty, the Chairman and members of the Board of Directors for their guidance, our strategic partner France Telecom for its unyielding support and our management team and employees for their commitment and determination to satisfy the needs of our customers.

Mauritius Telecom is well poised to take advantage of the new opportunities that are emerging from the convergence of technologies and the ever-increasing sophistication of our customers' demands.

Our obsession to keep abreast with the latest technological developments and to continuously provide excellent customer service constitutes a strong base for the sustainable growth of Mauritius Telecom.

I am fully convinced that Mauritius Telecom is well set for further achievements and success and can envisage the future with confidence and serenity.

SARAT DUTT LALLAH
Chief Executive Officer

April 2008

Eventful is how I would qualify 2007! The challenges involved in dealing with external matters, plus the enthusiasm in handling internal changes, have reinforced the solid foundations on which MT has been built. We have taken pioneering initiatives, with the launch of Blackberry and Business Everywhere, and the introduction of free starter-packs for customers. In line with our objectives, we achieved new broadband heights with the launch of My.T and ADSL advances. Similarly, in line with our determination to disseminate the use of Broadband to foster the advent of Broadband Mauritius, we prepared the launch of the NetPC. The NetPC, apart from being an easy-to use PC, is very competitively priced and will contribute significantly to increasing PC access in Mauritius.

Internally, everyone in the Company was focused on the organisational restructuring process, which has transformed MT into a fully-integrated Group, mustering and coordinating its various talents and skills in a way that will help to meet future challenges more effectively. The process required a lot of adjustment and fresh thinking but, with a transparent implementation process, was successfully completed with the participation of one and all.

Following the implementation of the new integrated organisational structure, MT brought in a Culture Change Programme, centred on customer service and placing it at the heart of the Company's fundamental values. Our aim is to ensure that our service to our customers is the major factor that differentiates us from our competitors, through a positive, welcoming attitude, effective communication and, above all, putting the customer first. Training began in focus groups in October 2007 to discuss how to take the change programme forward.

With the convenience of our customers in mind, we introduced new cards for the Cellplus prepaid service. Our scratch cards, costing Rs50, Rs100 and Rs300, now include VAT, thus dispensing with the need for small change.

One of our objectives is to increase the accessibility of our products and services. Our initiative to provide Cellplus starter packs free-of-charge was well received and created a surge in our customer database.

The My.T service has evolved considerably during the year, attaining a customer base of more than 15,600 at the end of the year, representing a 150% increase in twelve months. It shows how IPTV technology can provide additional services. We have improved both the service's local and Bollywood content and we expect to be able to add Orange TV exclusivities soon.

Our quest for excellence led us to start the procedures for the acquisition of a convergent and fully integrated Customer Care and Billing System (CCBS). The system will enable the Company to offer its customers highly innovative, convergent, real-time and hybrid solutions. The CCBS, which will be implemented in phases, will be fully operational in 2009.

The project has been prepared with the support of France Telecom's Strategy Division's IT Team. With our network due to reach a new level with the

Information Technology and Network Excellence Project (ITN), MT will be in a position to develop new offers and continue to guarantee a high-quality, world-class service whether for fixed, mobile, internet or other services, in a seamless integrated package, as well as stand-alone services.

Prices for using the IPLC (International Private Leased Circuit), which is used to access internet servers located overseas and for data transmission by BPO and call centre operators, have been constantly monitored, and economies of scale and volumes are directly passed on to our customers. In September 2007, a price cut of around 20% in monthly IPLC rental charges was introduced, bringing down the price of a 2 Mbps Full-Circuit link Mauritius-Paris to US$ 6,300. The price of this link has therefore dropped from US$ 22,000 in 2002 to US$ 6,300 in September 2007, a more than three-fold reduction.

We aim to give our customers standards of service that represent excellent value for money and, with this in mind, MT is continuing with ISO 9001:2000 certification surveillance audits. ISO 9001:2000 has greatly assisted us in improving our internal processes and the quality of our services.

The momentum we gathered in 2007 will take us into another exciting year in 2008, with a major move being the branding of our mobile and internet offers under one of the international leading telecommunication brands, Orange.

Mauritius Telecom will pursue massive investment in the development, expansion and upgrading of its fixed network infrastructure, to support the latest technological advances and enable it to continue providing customers with highly dynamic and innovative products and services. The capacity, reach and resilience of the mobile network is under continuous surveillance to meet the new and sophisticated demands of our customers.

> *Mauritius Telecom will pursue massive investment in the development, expansion and upgrading of its fixed network infrastructure.*

To increase the capacity and reliability of the country's international connectivity, after our recent financial participation in the upgrading of the SAFE cable system, we are now involved in and closely monitoring the progress of the Eastern Africa Submarine Cable System (EASSy) and other submarine cable systems in the region.

EASSy is an initiative to connect the countries of Eastern Africa and Madagascar between themselves and to the rest of the world via a high bandwidth undersea fibre-optic cable system. Mauritius Telecom is one of the 29 operators which have formed a consortium to run this US$ 235 million project and it has signed an MoU as well as a Construction and Maintenance Agreement in this connection.

Mauritius Telecom has also held discussions with local ICT Operators to encourage them to participate financially in the project.

For this last message before I take up new challenges elsewhere, I must admit that the Mauritius Telecom I knew three years ago has been transformed into a new organisation, which is well prepared to face today's very competitive market and a bright future, with the support of its strategic Partner, France Telecom. I wish to express my sincere gratitude to Mr Appalsamy Thomas, Chairman of the Board of Directors, to the members of the Board and to Mr Sarat Lallah for his constant support during my assignment at Mauritius Telecom. I also wish to thank the management and staff of Mauritius Telecom for their dedication and hard work. I have no doubt that Mauritius Telecom will continue to develop with positive results.

DOMINIQUE SAINT-JEAN
Deputy Chief Executive/
Chief Operating Officer
January 2008

CHAIRMAN

Sarat Dutt LALLAH
Chief Executive Officer

SARAT DUTT LALLAH

Sarat Dutt Lallah is the CEO of Mauritius Telecom since October 2005.

He is an ICT consultant and has had a long career in the IT field in the private sector, including the posts of Manager Computer Department and Software Manager of a leading Mauritian group. In 1991, he launched his own company.

He was the Minister of the newly created Ministry of Telecommunications and Information Technology from July 1997 to September 2000. He concurrently held the post of Minister of Social Security and National Solidarity from October 1997 to September 1999.

He has served as Chairman of the National Computer Board and of the Telecommunication Advisory Council. He has also been a member of the African Ministers of Telecommunications Steering Committee.

MEMBERS

(From left to right and top to bottom)

D. Saint-Jean
Deputy Chief Executive and Chief Operating Officer

A. Cornu
Executive Head Commercial

D. Utchanah
Executive Head Networks and Information Systems

C. Mateos
Chief Financial Officer

Vacant
Executive Head Value-Added Support Services

DOMINIQUE SAINT-JEAN

Dominique Saint-Jean studied in Paris, at both the Ecole Polytechnique and the Ecole Nationale Supérieure des Télécommunications.

He started his career at France Telecom as an equipment engineer in 1972. After holding various posts in the Operations and Maintenance fields, in 1979 he was made Technical Director for the Greater Paris region.

He then moved to Amman, from 1982 to 1986, to supervise a major turnkey project for the modernisation of the Jordanian telecommunications system.

In 1987, he was appointed France Telecom's Regional Director for the Essonne *département*, prior to being seconded as Chairman and CEO of Telecom Argentina in Buenos Aires in 1990.

He moved back to Paris in 1992 as Director for Recruitment, Promotion and Career Management, in FT's Corporate HR Directorate and as HR Director (Mass Market Section) in 1996.

In 1998, he was posted to El Salvador as Chairman and CEO of CTE SA de CV, prior to joining Mauritius Telecom in 2004 as Deputy Chief Executive and Chief Operating Officer.

He is a Chevalier de l'Ordre National du Mérite and a Chevalier de la Légion d' Honneur.

ALAIN CORNU

Alain Cornu has been Mauritius Telecom's Executive Head Commercial since May 2007, and is a Management and Commercial consultant.

From 2002 to 2007, he carried out various assignments, including for INVESTCOM-MTN, Trace TV, Orange Distribution and for private investors planning the setting-up of a call centre in Mauritius.

Alain Cornu served successively as Managing Director Hutchinson France SA and Chairman of Orange Communication France SA from 1994 to 2001.

He worked as Department Director at Robert Bosch France and Managing Director Bosch Telecom Service France SA from 1989 to 1994.

DAVENDRA UTCHANAH

Davendra Utchanah holds a Bachelor's degree in Electronics Engineering and is registered with the Council of Registered Professional Engineers (Mauritius). He joined the telecommunications sector in 1984 and has acquired experience in both international and national operations.

He has participated in several international courses, workshops and forums in the fields of telecommunications technology and management. He holds various diplomas in these subjects from different institutions including TEMIC (Canada) and OPMAN (Sweden), as well as the ITU.

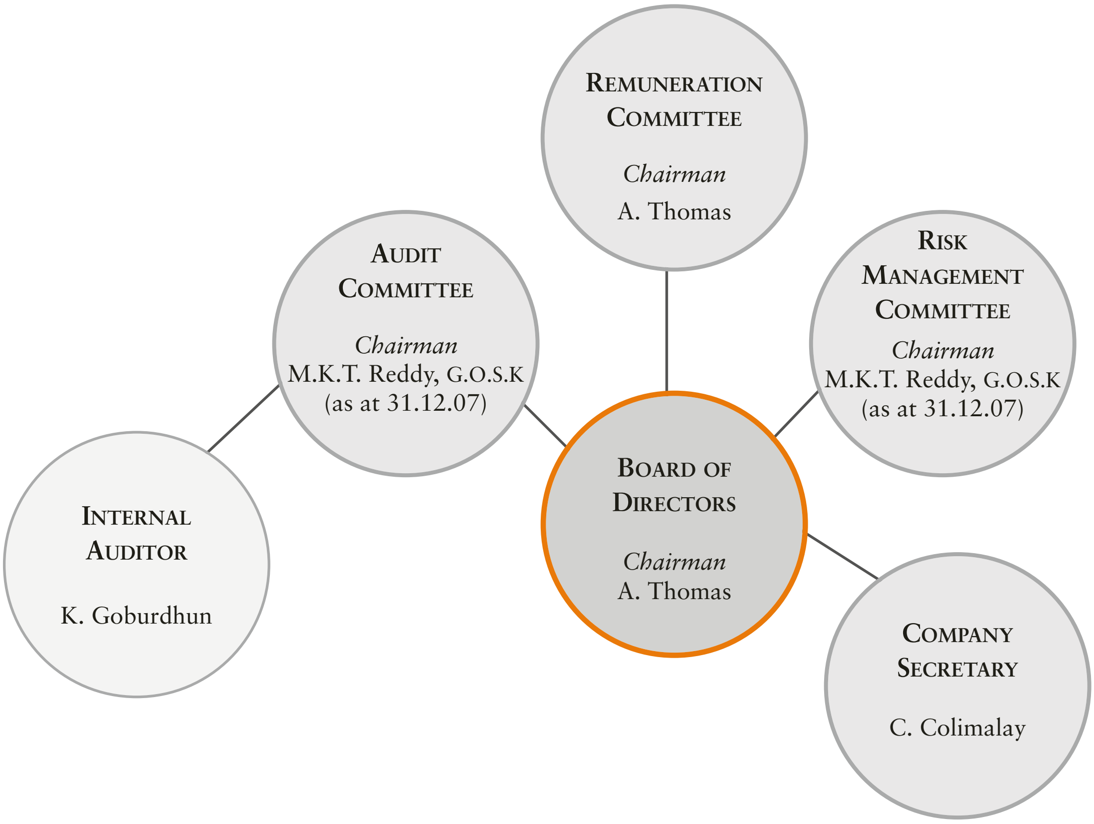
He has served in different management and senior management positions in the former MTS and in Mauritius Telecom, particularly in the Network Department, of which he became Head in 2001. He was appointed Executive Head Networks and Information Systems following MT's recent organisational restructuring.

Davendra Utchanah has chaired several regional telecommunications conferences and represented MT and Mauritius at various international forums including the ITU.

CYPRIEN MATEOS

Cyprien Mateos has been Mauritius Telecom's Chief Financial Officer since February 2007. He has a Master's degree in Management and Finance, and he has gained worldwide experience working for a number of major companies in various financial posts for the last 24 years, in Europe, Africa, Asia and America. The companies' sectors of activity have included ICT, Construction, Civil Engineering, Utilities, Tourism and Telecommunications.

STRUCTURE TO PROMOTE GOOD CORPORATE GOVERNANCE



INTERNAL CONTROL MECHANISMS

So as to promote adequacy and effectiveness of internal control within the Group, the following have been set up with a view to ensuring that the operations are adequately monitored and in line with established policies and processes:

- Board committees with specific focus as described hereunder
- Clear roles and responsibilities for each employee within the Organisational Structure with well-defined lines of reporting
- A full set of ISO certified written internal procedures covering all the major processes across the Group
- A formalized annual budgetary exercise driven by all departments leading to the annual budget which is put to the Board for approval
- Monthly monitoring of the Group's performance against budgets with explanations on variances
- An Internal Audit department with the Internal Auditor reporting to the Audit Committee.

CORPORATE GOVERNANCE

Mauritius Telecom aims at installing and sustaining the best practice at all levels of its operations through the maintenance of the highest standards of corporate governance and ethics throughout the Company. Such an approach is considered fundamental to the proper functioning of the Company and to the enhancement of shareholder value.

BOARD OF DIRECTORS

The Chairman leads the Board of Directors. The Board comprises a total of nine Directors. Five Directors are nominated for appointment by the Government of Mauritius and four Directors are nominated for appointment by RIMCOM (investment vehicle for France Telecom). Board meetings are normally held every two months or earlier whenever required. In addition to meetings held in Mauritius, video conferences are held when necessary to consider critical matters.

The Board determines the orientation of the Company's activities, in terms of goals and strategies, and approves its strategic and operating plans. It also examines and approves major policy decisions as well as the Company's annual operating and investments budgets and any other capital expenses.

The Board is responsible to monitor the Company's internal control mechanism and its management information systems. To ensure a proper and effective implementation of those practices, a Risk Management Committee has been set-up in 2006, in addition to the existing Audit and Remuneration Committees.

Audit Committee

The Audit Committee is a standing committee of the Board established to assist it in fulfilling its fiduciary responsibilities. It is made up of four Directors of the Board. The Audit Committee meets prior to each Board meeting and as and when required.

The Audit Committee:

1) reviews the Company's financial statements and other financial documents to be submitted for Board approval;
2) reviews the financial reporting process with a view to ensuring compliance with accounting standards and relevant legislation;
3) reviews the Company's internal audit function and its relationship with external auditors; ensures that internal control procedures are in place and assesses their adequacy and effectiveness;
4) ensures that the Company complies with laws and regulations in force, conducts its affairs ethically and maintains effective control against employee conflict of interest and fraud;
5) makes recommendation to the Board on matters relating to financial affairs of the Company.

Risk Management Committee

The Risk Management Committee is a standing committee of the Board, composed of four Board members.

The Risk Management Committee:

1) reviews and approves risk policy on an annual basis;
2) establishes the systematic and continuous identification, evaluation, measurement and mitigation practices of the risks as they pertain to the group;
3) defines and approves clear risk management practices and prudential limits and its strategy covering risk management philosophy and responsibilities throughout the group;
4) reduces and mitigates identified risks to an acceptable level or considers transfer of same;
5) ensures that adequate controls and measures are in place as also their effectiveness to manage the most significant risk factors and to respond in a manner that is appropriate and proportional to the risks identified.

Remuneration Committee

The Remuneration Committee (REMCO) reviews all aspects of the terms and conditions of service of Managerial and non-Managerial staff. Whilst recognising that remuneration packages are a major cost, but also a significant management instrument, it ensures, inter alia, that the remuneration packages provided to management and staff are competitive and that the remuneration system offers the opportunity of excellent reward for excellent performance. It is composed of four Board members.

The following are part of the Terms of Reference of the Remuneration Committee:

1) To examine reward packages as a whole, with a view to ensuring overall competitiveness;

2) To maintain an effective system of job evaluation so as to ensure that the grade structure is maintained at Management level;

3) To deal with selection, appointment and appraisal of Senior Management including approval of service contracts and performance objectives.

Internal Audit

The Internal Audit function ensures that Mauritius Telecom and its subsidiaries are efficiently run in compliance with internal control mechanisms. It is headed by the Internal Auditor. His duties include the development and implementation of a comprehensive audit programme for the evaluation of the management controls of the major activities of the Mauritius Telecom group. He investigates and examines the effectiveness in the usage of company resources and the compliance with established and new policies, procedures and processes. He reports on audit findings on a quarterly basis to the Audit Committee.

Company Secretary

The Company Secretary ensures the proper coordination and conduct of the Board of Directors meetings, shareholders meetings and Board Committee meetings. He advises the Chairman and the Chief Executive Officer on the Company's corporate governance policies and practices, and on compliance with the Companies Act and other relevant legislation. He ensures that legal interests of the company are safeguarded.

STRATEGIC EXECUTIVE COMMITTEE

The Strategic Executive Committee is a normative team dealing with corporate and high-level strategies and ensuring their implementation. The Committee is chaired by the Chief Executive Officer and comprises the Deputy Chief Executive/Chief Operating Officer, the Executive Heads and the Chief Financial Officer. The Strategic Executive Committee meets on a weekly basis.

Senior Management Committee

The Senior Management Committee contributes to the strategic thinking of the company and implements the Company strategies, policies and programmes. It is constituted of members of the Strategic Executive Committee and Senior Executives. The Senior Management Committee meets on a fortnightly basis.

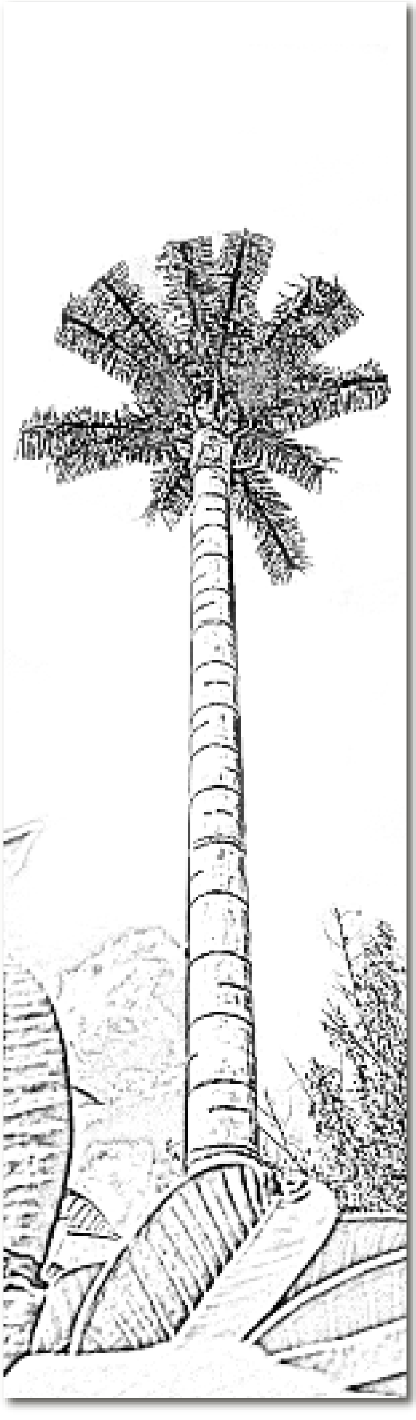
MANAGEMENT STRUCTURE

BOARD AND BOARD COMMITTEES ATTENDANCE FOR FINANCIAL YEAR 2007

Table below shows the record of attendances at Board and Board Committee Meetings for Mauritius Telecom for Financial Year 2007

	BOARD	REMUNERATION COMMITTEE	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTE
No. OF MEETINGS HELD	6	2	6	3
DIRECTORS				
A.Thomas (Chairman)	6	2	N/A	N/A
M.K.T. Reddy	2 (+2 by alternate Mr C. Gunness)	N/A	6	3
S.C. Seeballuck	4	N/A	N/A	N/A
A. Mansoor	4	N/A	4	1
R.P Ramlugun (up to 22 May 2007)	-	-	N/A	N/A
A.N. Oozeer (appointed on 01 June 2007)	2	N/A	N/A	N/A
G. Vaillant	6	2 (In attendance)	5	3
M. Rennard	5	2	N/A	N/A
M. Monzani	3 (+1 by alternate Mr C. Delebarre)	2	N/A	N/A
R. Dubois	3	N/A	4 (+1 by alternate Ms. S. Leidi; +1 by alternate Mr C. Delebarre)	2

N/A: Not applicable – where the Director is not a member of the Committee.



mauritiustelecom

The Directors are pleased to present the Annual Report and Audited Financial Statements of the Company and of the Group for the year ended 31 December 2007.

NATURE OF BUSINESS

The Group's main activity is the provision of telecommunications and related services. Mauritius Telecom (the company) offers fixed telecommunication services and products together with related services.

All the subsidiaries of Mauritius Telecom are wholly owned and their main activities are as follows:

- Cellplus Mobile Communications Ltd provides mobile and ancillary telecommunication products and services;
- Telecom Plus Ltd offers internet and IT enabled services;
- Teleservices Ltd is engaged in the publication of directories and media planning services;
- Call Services Ltd offers call centre services, directory enquiry services and CRM services.

RESULTS FOR THE YEAR

The Group and the Company's profit after tax for the financial year are Rs 2,142,851,623 (2006: Rs 1,993,891,479) and Rs 1,735,450,721 (2006: Rs 2,042,065,381) respectively.

Earnings attributable to equity holders of the parent Company progressed by Rs 154.1 M or 7.7% to Rs 2,142.8 million. Last year earnings totalled Rs 1,988.7 million. As a result, earnings per share rose from Rs 10.47 to Rs 11.28.

The audited financial statements of the Group and Company for the year ended 31 December 2007 are annexed.

BOARD OF DIRECTORS

The following persons held office as directors of Mauritius Telecom and Subsidiaries during year 2007.

Mauritius Telecom Ltd

Non-Executive Directors

Messrs A. Thomas - *Chairman*
M.K.T. Reddy, G.O.S.K
S.C. Seeballuck
A. Mansoor
R. P. Ramlugun (up to 22 May 2007)
A.N. Oozeer (as from 01 June 2007)
M. Rennard
M. Monzani
G. Vaillant
R. Dubois

Cellplus Mobile Communications Ltd

Non-Executive Directors

Messrs S. D. Lallah - *Chairman*
P. Beeharry
G. Vaillant

Telecom Plus Ltd

Non-Executive Directors

Messrs S.D. Lallah - *Chairman*
G. Vaillant
D. Saint-Jean
C. Gunness
D. Utchanah

Call Services Ltd

Non-Executive Directors

Messrs S. D. Lallah - *Chairman*
D. Saint-Jean
T. Cowaloosur

Teleservices (Mauritius) Ltd

Non-Executive Directors

Messrs S. D. Lallah
T. Cowaloosur

DIRECTORS' REMUNERATION

Mauritius Telecom Ltd

Total remuneration and benefits paid to Board Directors by the Company and its related companies during the year are as per table at page 24.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The responsibilities of the Directors in respect of the operations of the Group and the company are as follows:

Financial Statements

The Mauritius Companies Act 2001 requires the directors to prepare financial statements comprising of the Group's and the Company's balance sheet, the Income statements, the statements of changes in equity and cash flow statements, together with the notes to the financial statements, in accordance with International Financial Reporting Standards,

	2007	2006
	Rs	Rs
Mauritius Telecom Ltd		
Non-executive directors		
- from the company	**2,846,200**	2,318,000
- from related companies	**-**	-
	2,846,200	2,318,000
Cellplus Mobile Communications Ltd		
Non-executive directors		
- from the company	**144,000**	120,000
- from related companies	**-**	-
	144,000	120,000
Telecom Plus Ltd		
Non-executive directors		
- from the company	**144,000**	144,000
- from related companies	**-**	-
	144,000	144,000
Call Services Ltd		
Executive and Non-executive directors		
- from the company	Nil	Nil
- from related companies	**Nil**	Nil
Teleservices (Mauritius) Ltd		
Executive and Non-executive directors		
- from the company	**Nil**	Nil
- from related companies	**Nil**	Nil

There was no service contract between the company and any of its directors during the year.

and to ensure that they give a true and fair view of the results of their operations and financial position for the year then ended.

The Directors are responsible for the integrity of these annual financial statements and for the objectivity of any other information presented therein.

In preparing those financial statements, the directors confirm that they have:

- kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company;
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- safe-guarded the assets of the Group and the Company by maintaining appropriate systems and procedures;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

Internal Control

The Directors have an overall responsibility for taking such steps, as are reasonably open to them, to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. The Group's systems have been implemented to provide the Directors with such reasonable assurance.

The systems should ensure that all transactions are authorized and recorded and any material irregularities are detected and rectified timely.

DONATIONS

	2007	2006
	Rs	Rs
Mauritius Telecom Ltd	**4,863,999**	4,878,790
Call Services Ltd	-	39,524
	4,863,999	4,918,314

There were no political donations during the year.

AUDITORS

	Group		Company	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Audit services	1,678,200	1,470,174	1,140,000	925,000
Other services	162,500	442,000	162,500	276,000
Total	**1,840,700**	**1,912,174**	**1,302,500**	**1,201,000**

The Group has established an Internal Audit function which assists management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit Committee. Business controls are reviewed on an on-going basis by Internal Audit.

Risk Management

A Risk Management Committee has been established and through which Directors are made fully aware of the various risks issues affecting the Group's activities. The Directors are responsible for taking appropriate actions to mitigate these risks using such measures, policies, procedures and other controls that they consider appropriate.

Governance

The Directors endeavour to apply principles of good governance at the level of the Group as well as within the Company.

DIVIDENDS

Total dividends of Rs 4,238,431,000 were declared and paid during the year (2006: Rs 1,329,442,000), detailed as follows:

- Final dividends for year 2006: Rs 178,431,000
- Interim dividends for year 2007: Rs 1,060,000,000
- Special dividends distributed with restructuring of Balance sheet: Rs 3,000,000,000.

Donations

The Group made donations of Rs 4,863,999 during the year (2006: Rs4,918,314) broken down by entities as shown above.

Auditors

The fees payable to the auditors for audit and other services at end of 31 December 07 are as shown above.

NOTE OF APPRECIATION

The Directors wish to thank the Chief Executive Officer and his team for their hard work and congratulate them for the results achieved.

Approved by the Board of Directors and signed on its behalf.

A. Manson

Director | Director

1876

Invention of the telephone by Alexander Graham Bell

1883

Installation of first telephone in Mauritius and inauguration of first manual exchange

1893

Telegraph submarine cable connects Mauritius to Zanzibar and Seychelles

1901

Second submarine cable from Durban to Mauritius, Rodrigues and Seychelles

1938

Establishment of a Department of Electricity and Telephone to control the use of telephones in Mauritius

1939

Opening of first automatic telephone exchange

1948

Inauguration of radio telegraphy and radio telephony with Reunion and Madagascar

1956

Department of Electricity and Telephone is renamed Telecommunications Department

1962

STROWGER automatic exchanges replaces the manual exchanges in Port Louis and Rose-Hill

1969

Introduction of Telex service

1975

Mauritius joins space age with installation of a 10-metre diameter satellite antenna

1977

First data transmission to London

1978

Installation of E10A digital telephone exchange

1985

Overseas Telecommunications Services Co. Ltd (OTS) takes over from Cable and Wireless Ltd

1987

Installation of a second standard B earth station and a domestic satellite network with Rodrigues and Outer Islands, and of a packet-switched data exchange

Introduction of International Direct Dialling (IDD) in Mauritius

1988

Corporatisation of Department of Telecommunications into Mauritius Telecommunication Services Ltd (MTS)

Installation of a digital E10B telephone exchange

Introduction of 7-digit numbering

Introduction of IDD in Rodrigues

ISDN demonstration on E10B exchange

1992

OCB Exchanges installed in Rose-Hill, Grand Bay and Flacq

Inauguration of a revised Standard A Earth Station and opening of a direct route to North America

Transfer of OTS assets and liabilities to MTS and change of name from MTS to Mauritius Telecom Ltd

Opening of 1st Customer Service Centre in Rose-Hill

1996

Commercial launch of Internet services by Telecom Plus Ltd

Commercial launch of mobile GSM services by Cellplus Mobile Communications Ltd

1999

Creation of Call Services Ltd, the first Call Centre in Mauritius

2000

OTS shares in Mauritius Telecom are transferred to Government of Mauritius

Strategic equity partnership with France Telecom signed in November

2002

Inauguration of SAFE Fibre Optic Cable System

Teleservices takes over the business of Directory Unit

2003

Liberalisation of telecommunications sector on 1st January

Installation of 1st Mauritius Telecom PoP (Point of Presence) in Telehouse 1, Paris

Launch of 1st Teleshop in Curepipe

Launch of CELL-OH!, 1st mobile system in Rodrigues

2004

Introduction of new Mauritius Telecom access code, 020, for international calls

Launch of Sezam, VoIP pre-paid card for international calls

Launch of WiFi commercial offer by Telecom Plus

Introduction of Calling Party Pays (CPP) Regime

Launch of MTc@re, on-line access to Mauritius Telecom services

Launch of GPRS by Cellplus

2005

Launch of 3-Way Conference Service

Installation of 3G Network of Cellplus

Mauritius Telecom is certified ISO 9001:2000

2006

Launch of My.T, the Multiplay-IPTV services of Mauritius Telecom

Launch of Cellplus Mobile Banking in partnership with SBM

Launch of Cellplus Pushmail service

Launch of SMS2TV by Cellplus during FIFA World Cup

Launch of ADSL in Rodrigues

2007

Allocation of 1% shares of Mauritius Telecom to employees at a reduced price

Launch of first TeleCyber in Rodrigues by Telecom Plus

EDGE island-wide coverage

Launch of Blackberry® smartphones and wireless solutions by Cellplus, for the first time in Mauritius, in partnership with Research in Motion (RIM)

Launch of Radiovision service by Cellplus in partnership with Radio Plus

Launch of first MT Rodrigues Directory by Teleservices

Installation of a 100% IP network, in partnership with Cisco, for a major customer

Launch of Business Everywhere Solution

Finalisation of Organisational Restructuring

Launch of Application Service Provider (ASP) service

Set-up of a very high bit rate (45 Mbps) IPLC connection for Orange Business Services in Mauritius

Announcement of the launch of Mauritius Telecom NetPC

Launch of first 3G roaming service with Orange France

Installation of R4NGN (Release 4 Next Generation Networks) allowing access to IP services on mobile terminals

Deployment of FTTC (Fibre-to-the Cabinet) sites

Installation of first NGN (Next Generation Network) in Rodrigues

HIGHLIGHTS OF THE YEAR 2007

JANUARY

- Mission of Chairman and Management to Rodrigues:
  - * Opening of a TeleCyber at Mont Venus ①
  - * Computers donated to educational and vocational institutions
  - * Equipment and cheques donated to 15 sporting federations ②

  - * Lunch for senior citizens
- Launch of BlackBerry® Solution ③
- Unrolling of EDGE network, providing high-speed mobile access throughout the island
- Cellplus took part in Unitech 2007 as main sponsor of the event, organised by the Information Systems Society of the University of Mauritius, and won the Best Stand award

FEBRUARY

- Mauritius Telecom hosted the HR4ICT Forum of the Commonwealth Telecommunication Organisation at Le Meridien Hotel
- MT held a meeting with ICT operators to discuss the possibility of participating in the funding of the submarine cable project, EASSy

MARCH

- Press conference and prize-giving ceremony for MT's Cellplus World Tour and 020 competitions
- Press conference to launch MT's 2007 telephone directories
- Training seminar for retailers of prepaid cards in the North of the island

APRIL

- Telecom Plus and Cellplus were joint-sponsors of the Royal Raid 2007
- The CEO made a presentation at the Africa Digital 2007 Forum in Cape Town, South Africa, on the theme of "New Technologies and the Challenges of Human Development"
- Mauritius Telecom sponsored a Teledon organised by the Municipality of Port Louis, to raise funds for the King Fish II and King Fish V sailors lost at sea
- Cellplus' 3G network extended to new sites

MAY

- World Telecommunication and Information Society Day celebrated: Games organised on Servihoo and Audiotex and special offers made available at Telecom Tower
- Blood donation by Mauritius Telecom employees
- Cellplus launched its courtesy campaign "Au Portable … Soyons Courtois"
- Launch of the first directory specific to Rodrigues, the MT Rodrigues Directory
- MT took part in the SME and Technology Fair 2007, organised by the Ministry of Commerce, Industry and SME

JUNE

- Press conference to present Mauritius Telecom Annual Report 2006
- Mauritius Telecom sponsored "Mauritius for Africa 2007 Fair" of Enterprise Mauritius
- Press conference and handing over of sponsorship cheque for the National Cycling Championship 2007 ④

- Training seminar for retailers of pre-paid cards in the West of the island

- Partnership with Cisco for the installation of a 100% IP network offering integrated services (IPPBX, Data, IPTV) at the Blue Ocean Hotel

JULY

- Press conference to introduce the TV competition, La Route aux Enigmes, sponsored by Mauritius Telecom
- Press conference and handing over of the sponsorship cheque for the Mauritian team's participation in the 7th Indian Ocean Islands Games in Madagascar ⑤

- The implementation of MT's new organisational structure is completed
- Residential seminar for Mauritius Telecom's management team at Beau Rivage Hotel
- Sponsorship of a horse-racing day, featuring the Mauritius Telecom Barbé Cup
- Sponsorship of Sunrise Circus from Australia

AUGUST

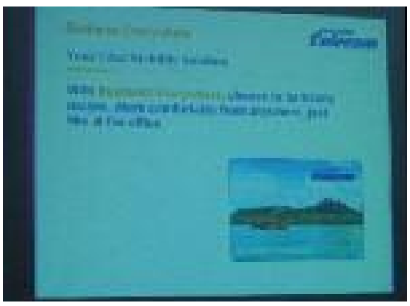
- Mauritius Telecom sponsored the Municipality of Quatre Bornes' Teledon for people needing to go abroad for surgical operations
- Press conference for the launching of Business Everywhere Solution ⑥
- MT participated in Infotech 2007 and the National Computer Board's Regional ICT Conference
- Telecom Plus launched its Application Service Provider (ASP) service
- Training seminar at Trianon for the 200 top prepaid card retailers

SEPTEMBER

- IPLC tariffs reduced by 20%
- Mauritius Telecom sponsored the Synesthésie France Transimages exhibition at the Mahatma Gandhi Institute
- Launch of the TV programme, Cellplus Playlist, sponsored by Cellplus
- Introduction of new Cellplus prepaid cards at Rs50, Rs100 and Rs300
- The Chairman made a presentation to the Commonwealth Telecommunication Organisation (CTO) on "ICT evolution and its implications on Mauritius: An analysis of how Mauritius is embracing ICT development and which best practice elements can be mirrored around the Commonwealth States"

OCTOBER

- Cellplus offers a free SIM card to all its new customers



- Second meeting of MT with ICT operators to discuss participation to the financing of the EASSy cable
- First very high-speed (45 MBps) IPLC line delivered to the call centre Orange Business Services at the Cybercity
- Training seminar for prepaid card retailers in the East and South-East of the island

NOVEMBER

- The CEO presented the experience acquired by MT during the launching of My.T at the IPTV World Forum for the Middle East and Africa in Dubai. His presentation was entitled "Multiplay – IPTV Services: The Mauritian Experience"
- Launching of a WiFi hotspot in the grounds of the Plaza in Rose-Hill, enabling free access to WiFi, a project sponsored by MT
- Mauritius Telecom sponsored the Teledon organised by the Municipality of Port Louis to help those affected by cyclone Sidr in Bangladesh ⑦

- Certificates of Long and Meritorious Service presented to former employees of MT
- Sponsorship of the Divali Nite festival organised by the Ministry of Arts and Culture at Rose Belle

- Training seminar in Rodrigues for prepaid card retailers
- Presentation and demonstration of Mauritius Telecom's NetPC to the press ⑧

- Special offer on prepaid Cellplus cards: customers were given double air time when using Cellplus Prepaid cards
- Special offers on mobile phones
- Telecom Tower changed its internal network to make use of a 100% IP technology system for voice, data and videoconferencing purposes
- Opening of the first 3G roaming service in association with Orange France

DECEMBER

- Implementation of R4NGN (Release 4 Next Generation Networks) giving access to IP services on mobile phones
- Unrolling of new BSC and 2G sites for Cellplus, to increase the capacity of the mobile network and to further improve coverage
- Establishment of 2 FTTC (Fibre-to-the-Cabinet) sites
- Installation of the first Fixed NGN (Next Generation Network) in Rodrigues
- MT's international IP bandwidth increased to 784 MBps
- Sponsorship of the Kreol International Festival organised by the Ministry of Tourism
- Training seminar for prepaid card retailers of the centre of the island
- Sponsorship of the Kreol Festival in Rodrigues
- Workshop for MT management on the theme of "How to become an integrated company" ⑨

- Renewal of the special offer on Cellplus prepaid cards giving double air time
- "Father Christmas" promotion: Two mobile phones at reduced prices with two free SIM cards and two free Cellplus prepaid cards
- Cellplus offered a SIM card free-of-charge to all its new customers
- Text message (SMS) Competition with prepaid Cellplus and Cell-Oh! cards
- My.T promotion: 2 months free-of-charge with any new subscription
- Servihoo promotion in Rodrigues : 2 months free-of-charge with all new subscriptions
- Promotion offering 20% discount on international calls using the 020 dialling code
- Mauritius Telecom launched a lottery with 160 gift vouchers worth Rs10,000 each, for use in Teleshops and Customer Service Centres
- Sponsorship of 'Hit of the Year 2007' on MBC, Top FM, Radio One and Radio Plus, with prizes offered by MT to the winners in each competition
- Payment of an interim dividend of Rs5.58 per share to Mauritius Telecom shareholders
- A special dividend of Rs 15.79 per share was distributed to shareholders as a result of the restructuring of MT's balance sheet in view of the preparation for its listing on the stock exchange.

MASS MARKET

In 2007, the Mass Market Division held six training seminars throughout the island and in Rodrigues to ensure that accredited resellers and Mauritius Telecom share a common understanding of marketing objectives.

The resellers are mainly in the prepaid telephone cards business and, following its organisational restructuring, MT plans to expand their business base.

These one-day seminars have enabled Mauritius Telecom customers to become more knowledgeable about the products and services, to enhance customer-service standards and foster loyalty.

In addition, several incentive schemes have been implemented to gain additional market share through the support and dedication of MT's retail partners.

Mauritius Telecom ensures that top resellers are regularly rewarded for their performance. The 200 top resellers were invited to a performance of Australia's Sunrise Circus at Trianon.

The Company's network of 16 Teleshops and Customer Service Centres organised regular promotions on MT's products and services. Product demos were also held to build awareness of My.T and Net PC.

The Company's efforts were also extended to Rodrigues. A TeleCyber was opened at Mont Venus in January 2007, to give MT greater proximity to its customers and to enable more people to have internet access.

By December 2007, My.T, Mauritius Telecom's Multiplay-IPTV services, had more than 15,600 subscribers, compared with 6,000 in December 2006. My.T's television service, which includes VoD, will be further enhanced to include more pay and free TV channels, along with other content packages and interactive services.

BUSINESS MARKET

Mauritius Telecom caters for the specific needs of a wide array of business customers ranging from SOHOs (Small Offices and Home Offices) and SMEs (Small and Medium-sized Enterprises) to the top 100 Mauritian business companies.

Dedicated Account Managers are assigned to each and every firm, to introduce them to the latest technological advances that will enable them to enhance their productivity and responsiveness, and reduce their operational costs. Mauritius Telecom is continuously innovating to contribute to the success of its customers and to empower them to seize new commercial opportunities.

In addition, these Account Managers are supported by a pool of technicians with state-of-the-art expertise. These joint teams aim to anticipate the future requirements of its customers and their projects, and offer tailor-made solutions.

Mauritius Telecom pioneered the launch of the BlackBerry® and the Business Everywhere solutions in Mauritius, enabling businesspeople on the move to stay in touch with office data, and receive and reply to e-mails. In November, a new milestone was achieved when the first roaming service in 3G with Orange France was made available.

Mauritius Telecom also sponsored the launch of a WiFi hotspot in the grounds of the Plaza in Rose Hill, providing free WiFi access there.

WHOLESALE MARKET

In 2007, as part of its organisational restructuring and to handle business with local telecommunications operators, MT set up a separate Wholesale Market Division, so as to serve other operators independently and transparently, taking into consideration their role as key contributors in the development of the telecommunications industry.

MT once again made a significant contribution to boosting the ICT sector in 2007, by proposing an additional price cut of 20% on international bandwidth services using the SAFE/SAT-3/WASC cable system, following 2 successive reductions of similar magnitude in 2006.

International bandwidth capacity used by the ITES Sector has experienced growth of 72% between 2006 and 2007. Today the cost, of US$6,300/month for a 2Mbps full circuit from Mauritius to France inclusive of the last mile in Mauritius, is very competitive, providing an incentive for potential foreign investors, mostly from French-speaking businesses, to delocalise their business activities to call centres and BPOs in Mauritius.

Meanwhile, Broadband Mauritius is steadily becoming more a part of everyday life, as IP Bandwidth becomes more affordable and home users gain more experience of surfing and browsing the internet. Broadband Internet Services, such as Wanadoo ADSL and My.T, grew by 77% between 2006 and 2007.

CELLPLUS MOBILE COMMUNICATIONS LTD

In its 11th year of existence, through a series of commercial initiatives, Cellplus increased its customer base to around 555,000. The revenue of Cellplus increased by 8.3% to Rs 2.6 billion in 2007.

One of the main commercial highlights for the year was the introduction of new VAT-inclusive prepaid cards, costing Rs50, Rs100 and Rs300. The Rs50 card was an instant hit. The promotion campaign, offering double airtime at each renewal, also received an impressive response. Meanwhile, the introduction of free SIM cards to new customers contributed to a further increase in Cellplus' customer base.

In January 2007, Cellplus was the first Mobile operator in Mauritius to officially launch the BlackBerry® service to its customers. The service consists of two main offers, BlackBerry Enterprise Service, targeting corporate customers, and BlackBerry Internet Service, targeted at individual customers. The BlackBerry Service has enjoyed substantial success within the business community and currently some 500 customers subscribe to this service. Cellplus further innovated in 2007 with the launch of its Business Everywhere service, a truly convergent solution bringing mobile and fixed connectivity together, both locally and abroad.

At the start of 2007, throughout the island, the network was upgraded to EDGE, to provide for higher and better data throughput. By December, the network upgrade was also able to meet the significant increase in the number of customers. Furthermore to cater for the development of Integrated Resort Schemes, construction of new hotels and usage in high traffic areas, the installation by Alcatel of more than ten new base stations are in the pipeline. In addition, two expansion projects on the IN Platform were undertaken by Huawei. These works were completed in November.

In the context of the UTRAN 3G Project, which is being carried out by Huawei, a Radio Network Controller and Management Server have been installed. Important initiatives were also taken during the year to upgrade capacity and expand the network.

In 2008, mobile services offered by Cellplus will be re-branded under the Orange brand.

Cellplus launched a major campaign in May 2007 to encourage politeness in the use of mobile phones, "Au Portable .... Soyons Courtois" and the avoidance of inappropriate usage.

TELECOM PLUS LTD

Telecom Plus, the leading provider of internet and value-added services in Mauritius, is a wholly-owned subsidiary of Mauritius Telecom. Revenue for the year under review was Rs477 million, representing a 2.2% increase over the previous year. These results have been achieved despite the migration of more than 5,000 ADSL and 3,000 dial-up customers to the My.T service. The customer base for the My.T service exceeded 15,600 by the end of December 2007.

Together with its dial-up offers and broadband internet services, Telecom Plus is also positioning itself as an Application Service Provider (ASP) and is developing Content services. The number of dial-up customers at the end of December 2007 was around 44,000. There were also some 13,000 ADSL broadband customers, representing a 22% increase. A migration from dial-up internet towards broadband internet services was noted during the year.

In its role in democratising access to broadband, Telecom Plus reduced its ADSL tariffs by up to 20%. Since 2003, Telecom Plus has decreased its ADSL home tariffs by an average of 60%. Business tariffs have been reduced by 45% during that same period. At the same time, new ADSL offers (Wanadoo ADSL 256k and 512k PRO) were launched to cater for the SOHO and SME markets, where the customer base has grown by more than 1,000 over the year. In Rodrigues, around 200 customers have subscribed to ADSL since the introduction of broadband services in November 2006.

The international bandwidth capacity for internet services has been considerably expanded to cater for the increase in ADSL customers, including those using My.T.

The Servihoo portal, www.servihoo.com, recorded more than 6 million viewed pages per month and had about 30,000 daily visitors during the year.

As an ASP, Telecom Plus is also preparing itself to provide numerous on-line services such as e-commerce. The NetPC service will contribute towards the creation of Broadband Mauritius by extending IT and broadband use to more people. It will enable customers to have access to low-cost PCs and broadband services with a variety of hosted applications including security and on-line back-up facilities.

Telecom Plus was awarded a contract by FT for the development of Equatorial Guinea's portal and re-branding to Orange. This project has been successfully implemented and similar contracts are in the pipeline.

Telecom Plus is also currently seeking opportunities to develop new revenue streams. In this context, the company is working on the development of the Content business in the TV, mobile and internet sectors. In 2008 the Servihoo portal is to be revamped and re-designed to include a new set of Orange-branded Content services in the TV and mobile zones.

CALL SERVICES LTD

Call Services Ltd (CSL) was established in 1999 to provide call centre services. A wholly-owned subsidiary of Mauritius Telecom, CSL was the pioneer in this sector, introducing a comprehensive portfolio ranging from reception desk and complaints desk services to appointment setting, telemarketing and telesurveys.

CSL has ended 2007 with a total turnover of Rs 74.2m compared to Rs 65m in 2006. The turnover generated by the 152 service (business directory and tourist information service) has increased by 38% in 2007. The average number of calls received on a monthly basis grew by 4% compared to year 2006.

CSL continues to provide a one-stop shop solution with fast and comprehensive information and customer service over the phone. Services are designed for customers from various sectors of the economy, such as banking, insurance and other financial institutions, the mass media, and utility, betting, pharmaceutical and property development companies. Outsourcing services appear to have met customer expectations, judging by the number of regular and repeat customers. CSL puts considerable effort into continuously training its operators in order to ensure the provision of high quality services.

In 2007, CSL applied to the Mauritius Qualifications Authority for registration as a training centre, in order to provide courses for those seeking a call-centre career. CSL will also enhance its ability to provide call centre and Business Process Outsourcing services to overseas customers.

TELESERVICES LTD

Teleservices Ltd, a wholly owned subsidiary of Mauritius Telecom, is the largest directory business in Mauritius. Its core competency lies in the production of the MT Phonebooks (Residential & Business Listings) and the MT Yellow Pages (Classified Businesses). In recent years, the Company has made major improvements in print and paper quality, as well as the look & feel of the directories. Over 250,000 copies of these phonebooks are produced and distributed free every year.

Teleservices produces and supplies useful and reliable information which connects buyers and sellers within and outside Mauritius. The Company's core values include Innovation and Professionalism, and Teleservices has diversified its products and services from print directories to access to directories via CD Rom, mobile phones and the internet. In 2007, Teleservices achieved an increase in revenue of 9.9% with an EBITDA growth of 31%.

Indeed, Teleservices has focused on the broadening of its product range from print directories (MT Phonebook, MT Yellow Pages, MT Business Directory, MT Rodrigues Directory) to online, mobile and CDROM-based products, to cater for the radical changes in the ways in which access to information is obtained nowadays, in a world where speed is of the essence.

To improve quality, the Company has also recently implemented a new production system for its directories.

Pursuing Teleservices' commitment to innovation and access, more specialised directories are now available free-of-charge. These include the MT Business Directory, the 8th edition of which was released in December 2007 and which should be of considerable benefit to the business community at large. The 2nd edition of the MT Rodrigues directory will be issued in 2008 and other specialised directories are in the pipeline.

Teleservices Ltd also offers Media Planning and Web Development services, and the company became a registered advertising agency in 2005.

NETWORKS

Mauritius Telecom has a well-established, extensive and state-of-the-art network, providing fixed-line, mobile, internet and convergent services. The Company is actively contributing to the socio-economic development of the country by ensuring that basic communication and broadband services are available throughout the island. Mauritius Telecom is also investing in techno-logies to meet the demand of users for flexible, cost-effective and convergent communication services.

In 2007, Mauritius Telecom continued to expand its network in residential, industrial and tourist areas, to connect additional fixed line, ADSL and My.T customers.

Migration to IP

The company has been continuously investing in its IP centric service platform which was set up in 2003. Since then, the IP-based network has been upgraded to provide individuals, business customers, Application Service Providers (ASPs), Content Providers and Internet Service Providers (ISPs) with a one-stop solution for IP-based services, virtual private networks, high-speed internet access and application services. MT's Application Service Provider (ASP) platform was installed in 2007. During the same year, IP services were made accessible to mobile customers through the installation of the R4 Next Generation Network (NGN) platform.

Broadband

Mauritius Telecom is enthusiastically contributing to making Government's vision of Broadband Mauritius a reality. In this respect, a number of activities have been envisaged to provide better network capacity and resilience.

The core network is composed essentially of microwave antennas and fibre-optic cables. In 2007, Huawei was awarded the IP core expansion project, which involves the installation and commissioning of 6 switches and 1 router. The aim is to provide increased resilience on the 10 Gbit Resilient Packet Ring (RPR) and increased Point-of-Presence (PoP) capacity for business customers requesting high-speed data lines. Equipment installation was completed in 2007, and the software upgrades and commissioning are scheduled to be completed during the first quarter of 2008.

The access network consists of both copper and fibre-optic cables. Alcatel was awarded the project for the expansion of the ADSL broadband network. With the implementation of this project, the total capacity of ADSL ports will increase by 57%. The installation is also expected to be completed during the first quarter of 2008.

In addition, extending the broadband reach to fixed-line customers continues to progress with the installation of fibre-to-the-cabinet (FTTC) networks. This fibre network will extend the accessibility of My.T, the company's Multiplay-IPTV services, to remote regions or areas further away from the exchange.

Mobile Network

MT's mobile network is based on GSM, EDGE and 3G technologies. The growing demand for mobile services has required Mauritius Telecom to further expand its mobile network capacity and coverage. Huawei was thus awarded expansion contracts to increase the capacity by 18% on the Mobile R4 NGN switch, and by 8% on the IN Platform.

Both expansions were completed by the end of November 2007. To increase coverage, Alcatel was awarded a contract for an expansion project which consisted of installing new Base Station Controllers (BSCs), Base Stations (to cater for Integrated Resort Schemes and hotel coverage and capacity in high traffic areas) and radio software upgrades to support new features.

The Company has also been continuing the expansion of its 3G mobile network. The customer base for 3G services is steadily increasing. In 2007, to meet the demand for better network coverage and to cater for the growing traffic on the 3G network, the supplier Huawei was awarded a contract for the installation of additional 3G sites. In addition, network data traffic capacity upgrades will be carried out on all sites to sustain higher data traffic.

Convergence

The Mauritius Telecom Business Everywhere Solution, which is a totally convergent mobile and fixed service, was launched in August 2007. A unique connection kit was developed to provide the user with easy connection to e-mail, intranet or internet by ADSL, EDGE/3G or through WiFi technology. The solution is targeted mainly at professionals and business people who need to be in touch with their offices from anywhere, when they are on the move.

Customer Care and Billing

To enhance customer relationship management and improve the management and payment of bills, Mauritius Telecom signed a contract for a new Customer Care and Billing System (CCBS) in 2007. The CCBS is a major IT Transverse Project which, in phases, will provide a converged billing system for fixed, mobile and internet. The contract was awarded to Bull Telecom and Media as integrator and HighDeal as editor of the project.

International Network

Mauritius Telecom offers global connectivity through the SAT3/WASC/SAFE undersea fibre-optic cable and satellite systems. To improve the quality of internet services, the international internet bandwidth capacity has been increased from 475 Mbps to 775 Mbps. International Private Leased Line (IPLC) capacities to MT's Point of Presence (PoP) in Paris were also increased by 155 Mbps.

Mauritius Telecom is also playing an active part in the process to connect Mauritius to the EASSy (Eastern Africa Submarine System) cable, which will link the countries of East Africa and Madagascar between themselves and to the rest of the world and in other underwater cable projects in the region.

HUMAN RESOURCES

Winning with our people

The Company has undergone major organisational change to meet the challenge of a rapidly evolving industry.

The Company continues to invest in developing the capabilities of its people, whose support has been instrumental in the organisation's success, especially through the launch of new products and services.

As at 31 December 2007, the Company had 1,584 employees and the Group 1,800 employees. Employees cost for 2007 represented 17% of revenue. Each employee underwent an average of 30 hours of training during the year.

New Organisational Structure

Structural changes have also taken place to rationalise the Company's operations, optimise resource utilisation and facilitate decision-making. The ultimate objective is to provide customers with the best possible service.

The Strategic Executive Committee has played a full role in determining corporate strategies and policies and ensuring their timely implementation.

The Senior Management Committee has been established and has become fully operational. Its main role is to contribute to the formulation of strategies and to effectively implement company strategies, policies and programmes.

Culture Change Programme – Excellence Through Leadership

In its quest for service excellence, it is essential that all employees share common values and operate in a manner that upholds corporate values.

The Company has embarked on a Culture Change Programme that will, in time, ensure total employee commitment to organisational values.

As a first step, the whole management cadre met off-site over 2 days to brainstorm on the way forward to Excellence Through Leadership.

Employee Share Participation Scheme

The Company has facilitated the process of eligible employees and past-employees acquiring up to 1% of the issued share capital from the Government of Mauritius.

Through this scheme, 2,104 employees and past employees have thus become shareholders in the company. The Employee Share Participation Scheme is intended to enhance employee loyalty and involvement in the affairs of the Company.

Capacity Building and Knowledge Management

In its pursuit of customer service excellence, the Company has focused its efforts on equipping its people, especially those occupying key and critical positions, with the right skills and competencies.

Specially-tailored training courses and workshops conducted both locally and abroad have provided ample learning opportunities throughout the year. A number of staff has had hands-on experience in France Telecom operations under the Talent Sharing Programme.

In addition, various members of staff in different functions have had the opportunity to familiarise themselves with France Telecom's Research & Development Department, while others have benefited from interaction with their counterparts during meetings and workshops.

Similarly, 3 major workshops have been fully funded by the Commonwealth Telecommunications Organisations (CTO) under its Development and Training (PDT) Bilateral Assistance Programme. About 100 key people have benefited from these high-level workshops.

Social Relations

The Company has maintained its efforts to ensure a peaceful social environment. In this respect, management has had regular meetings with its social partners. As a caring employer, the company has also organised a number of social activities during the year, which also enables staff from different parts of the organisation to meet each other.

Meanwhile, the Safety and Health Unit has organised an awareness programme to further reduce occupational hazards. Regular visits have been organised to all Company manned and unmanned sites to enforce safety measures.

CORPORATE SOCIAL RESPONSIBILITY

While developments in technology are contributing to economic development, they also have the potential to help resolve the risks and threats to our society.

Throughout 2007, Mauritius Telecom has worked jointly with its strategic partner, France Telecom, in setting up a Corporate Social Responsibility (CSR) framework for the company. Though CSR has always been part of the Company's strategy to contribute to the socio-economic development of the country, the aim is now to formalise CSR and report on the Company's contribution to sustainable development.

Mauritius Telecom firmly believes that transparency on the economic, environmental and social impact of its activities is a fundamental element in effective stakeholder relations, investment decisions and market relations.

In 2007, Mauritius Telecom embarked on several projects to contribute to the betterment of society. The Company's initiatives on sustainable development include good Corporate Governance practices, the quest for customer service excellence, fair employment conditions and the protection of the environment. It also contributes to strengthening Mauritian society through educational, cultural and sporting involvement, as well as the integration in society of those with sensorial handicaps.

The Company's main social undertakings in 2007 include:

Education

- Mauritius Telecom is the main partner of Government in the School Net project. The School Net project provides for the connection of more than 200 secondary schools and libraries to high-speed internet services.

- In January, Mauritius Telecom donated a computer and a printer to each of the 24 educational and vocational institutions in Rodrigues.

Sports

- Annual sponsorship of the National Cycling Championship.

- Co-sponsorship of the Mauritian team's participation in the Indian Island Ocean Games (JIOI 2007) held in Madagascar in July.

Culture

- Sponsorship of national cultural events such as Divali Nite and the Festival Kreol.

- Sponsorship of several Mauritian authors.

Environment

- Renovation and embellishment of a kiosk situated at Trou aux Cerfs, a place frequently visited by Mauritians and tourists.

- Embellishment of the northern trunk road on a 2-kilometre span between Terre Rouge and Riche Terre roundabouts.

- The Company is also working on a plan to sensitise employees to the impact of electronic waste on the environment. Special attention is being given to waste management and security aspects.

Broadband

In line with its commitment to spread the use of broadband internet services, Mauritius Telecom has introduced the Mauritius Telecom NetPC. The NetPC is a low-cost device using a thin client technology to provide home computing service and broadband internet at an affordable price.

Employee Share Participation Scheme

The Government of Mauritius has completed the distribution of 1% of the Company's shares to eligible MT employees and pensioners at a reduced price.

Prevention of theft of mobile phones

As part of its responsibilities as a Corporate Citizen, in 2008, the Company will be, in consultation with the authorities and stakeholders, initiating a programme intended to curb theft of mobile phones by an automatic system.

QUALITY AND SUPPORT

Optimal use of premises

An exercise related to the optimal use of premises has been undertaken during 2007 and will be pursued over the coming years. The objective is to maximise the use of our own premises and gradually phase out the use of rented office space.

There also has been a review of the use of office space in Telecom Tower, following the reorganisation exercise.

Business Continuity

With the creation of the Business Continuity and Security section, a Business Impact Assessment (BIA) exercise has been undertaken. This will enable the Company to produce a Business Continuity and Crisis Management Plan (BCCM).

Security measures are being strengthened in all risk areas, including IT security, physical security and network security. Penetration Tests and Vulnerability Assessments have been carried out in sensitive areas in order to strengthen the integrity of our systems.

Quality and Process Improvement

We have continued with ISO 9001:2000 certification surveillance audits. At the same time, staff have been trained in Quality and Security Awareness. Workshops have also been held, linked to the setting up of Quality Circles. Several areas have been identified for a first pilot phase, with the aim of improving service quality.

Fleet management

Partly because of increasing fuel prices, but also as part of a general drive to optimise operational expenses, MT has continued to engage in a more rigorous control of the use of its vehicle fleet.

Stores and Archives

During the year, the archiving system was streamlined and the Group's different archives were all located on one site. At the same time, obsolete and unused items lying in the stores were disposed of through auction.

REGULATORY ENVIRONMENT

2007 saw increased growth and competitiveness within the telecommunications sector. This inevitably had an effect on the regulatory environment and both Government and the ICT Authority introduced major structural and policy changes.

National ICT Strategic Plan 2007- 2011

As part of its policy to transform Mauritius into a cyber island, in October 2007 the government approved the implementation of the National ICT Strategic Plan 2007– 2011.

The aim of the Plan is to provide an appropriate environment for the ICT sector, in order to generate employment, improve people's quality of life and create new opportunities for socio-economic development. The primary targets over the next 5 years are:

- Offshore ICT export services to contribute 7% to Mauritius' GDP
- Internet connection and networking of all primary and secondary schools
- An increase in PC ownership – 20,000 more households and 12,000 more machines in primary schools
- 250,000 more broadband users
- At least 29,000 qualified individuals employed in the ICT sector.

Competition Bill 2007

Both Government and regulators alike are expected to ensure a market level-playing field and fair competition. In this context, a bill on competition was tabled in Parliament on 6th November 2007. The aim of the Competition Bill is to safeguard and promote competition in Mauritius by interalia creating a comprehensive competition regime to be administered by an independent Competition Commission.

The Bill has already been voted by Parliament and awaits proclamation.

Review of Interconnection Usage Charges (IUC)

The review of the interconnection usage charge (IUC) by the ICT Authority has been awaited for some time, especially as the last review emerged from a tariff-rebalancing exercise carried out in 2003. Given the considerable changes within the telecommunications environment, a new IUC methodology had become imperative.

In this context, both Mauritius Telecom and the ICTA have worked in close collaboration on the computation of the new cost-based IUC, which is based on a fully distributed costing methodology.

Through the provision of a Special Account, the resulting directive has made provision for the real costs of domestic lines to be recovered by MT (access deficit recovery), together with a contribution to ICT development.

It is expected that the new interconnection usage charges will be implemented in the first quarter of 2008 and will lead to a reduction in retail tariffs.

Tariff Decrease

During the year, Mauritius Telecom made the major decision to reduce the tariff for IPLC on the SAFE cable system by 20%, in order to advance the development of the ICT sector. This benefited Internet Service Providers, BPOs, and other business clients.

Convergence

2007 was also a landmark year so far as the concept of convergence was concerned. This can be credited to Mauritius Telecom's My.T service which was recognised as a converged service offering voice, data and multimedia services.

This followed on from a court ruling in the case of Africa Digital Bridges Network Ltd versus the ICT Authority on 17th August 2007.

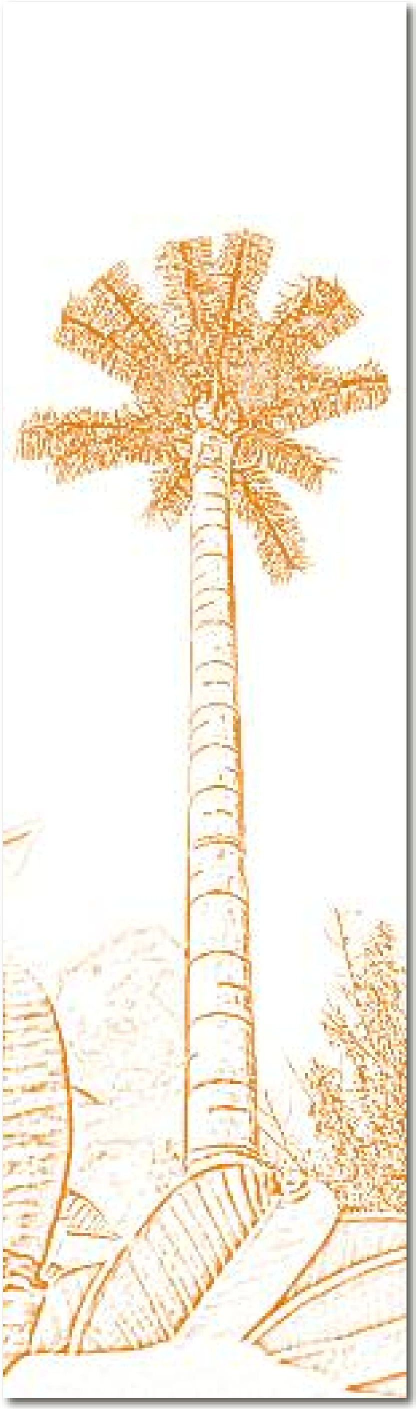
All the services offered by My.T services are covered by the Public Switched Telephone Network (PSTN) and International Long Distance (ILD) licence, for which MT pays an annual total fee of Rs10 million.

Compliance in MT

As part of its social and corporate responsibility, Mauritius Telecom takes compliance with regulatory obligations with utmost seriousness. As a result, 2007 has seen the setting up of a compliance team, which is dedicated to ensure that MT business activities are in full compliance with ICT regulations and are conducted fairly and with integrity.

Numbering Plan

Discussions continue on the possible migration to 8-digits for both the fixed and mobile telephone network. Mauritius Telecom has requested the ICT Authority to postpone the migration to 8-digits because of the forthcoming implementation of Next Generation Network (NGN).



FINANCIAL STATEMENTS

mauritiustelecom

This report is made solely to the company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mauritius Telecom Ltd on pages 44 to 83 which comprise the balance sheets as at 31 December 2007 and the income statements, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements on pages 44 to 83 give a true and fair view of the financial position of the group and of the company as at 31 December 2007, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004

REPORT ON OTHER LEGAL REQUIREMENTS

In accordance with the requirements of the Mauritius Companies Act 2001, we report that:

- we have no relationship with, or interests in, the company or any of its subsidiaries, other than in our capacities as auditors, tax advisors and arm's length dealings in the ordinary course of business;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Kemp Chatteris Deloitte

Chartered Accountants

21 April 2008

BALANCE SHEETS
AT 31 DECEMBER 2007

	Note	THE GROUP 2007	THE GROUP 2006 (Restated)	THE COMPANY 2007	THE COMPANY 2006 (Restated)
ASSETS		Rs	Rs	Rs	Rs
Non-current assets					
Property, plant and equipment	5	**7,093,544,067**	7,226,145,170	**5,461,681,460**	5,791,538,867
Goodwill	6	**80,980,030**	80,980,030	**-**	-
Other intangible asset	7	**86,289,416**	174,143,385	**12,725,539**	106,918,304
Investments in subsidiaries	8	**-**	-	**241,270,830**	241,270,830
Investments in associates	9	**237,960,309**	163,333,422	**40,934,880**	40,934,880
Other investments	10	**22,204,359**	61,316,359	**22,204,359**	61,316,359
Other asset	11	**-**	-	**40,000,000**	40,000,000
Total non-current assets		**7,520,978,181**	7,705,918,366	**5,818,817,068**	6,281,979,240
Current assets					
Stocks	12	**92,725,488**	54,219,946	**75,943,086**	42,321,404
Trade receivables	13	**1,896,161,629**	1,739,943,938	**1,077,481,218**	1,059,631,876
Other receivables	14	**334,128,601**	444,837,709	**310,876,892**	441,626,822
Cash and cash equivalents		**2,484,846,879**	4,198,492,905	**1,968,549,699**	3,819,005,530
Total current assets		**4,807,862,597**	6,437,494,498	**3,432,850,895**	5,362,585,632
Total assets		**12,328,840,778**	14,143,412,864	**9,251,667,963**	11,644,564,872
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**190,000,001**	190,000,001	**190,000,001**	190,000,001
Reserves	16	**2,239,350**	1,204,683	**2,234,000**	1,346,000
Retained earnings		**6,819,541,189**	8,913,947,106	**5,120,189,160**	7,623,169,439
Equity attributable to equity holders of the parent		**7,011,780,540**	9,105,151,790	**5,312,423,161**	7,814,515,440
Non-current liabilities					
Loans	17	**191,752,302**	258,371,537	**191,752,302**	258,371,537
Trade payables	18	**386,153,361**	376,624,521	**386,153,361**	376,624,521
Deferred tax liabilities	19	**476,276,459**	733,151,772	**304,512,073**	526,946,183
Retirement benefit obligations	20	**709,799,000**	642,610,000	**699,940,000**	633,685,000
Total non-current liabilities		**1,763,981,122**	2,010,757,830	**1,582,357,736**	1,795,627,241
Current liabilities					
Loans	17	**47,871,029**	51,616,474	**47,871,029**	51,616,474
Trade payables	18	**589,036,497**	470,043,175	**409,608,197**	285,424,656
Other payables and accrued expenses	21	**1,926,568,093**	1,538,087,616	**1,265,521,269**	1,090,742,588
Current tax liabilities		**742,306,035**	793,102,107	**395,383,907**	446,158,521
Provisions	22	**247,297,462**	174,653,872	**238,502,664**	160,479,952
Total current liabilities		**3,553,079,116**	3,027,503,244	**2,356,887,066**	2,034,422,191
Total liabilities		**5,317,060,238**	5,038,261,074	**3,939,244,802**	3,830,049,432
Total equity and liabilities		**12,328,840,778**	14,143,412,864	**9,251,667,963**	11,644,564,872

Approved by the Board of Directors.

DIRECTOR

DIRECTOR

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	THE GROUP 2007	THE GROUP 2006 (Restated)	THE COMPANY 2007	THE COMPANY 2006 (Restated)
		Rs	Rs	Rs	Rs
Revenue	24	**6,274,928,217**	5,879,976,206	**4,270,889,860**	4,057,885,728
Cost of sales		**(964,505,072)**	(961,826,097)	**(983,927,500)**	(1,050,406,130)
Gross profit		**5,310,423,145**	4,918,150,109	**3,286,962,360**	3,007,479,598
Other operating income		**193,179,550**	161,650,235	**65,474,469**	78,828,379
Operating expenses		**(3,672,782,861)**	(3,240,294,878)	**(2,894,327,932)**	(2,569,599,599)
Profit from operations	25	**1,830,819,834**	1,839,505,466	**458,108,897**	516,708,378
Other income	26	**8,088,397**	177,742,557	**69,077,341**	253,728,274
Other gains and losses	27	**(23,990,049)**	62,066,204	**(5,169,123)**	23,917,075
		1,814,918,182	2,079,314,227	**522,017,115**	794,353,727
Investment income	28	**474,024,718**	300,093,645	**1,335,880,112**	1,532,942,221
Finance costs	29	**(12,560,365)**	(19,568,062)	**(83,148,983)**	(87,128,042)
		2,276,382,535	2,359,839,810	**1,774,748,244**	2,240,167,906
Share of profits of associates	9	**102,981,191**	53,954,831	**-**	-
Profit before tax		**2,379,363,726**	2,413,794,641	**1,774,748,244**	2,240,167,906
Income tax expense	19(i)	**(236,512,103)**	(419,903,162)	**(39,297,523)**	(198,102,525)
Profit for the year		**2,142,851,623**	1,993,891,479	**1,735,450,721**	2,042,065,381
Attributable to:					
Equity holders of the parent		**2,142,851,623**	1,988,706,747	**-**	-
Minority interest		**-**	5,184,732	**-**	-
		2,142,851,623	1,993,891,479	**-**	-
Earnings per share	30	**11.28**	10.47	**9.13**	10.75

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

GROUP	Note	Stated capital Rs	Fair value reserve Rs
Balance at 1 January 2006			
- As previously stated		190,000,001	720,000
Prior year adjustments	31	-	-
- As restated		190,000,001	720,000
Change in fair value of available-for-sale investments		-	626,000
Exchange differences arising on translation of foreign operations		-	-
Net income recognised directly in equity		-	626,000
Profit for the year, as restated		-	-
Dividends	23	-	-
Increase in interest in a subsidiary		-	-
Balance at 31 December 2006		190,000,001	1,346,000
Change in fair value of available-for-sale investments		-	888,000
Exchange differences arising on translation of foreign operations		-	-
Net income recognised directly in equity		-	888,000
Profit for the year		-	-
Dividends	23	-	-
Consolidation adjustments		-	-
Balance at 31 December 2007		190,000,001	2,234,000

COMPANY	Note	Stated capital Rs	Fair value reserve Rs
Balance as at 1 January 2006			
- As previously stated		190,000,001	720,000
Prior year adjustments	31	-	-
- As restated		190,000,001	720,000
Change in fair value of available-for-sale investments		-	626,000
Net income recognised directly in equity		-	626,000
Profit for the year, as restated		-	-
Dividends	23	-	-
Balance at 31 December 2006		190,000,001	1,346,000
Change in fair value of available-for-sale investments		-	888,000
Net income recognised directly in equity		-	888,000
Profit for the year		-	-
Dividends	23	-	-
Balance at 31 December 2007		190,000,001	2,234,000

Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Rs	Rs	Rs	Rs	Rs
(72,326)	8,409,463,092	8,600,110,767	93,863,029	8,693,973,796
-	(154,780,733)	(154,780,733)	-	(154,780,733)
(72,326)	8,254,682,359	8,445,330,034	93,863,029	8,539,193,063
-	-	626,000	-	626,000
(68,991)	-	(68,991)	-	(68,991)
(68,991)	-	557,009	-	557,009
-	1,988,706,747	1,988,706,747	5,184,732	1,993,891,479
-	(1,329,442,000)	(1,329,442,000)	(63,000,000)	(1,392,442,000)
-	-	-	(36,047,761)	(36,047,761)
(141,317)	8,913,947,106	9,105,151,790	-	9,105,151,790
-	-	888,000	-	888,000
146,667	-	146,667	-	146,667
146,667	-	1,034,667	-	1,034,667
-	2,142,851,623	2,142,851,623	-	2,142,851,623
-	(4,238,431,000)	(4,238,431,000)	-	(4,238,431,000)
-	1,173,460	1,173,460	-	1,173,460
5,350	6,819,541,189	7,011,780,540	-	7,011,780,540

Retained earnings	Total
Rs	Rs
6,938,392,209	7,129,112,210
(27,846,151)	(27,846,151)
6,910,546,058	7,101,266,059
-	626,000
-	626,000
2,042,065,381	2,042,065,381
(1,329,442,000)	(1,329,442,000)
7,623,169,439	7,814,515,440
-	888,000
-	888,000
1,735,450,721	1,735,450,721
(4,238,431,000)	(4,238,431,000)
5,120,189,160	5,312,423,161

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	THE GROUP		THE COMPANY	
		2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		Rs	Rs	Rs	Rs
Profit before taxation		2,379,363,726	2,413,794,641	1,774,748,244	2,240,167,906
Adjustments for:-					
Profit on disposal of property, plant and equipment		(10,203,001)	(6,455,378)	(9,894,746)	(6,455,378)
Profit on disposal of investment in associates		(8,542,402)	-	(102,686)	-
Interest expense		12,560,365	19,568,062	83,148,983	87,128,042
Interest income		(475,606,364)	(298,874,957)	(463,167,733)	(305,055,739)
Dividend income		(2,589,373)	(1,218,688)	(876,883,398)	(1,227,886,482)
Retirement benefit obligations		67,189,000	92,991,000	66,255,000	75,759,000
Share of profits of associates		(102,981,191)	(53,954,831)	-	-
Depreciation and amortisation		1,319,086,202	1,216,290,041	1,029,016,985	946,754,913
Provision for impairment loss of other investments		40,000,000	-	40,000,000	-
Reversal of provision for impairment of investment in associates		(26,245,080)	-	(26,245,080)	-
Unrealised exchange loss/(gain)		22,221,399	(6,979,359)	7,991,492	50,914,202
Movement in reserve		1,173,460	-	-	-
Operating profit before working capital changes		3,215,426,741	3,375,160,531	1,624,867,061	1,861,326,464
(Increase)/decrease in trade receivables		(156,217,691)	(170,181,416)	(18,331,992)	23,757,702
Decrease/(increase)/ in other receivables		110,709,108	(137,144,541)	146,681,594	(147,838,687)
(Increase)/decrease in stocks		(38,505,542)	9,526,559	(33,621,682)	(1,227,640)
Increase/(decrease) in trade payables		118,993,322	77,917,224	124,183,541	(84,982,285)
Increase in other payables and accrued expenses		392,521,805	31,355,069	174,778,681	(562,465,214)
Increase in provisions		68,602,262	7,325,421	78,022,712	4,377,921
Cash generated from operations		3,711,530,005	3,193,958,847	2,096,579,915	1,092,948,261
Taxation paid		(544,183,482)	(417,735,474)	(312,506,246)	(241,987,884)
Net cash flows from operating activities		3,167,346,523	2,776,223,373	1,784,073,669	850,960,377
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interest in a subsidiary	32	-	(117,000,000)	-	(117,000,000)
Purchase of property, plant and equipment		(1,076,185,614)	(882,072,220)	(622,717,022)	(570,682,173)
Purchase of other intangible assets		(26,316,241)	(19,469,639)	(2,010,958)	(11,627,440)
Proceeds from sale of property, plant and equipment		14,073,726	8,697,797	13,724,247	8,697,796
Proceeds from maturity of held-to-maturity investments		281,618,311	-	281,618,311	-
Proceeds from sale of investments in associate		26,347,766	-	26,347,766	-
Purchase of held-to-maturity investments		(277,447,292)	-	(277,447,292)	-
Interest received		471,435,339	298,874,957	458,996,714	305,055,739
Dividend received		39,383,398	20,934,482	876,883,398	1,227,886,482
Net cash (used in)/generatedfrom investing activities		(547,090,607)	(690,034,623)	755,395,164	842,330,404
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans		(49,115,649)	(277,217,373)	(49,115,649)	(277,217,373)
Loan repaid by a subsidiary		-	-	-	250,000,000
Increase in trade payables after one year		9,528,840	6,922,221	9,528,840	6,922,221
Dividend paid to minority interest		-	(63,000,000)	-	-
Interest paid		(12,560,365)	(19,568,062)	(83,148,983)	(87,128,042)
Dividend paid		(4,238,431,000)	(1,329,442,000)	(4,238,431,000)	(1,329,442,000)
Net cash used in financing activities		(4,290,578,174)	(1,682,305,214)	(4,361,166,792)	(1,436,865,194)
Net (decrease)/increase in cash and cash equivalents		(1,670,322,258)	403,883,536	(1,821,697,959)	256,425,587
Cash and cash equivalents at beginning of the year		4,198,492,905	3,717,263,017	3,819,005,530	3,543,030,368
Effect of exchange rate changes on the balance of cash held in foreign currencies		(43,323,768)	77,346,352	(28,757,872)	19,549,575
Cash and cash equivalents at end of the year		2,484,846,879	4,198,492,905	1,968,549,699	3,819,005,530

1. GENERAL INFORMATION

Mauritius Telecom Ltd is a public company incorporated in Mauritius. Its registered office and principal place of business is Telecom Tower, Edith Cavell Street, Port Louis. It is engaged in the provision of telecommunication services and the principal activities of its subsidiaries are described in note 8.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the group and the company have adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IAS 1	*Presentation of financial statements - Comprehensive revision including requiring a statement of comprehensive income*
IAS 1	Presentation of Financial Statements - *Amendments relating to disclosure of* ***puttable*** *instruments and obligations arising on liquidation*
IAS 23	Borrowing costs - Comprehensive revision to prohibit immediate expensing
IAS 27	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3
IAS 32	Financial Instruments: Presentation - Amendments related to puttable instruments and obligations arising on liquidation
IFRS 2	Share-based Payment - Amendment relating to vesting conditions and cancellations
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method
IFRS 8	Operating Segments
IFRIC 11	*Group and Share Treasury Transactions*
IFRIC 12	*Service Concession Arrangements*
IFRIC 13	*Customer Loyalty Programme*
IFRIC 14	IAS 19 - *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group and the separate financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation

The consolidated financial statements include the results of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of their acquisition or up to the effective date of their disposal. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Investments in subsidiaries

In the company's financial statements, investments in subsidiaries are accounted for at cost less any impairment loss.

(c) Investments in associates

Associates are those companies which are not subsidiaries nor interest in a joint venture, over which the group exercises significant influence and in which it holds a long-term equity interest.

Investments in associates are accounted for at cost in the company's financial statements and under the equity method of accounting in the consolidated financial statements. The group's share of the associates' profit or loss for the year is recognised in the income statement and the group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associates.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment on an annual basis as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement.

(d) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Business combinations (cont'd)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

(e) Revenue recognition

Revenue relates to telephone services, data communication services, sale of equipment, phonecards and other corollary services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is shown net of Value Added Tax.

Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group and the company have transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group and the company retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

International telephone revenues are derived from outgoing calls made from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the company's network.

The company pays a proportion of the international traffic revenue it collects from its customers to transit and terminate on foreign operators' network operators. These revenues and costs are stated gross in the financial statements.

Dividend and interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(E) Revenue recognition (cont'd)

Rental income

Rental income is recognised on an accruals basis.

(F) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method as follows:-

Plant and equipment	- 2 to 20 years
Buildings	- 5 to 20 years
Furniture, fittings and equipment	- 5 to 10 years
Motor vehicles	- 3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

Plant and equipment in progress are capitalised based on the percentage of completion method and are stated at cost. No depreciation is provided until such time as the relevant assets are completed and available for use.

No depreciation is provided on freehold land.

(G) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(G) Intangible assets (cont'd)

Computer software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life of 5 years.

(H) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group and the company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group and the company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(I) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the invoice value of materials on a first-in, first-out (FIFO) basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(J) Foreign currencies transactions

The individual financial statements of each entity of the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian rupees, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing on the balance sheet date.

Exchange differences arising on the settlement and the retranslation of monetary items are recognised in the income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are expressed in Mauritian rupees using exchange rates prevailing on the balance sheet date. Their results for the period are translated into Mauritian rupees at average exchange rates for the period. The exchange differences arising from translation of the foreign operations are taken to the group's translation reserve.

(K) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's and the company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(ii) *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(K) Taxation

(ii) *Deferred tax (cont'd)*

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group and the company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group and the company intend to settle its current tax assets and liabilities on a net basis.

(iii) *Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in profit or loss.

(L) Cash and cash equivalents

Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(M) Retirement benefit obligations

The group operates a number of defined benefit plans, the assets of which are held with State Insurance Company of Mauritius Ltd and Anglo Mauritius Assurance Society Ltd.

The costs of providing benefits are actuarially determined using the projected unit credit method.

The present value of funded obligations is recognised in the balance sheet as a non-current liability after adjusting for the fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost. The assessment of these obligations is carried out annually by a firm of consulting actuaries.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(M) Retirement benefit obligations (cont'd)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(N) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the group and the company has become party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

(i) *Investments*

Investments in equity instruments, excluding those in subsidiaries and associates, are classified as available-for-sale and are stated at fair value. However, available-for-sale investments which do not have a quoted market price and whose fair value cannot be reliably measured are subsequently measured at cost less any impairment loss. Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost using the effective yield method.

Unrealised gains and losses from changes in fair value are recognised directly in equity, until the investment is disposed of or it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

(ii) *Trade receivables*

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(iii) *Borrowings*

Interest-bearing bank loans are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(N) Financial instruments (cont'd)

(iv) *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

(v) *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(O) Provisions

Provisions are recognised when the group and the company has a present obligation as a result of a past event, and it is probable that the group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(i) *Restructuring*

A restructuring provision is recognised when the group and the company have developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are these amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(P) Leases

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(Q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(R) Comparative figures

Comparative figures have been regrouped or restated, where necessary, to conform to the current year's presentation.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's and the company's accounting policies, which are described in note 3, the directors and management are required to exercise judgement and also to use estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results may differ as a result of changes in these estimates.

Estimations and assumptions that have a significant effect on the amounts recognised in the financial statements include:

(i) Estimated useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Estimates of useful lives and residual values carry a degree of uncertainty due to technological change and obsolescence. The directors have used current information relating to expected use of assets and have benchmarked itself with its counterparts within the same industry in order to determine the useful lives and residual values of property, plant and equipment.

(ii) Revenue recognition - Use of estimates

Revenue and expenses recognised in the Income Statements include estimates for the fair value of services rendered during the reporting period but not yet billed. Although these estimates are based on management's best knowledge of current events and actions, management believe that they are not expected to be significantly different from actual results.

(iii) Impairment of financial assets

The guidance provided by IAS 39 has been followed in determining whether an investment needs to be impaired. This determination requires significant judgement. In making this judgement, the directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv) Defined benefit pension plan

The group and the company operate a number of defined benefit pension plans for its employees. The value of the defined benefit pension fund is based on reports submitted by an independent actuarial firm. The amount shown in the balance sheet in respect of retirement benefit obligations is subject to estimates in respect of periodic costs which costs would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plans.

(v) Segment information

The Board has given its approval on 13 December 2007 for the working committee to proceed with the preparation of the company for listing of its shares. The time frame for the listing process has not been determined yet and in this respect segment information has not been provided in these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Freehold land, plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
At 1 January 2006	14,344,651,238	228,081,373	546,008,444	1,272,600,943	247,533,699	16,638,875,697
Additions	682,749,521	136,552,478	5,054,363	41,151,136	16,564,722	882,072,220
Disposals	-	-	-	-	(37,497,281)	(37,497,281)
Transfer	141,824,758	(141,824,758)	-	-	-	-
At 31 December 2006	15,169,225,517	222,809,093	551,062,807	1,313,752,079	226,601,140	17,483,450,636
Additions	657,187,889	409,293,981	673,937	4,115,107	4,914,700	1,076,185,614
Disposals	-	-	-	-	(68,115,109)	(68,115,109)
Transfer	214,243,500	(214,243,500)	-	-	-	-
At 31 December 2007	16,040,656,906	417,859,574	551,736,744	1,317,867,186	163,400,731	18,491,521,141
DEPRECIATION						
At 1 January 2006	8,264,674,326	-	232,196,561	518,180,140	176,897,558	9,191,948,585
Charge for the year	928,522,419	-	23,895,543	117,102,798	31,090,983	1,100,611,743
Disposals	-	-	-	-	(35,254,862)	(35,254,862)
At 31 December 2006	9,193,196,745	-	256,092,104	635,282,938	172,733,679	10,257,305,466
Charge for the year	982,440,828	-	35,078,261	166,146,513	21,250,390	1,204,915,992
Disposals	-	-	-	-	(64,244,384)	(64,244,384)
At 31 December 2007	10,175,637,573	-	291,170,365	801,429,451	129,739,685	11,397,977,074
NET BOOK VALUE						
At 31 December 2007	5,865,019,333	417,859,574	260,566,379	516,437,735	33,661,046	7,093,544,067
At 31 December 2006	5,976,028,772	222,809,093	294,970,703	678,469,141	53,867,461	7,226,145,170

5. PROPERTY, PLANT AND EQUIPMENT

(b) **THE COMPANY**

	Freehold land, plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
At 1 January 2006	11,971,251,171	228,081,373	542,839,813	1,212,038,375	233,700,676	14,187,911,408
Additions	394,465,830	136,552,478	5,054,363	19,544,780	15,064,722	570,682,173
Disposals	(55,800,664)	-	-	-	(37,497,281)	(93,297,945)
Transfer	141,824,758	(141,824,758)	-	-	-	-
At 31 December 2006	12,451,741,095	222,809,093	547,894,176	1,231,583,155	211,268,117	14,665,295,636
Additions	207,019,045	409,293,981	406,987	1,082,309	4,914,700	622,717,022
Disposals	(38,103,907)	-	-	-	(66,348,848)	(104,452,755)
Transfer	214,243,500	(214,243,500)	-	-	-	-
At 31 December 2007	12,834,899,733	417,859,574	548,301,163	1,232,665,464	149,833,969	15,183,559,903
DEPRECIATION						
At 1 January 2006	7,344,283,332	-	231,490,180	356,504,014	165,623,307	8,097,900,833
Charge for the year	777,370,945	-	23,817,694	16,324,748	29,402,838	846,916,225
Disposals	(35,805,426)	-	-	-	(35,254,863)	(71,060,289)
At 31 December 2006	8,085,848,851	-	255,307,874	372,828,762	159,771,282	8,873,756,769
Charge for the year	718,974,537	-	34,970,784	159,413,434	19,454,507	932,813,262
Disposals	(22,172,241)	-	-	-	(62,519,347)	(84,691,588)
At 31 December 2007	8,782,651,147	-	290,278,658	532,242,196	116,706,442	9,721,878,443
NET BOOK VALUE						
At 31 December 2007	4,052,248,586	417,859,574	258,022,505	700,423,268	33,127,527	5,461,681,460
At 31 December 2006	4,365,892,244	222,809,093	292,586,302	858,754,393	51,496,835	5,791,538,867

During the year the group and the company carried out a review of the useful lives of their plant and equipment. The review led to the recognition of an additional depreciation charge of Rs19,010,708 for the group and the company which have been included in depreciation charge for the year.

6. GOODWILL

The goodwill arose on the acquisition of an additional 30% in Telecom Plus in 2006 such that the company is a wholly owned subsidiary. The goodwill has been allocated to the subsidiary's internet service business which is the cash generating unit (CGU) for impairment testing purposes.

The group tests goodwill annually for impairment if there are indications that goodwill might be impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the directors covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate of the respective sector in which the CGU operates.

The discount rates used are pre-tax and reflect specific risks of the CGU.

Key assumptions used for value-in-use calculations:

Growth rate	5%
Discount rate	10%

7. OTHER INTANGIBLE ASSET

	THE GROUP	THE COMPANY
	Computer software	
	Rs	Rs
COST		
At 1 January 2006	595,386,380	516,188,330
Additions	19,469,639	11,627,440
At 31 December 2006	614,856,019	527,815,770
Additions	26,316,241	2,010,958
At 31 December 2007	641,172,260	529,826,728
AMORTISATION		
At 1 January 2006	325,034,336	321,058,778
Charge for the year	115,678,298	99,838,688
At 31 December 2006	440,712,634	420,897,466
Charge for the year	114,170,210	96,203,723
At 31 December 2007	554,882,844	517,101,189
NET BOOK VALUE		
At 31 December 2007	86,289,416	12,725,539
At 31 December 2006	174,143,385	106,918,304

8. INVESTMENTS IN SUBSIDIARIES

Available-for-sale investments

	THE COMPANY	
	2007	2006
	Rs	Rs
At cost, unquoted		
At beginning of year	**242,821,830**	125,821,830
Addition	-	117,000,000
At end of year	**242,821,830**	242,821,830
Provision for impairment loss	**(1,551,000)**	(1,551,000)
	241,270,830	241,270,830

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2007	Proportion of ownership interest 2006	Principal activity
Teleservices (Mauritius) Ltd	Mauritius	Ordinary	100%	100%	Directory publication
Cellplus Mobile Communications Ltd	Mauritius	Ordinary	100%	100%	Mobile phone operator
Call Services Ltd	Mauritius	Ordinary	100%	100%	Call centre services
Telecom Plus Ltd	Mauritius	Ordinary	100%	100%	Internet service provider
Telesoft.com Ltd	Mauritius	Ordinary	51%	51%	In liquidation
MB Mobile Ltd	Mauritius	Ordinary	100%	100%	In liquidation

Pursuant to directors' resolution dated 13 December 2007, procedures for winding up MB Mobile Ltd have been initiated.

9. INVESTMENTS IN ASSOCIATES

Available-for-sale investments

	THE GROUP	
	2007	2006
	Rs	Rs
Costs of investment in associates	**46,346,172**	72,591,252
Provision for impairment loss	**(5,411,292)**	(31,656,372)
Share of post-acquisition profits, net of dividend received	**197,025,429**	122,398,542
	237,960,309	163,333,422

	THE COMPANY	
	2007	2006
	Rs	Rs
Costs of investment in associates	**46,346,172**	72,591,252
Provision for impairment loss	**(5,411,292)**	(31,656,372)
	40,934,880	40,934,880

9. INVESTMENTS IN ASSOCIATES (CONT'D)

The associates of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2007	2006	Principal activity
Africa Cellulaire S.A ("Africell")	Burundi	Ordinary	-	38.00%	Mobile phone operator
HDM Interactive Ltd	Mauritius	Ordinary	30.00%	30.00%	Internet Kiosks
Telsea Investment Ltd	Mauritius	Ordinary	24.50%	24.50%	Investment holding

The investment in Africa Cellulaire S.A. was disposed during the year pursuant to Board approval of 21 June 2007.

Summarised financial information in respect of the Group's associates is set out below:

	2007	2006
	Rs	Rs
Total assets	**3,209,555,278**	2,268,053,833
Total liabilities	**1,900,179,000**	1,461,161,107
Net assets	**1,309,376,278**	806,892,726
Group's share of associates' net assets	**237,960,309**	163,333,422
Revenue	**4,365,625,763**	2,623,304,447
Profit for the year	**559,089,867**	338,744,334
Group's share of associates' profit for the year	**102,981,191**	53,954,831

10. OTHER INVESTMENTS

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
(a) Available-for-sale investments		
At cost (1)		
At beginning and end of year	**57,970,359**	57,970,359
Impairment		
At beginning of year	-	-
Charge	**40,000,000**	-
At end of year	**40,000,000**	-
Carrying amount	**17,970,359**	57,970,359

10. OTHER INVESTMENTS (CONT'D)

The unquoted shares are stated at cost since market values cannot be obtained.

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
At fair value (2)		
At beginning of year	**3,346,000**	2,720,000
Increase in fair value	**888,000**	626,000
At end of year	**4,234,000**	3,346,000

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
(b) **Held-to-maturity**		
At amortised cost		
At beginning of year	**-**	-
Additions	**277,447,292**	
Interest income	**4,171,019**	-
Disposals	**(281,618,311)**	-
At end of year	**-**	-
Total	**22,204,359**	61,316,359

The available for sale investments carried at cost relate to investment in shares in unquoted companies.

The available for sale investments carried at fair value relate to investment in SBM Universal Fund. Fair value is determined by reference to Stock Exchange quoted selling prices at the close of business on the balance sheet date.

11. OTHER ASSET

This pertains to a loan advanced to a subsidiary. The loan is repayable after five years and bears interest at rates which varied between 12% and 12.75% per annum (2006: between 10.5% and 12.5% per annum).

12. STOCKS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
Trading stocks, at net realisable value	**92,725,488**	54,219,946	**75,943,086**	42,321,404

13. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Trade receivables	**2,492,764,842**	2,300,777,980	**1,601,767,160**	1,528,482,282
Provision for doubtful debts	**(596,603,213)**	(560,834,042)	**(524,285,942)**	(468,850,406)
	1,896,161,629	1,739,943,938	**1,077,481,218**	1,059,631,876

Included in the group's trade receivables are debtors with a carrying amount of Rs77.9m for 2007 and 2006, which are past due at the reporting date and which has not been provided for as there has been no significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

All other past due debts have been impaired as per approved policy. More information on credit risk management is provided in note 33.5.

Movement in provision for doubtful debts

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Balance at beginning of the year	**560,834,042**	599,851,128	**468,850,406**	463,018,998
Impairment losses recognised on receivables	**72,938,722**	59,579,132	**72,605,087**	59,579,132
Amounts written off	**(17,169,551)**	(63,596,218)	**(17,169,551)**	(53,747,724)
Amounts reversed	**(20,000,000)**	(35,000,000)	**-**	-
Balance at end of the year	**596,603,213**	560,834,042	**524,285,942**	468,850,406

In determining the recoverability of trade receivables, the group and the company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to Rs23.1m (2006: Rs18m) which relates to customers with high probability of default on payments due. The group does not hold any collateral over these balances.

Ageing of impaired trade receivables

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Under 180 days	**44,975,541**	44,718,248	**40,171,228**	40,028,068
180 to 360 days	**47,592,253**	43,917,442	**42,528,017**	39,311,252
> 360 days	**504,035,437**	472,198,352	**441,586,697**	389,511,086
Total	**596,603,231**	560,834,042	**524,285,942**	468,850,406

14. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Outside parties	**333,029,059**	444,590,085	**263,817,406**	420,846,774
Subsidiaries	**-**	-	**45,959,944**	20,532,424
Associates	**1,099,542**	247,624	**1,099,542**	247,624
	334,128,601	444,837,709	**310,876,892**	441,626,822

The amounts due from subsidiaries and associates have no fixed terms of repayment. Amounts due from subsidiaries bear interest at rates which varied between 12% and 12.75% per annum (2006: between 10.7% and 12.5% per annum).

15. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
ISSUED AND FULLY PAID UP		
190,000,001 Ordinary shares of Rs1 each	**190,000,001**	190,000,001

The constitution of the company was amended at an Extraordinary meeting held on 22 November 2000 whereby it was resolved to increase the authorised and issued share capital of the company by the creation and issue of one special share of one rupee. The special share was issued to the Government of the Republic of Mauritius and has special rights as stated in the amended constitution.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

16. RESERVES

Reserves of the group consist of fair value reserve and foreign currency translation reserve. Fair value reserve arises on the revaluation of available-for sale financial assets (refer to Note 10) carried at fair value. Upon sale of the financial assets, the portion of the reserve that relates to the financial assets will be effectively realised and recognised in the income statement.

The fair value reserve relates to investment in SBM Universal fund.

The movement during the year are provided in the table below:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
At beginning of year	**1,204,683**	647,674	**1,346,000**	720,000
Movement for the year	**1,034,667**	557,009	**888,000**	626,000
At end of year	**2,239,350**	1,204,683	**2,234,000**	1,346,000

17. LOANS

Loans are repayable by instalments with fixed rates of interest ranging between 3.52% and 4.39% per annum (2006: 1.92% and 12% per annum) as follows:-

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
Within one year	**47,871,029**	51,616,474
Between two and five years	**191,484,117**	206,465,900
After five years	**268,185**	51,905,637
	191,752,302	258,371,537
	239,623,331	309,988,011

The above loans are denominated in British Pounds Sterling and are repayable in half yearly instalments. The loans are guaranteed by the Government of Mauritius.

18. TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Amounts falling due within one year				
Outside parties	**539,382,652**	414,936,968	**199,586,928**	100,644,337
Subsidiary	-	-	**160,367,424**	129,674,112
Related parties	**49,653,845**	55,106,207	**49,653,845**	55,106,207
	589,036,497	470,043,175	**409,608,197**	285,424,656
Amounts falling due after one year				
Outside parties	**386,153,361**	376,624,521	**386,153,361**	376,624,521

The average credit period from suppliers on purchases of goods and services is 30 days from invoice date.

No interest is charged on the trade payables to outside parties as the group has set up processes that ensure all payables are paid within the credit timeframe.

Amount due to the subsidiary has no fixed terms of repayment and bears interest at rates which varied between 12% and 12.75% per annum (2006: between 10.70% and 12.50% per annum).

19. INCOME TAXES

(i) Income tax

The company is subject to income tax at the statutory rate of 22.5%/15% (2006: 22.5%) on the profit for the year as adjusted for tax purposes. The current tax liabilities have been computed based on a statutory tax rate of 22.5% and 15% for taxable income falling in year of assessment 2007/2008 and 2008/2009 respectively.

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Current tax liabilities	**497,688,303**	482,584,824	**261,731,633**	256,611,153
(Over)/underprovision in previous year	**(4,300,887)**	2,356,412	**-**	-
	493,387,416	484,941,236	**261,731,633**	256,611,153
Deferred tax income	**(256,875,313)**	(65,038,074)	**(222,434,110)**	(58,508,628)
Tax expense	**236,512,103**	419,903,162	**39,297,523**	198,102,525

(ii) Tax reconciliation

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Profit before tax	**2,379,363,726**	2,413,794,641	**1,774,748,244**	2,240,167,906
Tax at the rate of 22.5%/15% (2006: 22.5%)	**446,130,699**	543,103,794	**332,765,296**	504,037,779
Tax effect of:				
- Non allowable expenses	**29,063,735**	22,705,725	**10,903,513**	22,416,760
- Expenses eligible for 200% deduction	**(3,125,911)**	(3,050,676)	**(3,125,911)**	(3,050,676)
- Exempt income	**(28,579,220)**	(10,482,105)	**(171,593,284)**	(277,726,920)
- Investment allowance net of claw back	**-**	(30,897,230)	**-**	(12,721,700)
- Under/(over) provision of deferred tax in prior years	**76,982,891**	(86,642,722)	**22,603,946**	(34,852,718)
- (Over)/underprovision of current tax in prior year	**(4,300,887)**	2,356,412	**-**	-
- Overprovision of tax in current year	**(4,340,952)**	-	**-**	-
- Tax rate differential	**(50,740,204)**	(17,190,036)	**-**	-
- Utilisation of tax losses of a subsidiary	**(3,525,048)**	-	**-**	-
- Change in income tax rate from 22.50% to 15% on deferred tax balance (effective 1 July 2008)	**(221,053,000)**	-	**(152,256,037)**	-
	(209,618,596)	(123,200,632)	**(293,467,773)**	(305,935,254)
	236,512,103	419,903,162	**39,297,523**	198,102,525

19. INCOME TAXES (CONT'D)

(iii) Deferred tax liabilities

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
At beginning of year	**-**	-	**-**	-
- As previously stated	**846,287,610**	864,921,544	**686,885,712**	725,573,099
- Prior year adjustment	**(113,135,838)**	(66,731,698)	**(159,939,529)**	(140,118,288)
As restated	**733,151,772**	798,189,846	**526,946,183**	585,454,811
Deferred tax income	**(256,875,313)**	(65,038,074)	**(222,434,110)**	(58,508,628)
At end of year	**476,276,459**	733,151,772	**304,512,073**	526,946,183

Deferred tax (assets)/liabilities arise from the following:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Temporary differences				
Property, plant and equipment	**717,143,002**	1,245,022,376	**536,043,655**	1,015,608,737
Other temporary differences	**(240,866,543)**	(511,870,604)	**(231,531,582)**	(488,662,554)
	476,276,459	733,151,772	**304,512,073**	526,946,183

20. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in balance sheets at end of year:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Present value of funded obligations	**2,307,678,000**	1,932,295,000	**2,284,481,000**	1,911,435,000
Fair value of plan assets	**(1,378,375,000)**	(1,220,781,000)	**(1,359,152,000)**	(1,206,420,000)
	929,303,000	711,514,000	**925,329,000**	705,015,000
Unrecognised actuarial loss	**(219,504,000)**	(68,904,000)	**(225,389,000)**	(71,330,000)
Liabilities recognised in balance sheets at end of year	**709,799,000**	642,610,000	**699,940,000**	633,685,000

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	Note	THE GROUP 2007	THE GROUP 2006 (Restated)	THE COMPANY 2007	THE COMPANY 2006 (Restated)
		Rs	Rs	**Rs**	Rs
Amounts recognised in income statements:					
Current net service cost		**82,202,000**	83,904,000	**79,045,000**	80,595,000
Interest cost		**198,589,000**	169,096,000	**196,405,000**	167,352,000
Expected return on plan assets		**(127,857,000)**	(99,382,000)	**(126,204,000)**	(98,393,000)
Actuarial loss recognised		**(45,000)**	3,170,000	**-**	3,170,000
Total included in staff costs		**152,889,000**	156,788,000	**149,246,000**	152,724,000
Actual return on plan assets		**172,496,000**	199,602,000	**170,172,000**	197,650,000
Movements in liabilities recognised in balance sheets:					
At start of year					
- As previously stated		**490,919,000**	411,088,000	**481,994,000**	403,468,000
Prior year adjustment	30	**151,691,000**	138,531,000	**151,691,000**	138,531,000
- As restated		**642,610,000**	549,619,000	**633,685,000**	541,999,000
Total expenses as above		**152,889,000**	156,788,000	**149,246,000**	152,724,000
Contributions and direct benefits paid		**(85,700,000)**	(63,797,000)	**(82,991,000)**	(61,038,000)
At end of year		**709,799,000**	642,610,000	**699,940,000**	633,685,000

	THE GROUP 2007	THE GROUP 2006	THE COMPANY 2007	THE COMPANY 2006
Key assumptions				
Used to determine benefit obligation at end of year and pension cost for new financial year				
Discount rate for obligations	**10.50%**	10.50%	**10.50%**	10.50%
Rate of future compensation increases	**8.00%**	8.00%	**8.00%**	8.00%
Rate of pension increases	**6.00%**	6.00%	**6.00%**	6.00%
Long-term rate of return on plan assets	**11.00%**	10.50%	**11.00%**	10.50%
Used to determine net periodic pension cost for financial year				
Discount rate for expense	**10.50%**	9.50%	**10.50%**	9.50%
Rate of future compensation increases	**8.00%**	7.50%	**8.00%**	7.50%
Rate of pension increases	**6.00%**	5.50%	**6.00%**	5.50%
Long-term rate of return on plan assets	**10.50%**	9.50%	**10.50%**	9.50%

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	2007	2006 (Restated)	2007	2006 (Restated)
	Rs	Rs	Rs	Rs
Change in defined benefit obligation during year				
Defined benefit obligation at beginning of year	**1,932,295,000**	1,816,115,000	**1,911,435,000**	1,797,724,000
Net service cost	**82,202,000**	83,904,000	**79,045,000**	80,595,000
Interest cost	**198,589,000**	169,096,000	**196,405,000**	167,352,000
Employee contributions	**3,848,000**	6,430,000	**3,848,000**	6,430,000
Benefits paid	**(104,450,000)**	(85,849,000)	**(104,279,000)**	(85,737,000)
Experience loss/(gain)	**195,194,000**	(57,401,000)	**198,027,000**	(54,929,000)
Defined benefit obligation at end of year	**2,307,678,000**	1,932,295,000	**2,284,481,000**	1,911,435,000
Change in plan assets during year				
Fair value of plan assets at beginning of year	**1,220,781,000**	1,036,801,000	**1,206,420,000**	1,027,039,000
Employer contributions	**85,700,000**	63,797,000	**82,991,000**	61,038,000
Employee contributions	**3,848,000**	6,430,000	**3,848,000**	6,430,000
Benefits paid	**(104,450,000)**	(85,849,000)	**(104,279,000)**	(85,737,000)
Expected return on plan assets	**127,857,000**	99,382,000	**126,204,000**	98,393,000
Actuarial gains on plan assets	**44,639,000**	100,220,000	**43,968,000**	99,257,000
Fair value of plan assets at end of year	**1,378,375,000**	1,220,781,000	**1,359,152,000**	1,206,420,000

Mauritius Telecom Ltd's Pension Plan weighted average asset allocation by asset category is as follows:

	Percentage of Plan Assets Invested in Asset Category at End of Financial Year			
	GROUP		COMPANY	
	2007	2006	2007	2006
Asset Category				
Equity Securities	**35%**	30%	**35%**	30%
Debt Securities	**41%**	10%	**41%**	10%
Real Estate	**1%**	1%	**1%**	1%
Other	**23%**	59%	**23%**	59%
Total	**100%**	100%	**100%**	100%

History of obligations, assets and experience adjustments

	GROUP		COMPANY	
	2007	2006 (Restated)	2007	2006 (Restated)
	Rs	Rs	Rs	Rs
Fair value of plan assets	**1,378,375,000**	1,220,781,000	**1,359,152,000**	1,206,420,000
Present value of defined benefit obligation	**(2,307,678,000)**	(1,932,295,000)	**(2,284,481,000)**	(1,911,435,000)
Deficit	**(929,303,000)**	(711,514,000)	**(925,329,000)**	(705,015,000)
Asset experience gain during the year	**44,639,000**	100,220,000	**43,968,000**	99,257,000
Liability experience loss/(gain) during the year	**195,194,000**	(57,401,000)	**198,027,000**	(54,929,000)

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	GROUP		COMPANY	
	2007	2006	**2007**	2006
Actual Return on Plan Assets	**Rs**	Rs	**Rs**	Rs
Expected Return on Plan Assets	**127,857,000**	99,406,000	**126,204,000**	98,393,000
Actuarial Gains on Plan Assets	**45,185,000**	100,196,000	**43,968,000**	99,257,000
Actual Return on Plan Assets	**173,042,000**	199,602,000	**170,172,000**	197,650,000

Employer Contributions

The group and the company expect to contribute Rs97,554,000 and Rs94,628,000 to its pension plan respectively in 2008.

Retirement benefit obligations have been based on the report from Hewitt Associates dated January 2008.

21. OTHER PAYABLES AND ACCRUED EXPENSES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Subsidiaries	**-**	-	**202,158,715**	245,172,364
Other payables and accrued expenses	**1,686,225,412**	1,422,492,328	**823,019,873**	729,974,936
Work in progress	**240,342,681**	115,595,288	**240,342,681**	115,595,288
	1,926,568,093	1,538,087,616	**1,265,521,269**	1,090,742,588

The amounts due to subsidiaries have no fixed terms of repayment. Amounts due to subsidiaries bear interest at rates which varied between 12% and 12.75% per annum (2006: between 10.5% and 12.5% per annum).

22. PROVISIONS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	Rs	Rs	**Rs**	Rs
Employee benefits	**204,651,281**	173,653,872	**195,856,483**	160,479,952
Dismantling costs	**6,691,950**	1,000,000	**6,691,950**	-
Restructuring costs	**35,954,231**	-	**35,954,231**	-
	247,297,462	174,653,872	**238,502,664**	160,479,952

22. PROVISIONS (CONT'D)

The table below shows the movement in provisions during the year:

	THE GROUP			THE COMPANY		
	Employee benefits	Dismantling costs	Restructuring costs	Employee benefits	Restructuring costs	Dismantling costs
	Rs	Rs	Rs	Rs	Rs	Rs
Balance at beginning of year						
- As previously stated	70,935,044	1,000,000	-	61,049,710	-	-
- Prior year adjustment	102,718,828	-	-	99,430,242	-	-
	173,653,872	1,000,000	-	160,479,952	-	-
Additional provisions recognised	35,537,141	6,691,950	35,954,231	35,376,531	35,954,231	6,691,950
Utilised	(4,539,732)	-	-	-	-	-
Reversal of provision	-	(1,000,000)	-	-	-	-
Balance at end of year	204,651,281	6,691,950	35,954,231	195,856,483	35,954,231	6,691,950

(i) The provision for employee benefits represents untaken leaves and amounts accrued under savings scheme. The provision is based on each employee's entitlement the above mentioned benefits.

(ii) The provision for dismantling costs represents an estimate of the future outflow of economic benefits that will be required to remove plant and equipment. The estimate has been made on the basis of quotes obtained from external contractors.

(iii) During the year, the company has implemented a major re-organisation of its structure and in this respect a provision has been made. The provision which includes both restructuring and employment contract termination costs represents the directors' best estimate of the future outflow of economic benefits that will be required to complete the re-organisation.

23. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs	Rs
Final dividend of Rs0.9391 per share for 2006	**178,431,000**	-
Interim dividend of Rs5.5789 (2006: Rs6.997) per share	**1,060,000,000**	1,329,442,000
Special dividend of Rs15.789 per share	**3,000,000,000**	-
	4,238,431,000	1,329,442,000

Final dividend of Rs0.9391 per share amounting to Rs178,431,000 in respect of the previous year was declared by the directors on 22 February 2007 and paid.

Interim and special dividend of Rs5.5789 per share and Rs15.789 per share amounting to Rs1,060,000,000 and Rs3Bn respectively in respect of the current year was declared by the directors on 13 December 2007 and paid.

24. REVENUE

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Sale of goods	**1,631,253,127**	1,485,368,939	**208,599,873**	198,846,253
Rendering of services	**4,643,675,090**	4,394,607,267	**4,062,289,987**	3,859,039,475
	6,274,928,217	5,879,976,206	**4,270,889,860**	4,057,885,728

25. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting) the following items:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	2007	2006 (Restated)
	Rs	Rs	Rs	Rs
- Depreciation of property, plant and equipment	**1,204,915,992**	1,100,611,743	**932,813,262**	846,916,225
- Staff costs	**1,214,873,562**	1,079,205,735	**1,096,404,831**	954,826,308
- Costs of stocks recognised as expense	**223,560,577**	207,758,166	**135,964,320**	105,834,118
- Amortisation of intangible assets	**114,170,210**	115,678,298	**96,203,723**	99,838,688
- (Reversal)/charge of provision for slow moving stock	**(3,701,029)**	552,000	**(3,701,029)**	552,000
- Reversal of impairment in investment in associate	**(26,245,080)**	-	**(26,245,080)**	-
- Impairment loss on available-for-sale equity investments	**40,000,000**	-	**40,000,000**	-
- Impairment loss recognised on trade receivables	**72,938,722**	59,579,132	**72,605,087**	59,579,132
- Directors' emoluments (part time)	**2,990,200**	2,582,000	**2,846,200**	2,318,000
- Auditors' remuneration				
- Audit fees	**1,678,200**	1,470,174	**1,140,000**	925,000
- Fees for other services	**284,500**	442,000	**162,500**	276,000
- Donations	**4,863,999**	4,918,314	**4,863,999**	4,878,790

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Rental income	**-**	-	**17,642,912**	16,538,468
Management fees	**-**	22,782,491	**47,134,213**	82,128,846
Other income	**8,088,397**	44,960,066	**4,300,216**	45,060,960
Reversal of provision for penalties on customs duties	**-**	110,000,000	**-**	110,000,000
	8,088,397	177,742,557	**69,077,341**	253,728,274

27. OTHER GAINS AND LOSSES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Profit on disposal of property, plant and equipment	**10,203,001**	6,455,378	**9,894,746**	6,455,378
Profit on disposal of associate	**8,542,402**	-	**102,686**	-
Net exchange (losses)/gains	**(42,735,452)**	55,610,826	**(15,166,555)**	17,461,697
	(23,990,049)	62,066,204	**(5,169,123)**	23,917,075

Net exchange (losses)/ gains of Rs 15,166,555 for the company (2006: Rs 17,461,697) comprises of Rs 49,699,251 of exchange gain and Rs 64,864,806 of exchange loss (2006: Rs 131,867,196 of exchange gain and Rs 114,406,499 of exchange loss).

Net exchange (losses)/ gains of Rs 42,735,452 for the group (2006: Rs 55,610,826) comprises of Rs 73,323,187 of exchange gain and Rs 116,058,639 of exchange loss (2006: Rs 192,284,614 of exchange gain and Rs 136,673,788 of exchange loss).

The exchange losses and gains are attributable mainly to the translation of monetary assets and liabilities denominated in foreign currencies into the functional currency at the rate of exchange prevailing at the balance sheet date.

28. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Dividend income	**2,589,373**	1,218,688	**876,883,398**	1,227,886,482
Interest income				
- Bank deposits	**461,185,603**	295,350,864	**440,749,125**	281,397,912
- Held-to-maturity investments	**6,952,708**	-	**6,952,708**	-
- Current accounts with subsidiaries	**-**	-	**8,534,419**	21,142,115
- Others	**3,297,034**	3,524,093	**2,760,462**	2,515,712
	474,024,718	300,093,645	**1,335,880,112**	1,532,942,221

Investment income earned on financial assets, analysed by category of asset is as follows:

	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Available-for-sale financial assets	**2,589,373**	1,218,688	**885,417,817**	1,249,028,597
Loans and receivables (including cash and bank balances)	**464,482,637**	298,874,957	**443,509,587**	283,913,624
Held-to-maturity investments	**6,952,708**	-	**6,952,708**	-
	474,024,718	300,093,645	**1,335,880,112**	1,532,942,221

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs	Rs	Rs	Rs
Interest expense				
- Bank borrowings	**11,308,365**	18,316,062	**11,287,835**	16,054,865
- Current accounts with subsidiaries	**-**	-	**70,609,148**	69,821,177
- Others	**1,252,000**	1,252,000	**1,252,000**	1,252,000
	12,560,365	19,568,062	**83,148,983**	87,128,042

30. EARNINGS PER SHARE

THE GROUP

The calculation of earnings per share is based on profit for the year after taxation of Rs2,142,851,623 (2006: Rs1,988,706,747) and on 190,000,001 shares in issue for the two years ended 31 December 2007.

THE COMPANY

The calculation of earnings per share is based on profit for the year after taxation of Rs1,735,450,721 (2006: Rs2,042,065,381) and on 190,000,001 shares in issue for the two years ended 31 December 2007.

31. PRIOR YEAR ADJUSTMENTS

Changes in accounting policies

During the year, the group changed its accounting policies with respect to cash grant and compensated absences.

In previous periods, cash grant was expensed in full in the period in which it was disbursed. In 2007, the unexpired portion of the cash grant paid prior to 2007 has been adjusted against retained earnings and a receivable created, which is being amortised over the number of years over which the cash grant relate. This change in accounting policy has been accounted for retrospectively.

The group's policy relating to employee benefits was reviewed by management during the year. Following this review, the obligation arising from accumulating compensated absences for each eligible employee was re-assessed and their entitlement to future compensated absences has been increased. The increase has been applied retrospectively in the period in which the entitlement arose. The change in the accounting policy with respect to employee benefits has been accounted for retrospectively.

Prior period errors

While conducting a review of the post employment benefit obligations of the company in accordance with International Accounting Standards 19 'Employee benefits', it has been noted that membership data relating to date of start of service of some members was erroneous. The use of correct data for the actuarial review in the current year has resulted in the recognition of additional retirement benefit obligations in previous periods which had not been recognised in previous actuarial reports. This has now been corrected by retrospective re-statement of retirement benefit obligations.

Following a review of deferred revenue on prepaid telephone card services of a subsidiary, an understatement of Rss53,786,494 as at 31 December 2005 was identified. This has been adjusted against opening earnings and deferred revenue for 2006 together with a restatement of revenue for 2006.

The comparative figures have been restated to conform to the changes in the accounting policies above and to correct the prior period error relating to retirement benefit obligations. The effect of the changes in accounting policies and the correction of the prior period error is an increase in profits in 2006 of Rs56,838,877 and Rs31,568,022 net of deferred taxes for the group and the company respectively. Opening retained earnings at 1 January 2006 have decreased by Rs191,666,494 and Rs70,049,651 for the group and the company respectively.

32. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the previous year the group acquired 30% of the issued share capital of Telecom Plus Ltd for cash consideration of Rs117M. This transaction had been accounted for by the purchase method of accounting.

The share of net assets acquired in the transaction, and the goodwill arising, were as follows:-

	2006
	Rs
Share of net assets acquired	
Plant and equipment	12,367,522
Stocks	437,082
Trade and other receivables	34,651,661
Cash at bank	853,603
Trade and other payables	(12,289,898)
Net assets	36,019,970
Goodwill	80,980,030
Total consideration, satisfied by cash	117,000,000

33. FINANCIAL INSTRUMENTS

33.1 *Capital risk management*

The group and the company manage its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and retained earnings.

During 2007, the group has undertaken a review of its capital structure and this has led to the distribution of a special dividend as disclosed in note 23.

The capital structure at end of 2007 shows an improved equilibrium between equity and debt and equity and asset compared to previous year.

The capital structure will be reviewed regularly taking into consideration the cost of capital and risks associated with each class of capital. The objective is to reach a capital structure in line with those of its peers within the same industry and this could be achieved through payments of dividends, issue of new debt or/and redemption of existing debt.

33.2 *Significant accounting policies*

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liability and equity instrument are disclosed in note 3 to the financial statements.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 *Categories of financial instruments*

Financial assets

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
Loans and receivables (including cash and cash equivalents)	**4,715,137,109**	6,383,274,552	**3,356,907,809**	5,360,264,228
Available for sale financial assets	**260,164,668**	224,649,781	**304,410,069**	343,522,069
Financial liabilities				
Amortised cost	**4,098,477,744**	3,512,007,195	**3,239,348,822**	2,856,944,728

There is no material difference between the values of financial liabilities at fair value and amounts payable at maturity.

33.4 *Financial risk management*

The company has set up a Treasury function which provides services to the company and its subsidiaries. It monitors and manages the financial risks relating to their operations, namely credit risk, interest rate risk, currency risk and liquidity risk.

33.5 *Credit risk management*

Financial instruments that could potentially subject the company to concentrations of credit risk consist primarily of cash, trade receivables and investments.

The group and the company consider that they have an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and business customers) operating in numerous industries and located in Mauritius and abroad. In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

Credit risk on trade receivables is managed through appropriate credit control policies implemented as per approved policy, which is reviewed yearly by the risk committee. The credit control policy is implemented by a credit control team dedicated to credit management.

Total trade receivables (net of allowances) held by the group and the company at 31 December 2007 amounted to Rs1,896,161,629 (2006: Rs1,739,943,938) and Rs1,077,481,218 (2006: Rs1,059,631,876) respectively. An ageing of the trade receivables at end of 2007 and movement in provision for bad debts during 2007 is disclosed under note 13.

The average credit period on sales of goods and services is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10% on the outstanding balance.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.6 *Interest rate risk management*

Financial investments by the group and the company are mainly short term (less than 6 months) and are limited to fixed deposits. To eliminate interest rate risk that may arise on such investments, the group and the company opt for fixed interest rates.

The group and the company's loans and receivables including cash and cash equivalents are at fixed interest rates and therefore are not subject to interest rate risks during the validity period of the investment.

Cash and cash equivalents include fixed deposit accounts which carried interest at the rates in the table below.

	THE GROUP AND THE COMPANY	
	2007	2006
Currency	**% Interest Rate p.a.**	% Interest Rate p.a.
MUR	**7.25 - 12.95**	6.50 - 10.80
USD	**4.25 - 5.10**	4.35 - 5.26
GBP	**4.70 - 6.05**	4.15 - 4.95
EUR	**3.25 - 4.03**	2.40 - 3.20

Interest rate risk would arise on renewal of the short term fixed deposit at maturity date. Any variation in the future interest rate by 50 points will impact profit by Rs20M.

The company has a long term GBP loan, contracted with a foreign bank, which carries a fixed interest rate of 3.52% to 4.39% per annum, and hence is not subject to interest rate risk on the loan.

33.7 *Currency risk management*

The group and the company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Currency risks arise at transactional level (transactional risks) and when financial assets and liabilities are translated at exchange rate at balance sheet date.

The group and the company are risk averse in respect of foreign currency transactions and their approach to foreign currency risk management are not of a speculative nature.

Currency risks on transactions are managed through matching of inflows and outflows of foreign currencies. The group and company do not maintain hedge accounting for transactions in foreign currency as there is no formal hedging contracts or arrangements.

Translation risk at balance sheet date is managed through matching of foreign denominated assets and liabilities.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.7 *Currency risk management (cont'd)*

The carrying amount of the group's financial assets and liabilities by currency profile at the reporting date are as follows:

Currency profile

	2007		2006	
	Financial assets (Restated)	**Financial liabilities (Restated)**	Financial assets	Financial liabilities
	Rs	**Rs**	Rs	Rs
Currency				
EUR	**159,832,377**	**283,532,936**	489,371,879	116,531,000
GBP	**258,242,315**	**241,943,517**	207,855,877	312,091,549
MUR	**3,816,287,513**	**3,300,887,449**	5,387,484,485	2,847,867,724
USD	**493,145,924**	**167,584,968**	478,547,553	64,903,002
Others	**88,331,949**	**94,640,685**	80,931,205	-
	4,815,840,078	**4,088,589,555**	6,644,190,999	3,341,393,275

Foreign currency sensitivity

The group is mainly exposed to the USD and Euro.

The following table shows the group's sensitivity to a 10% increase or decrease in exchange rate of USD and Euro on financial assets and liabilities.

	Euro Impact		USD Impact	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
Profit or loss/equity	**11,099,644**	2,963,126	**37,172,793**	22,065,415

33.8 *Liquidity risk management*

The group and company liquidity management is overseen by the Treasury, the latter ensuring that necessary funds are available at all times to meet payment commitments when due without having recourse to additional external financing.

Any excess funds are invested on a short term which averages a 3 to 6 month period.

The following table details the group's expected maturity for its non-derivative financial assets and remaining contractual maturity of its non-derivative financial liabilities.

With respect to financial assets, figures have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. For financial liabilities, figures have been arrived at based on the undiscounted cash flow of financial liabilities based on the earliest date on which the group may be required to settle the liability.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.8 *Liquidity risk management (cont'd)*

MATURITIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
GROUP

	ITEM	Weighted average effective Interest rate %	Less than 1 month Rs	1-3 months Rs	3 Months to 1 year Rs	1-5 years Rs	5+years Rs	Total Rs
2007								
FINANCIAL ASSETS	Fixed Interest Rate Instruments	10.00%	-	641,715,822	-	-	-	641,715,822
	Non Interest Bearing	0.00%	1,030,394	893,371,281	311,651,095	237,641,748	239,597,074	1,683,291,592
	Variable Interest Rate Instruments	12.50%	-	-	-	26,824,892	-	26,824,892
	Fixed Interest Rate Instruments	9.17%	971,135,313	1,336,170,009	156,702,450	-	-	2,464,007,772
			972,165,707	2,871,257,112	468,353,545	264,466,640	239,597,074	4,815,840,078
FINANCIAL LIABILITIES	Fixed Interest Rate Instruments	4.18%	-	-	47,871,029	191,484,116	268,183	239,623,328
	Variable Interest Rate Instruments	10.50%	7,885,667	23,657,001	63,085,336	234,683,902	227,363,980	556,675,886
	Variable Interest Rate Instruments	12.50%	-	-	-	3,837,436	908,518	4,745,954
	Non Interest Bearing	0.00%	246,849,530	2,121,835,011	371,914,216	83,661,284	463,284,346	3,287,544,387
			254,735,197	2,145,492,012	482,870,581	513,666,738	691,825,027	4,088,589,555
2006								
FINANCIAL ASSETS	Fixed Interest Rate Instruments	10.00%	-	709,921,089	-	-	-	709,921,089
	Non Interest Bearing	0.00%	1,409,513	734,170,542	338,884,746	319,280,494	303,522,070	1,697,267,365
	Variable Interest Rate Instruments	10.50%	-	-	-	50,829,791	-	50,829,791
	Fixed Interest Rate Instruments	7.97%	704,550,224	1,706,163,830	1,775,458,700	-	-	4,186,172,754
			705,959,737	3,150,255,461	2,114,343,446	370,110,285	303,522,070	6,644,190,999
FINANCIAL LIABILITIES	Fixed Interest Rate Instruments	4.18%	-	-	51,616,476	206,465,900	51,905,635	309,988,011
	Variable Interest Rate Instruments	10.50%	-	-	-	274,446,183	199,393,764	473,839,947
	Non Interest Bearing	0.00%	221,434,694	1,594,668,419	122,957,787	69,534,181	548,970,236	2,557,565,317
			221,434,694	1,594,668,419	174,574,263	550,446,264	800,269,635	3,341,393,275

The group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

34. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2007, the company and group traded with related parties.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
(i) Sales of services				
- Subsidiaries	**-**	-	**883,786,558**	781,073,594
- Associates	**-**	7,251,750	**-**	7,251,750
- Corporate groups having significant influence in the company	**93,275,343**	130,818,444	**93,275,343**	130,818,444
(ii) Purchases of services				
- Subsidiaries	**-**	-	**173,371,894**	336,114,484
- Corporate groups having significant influence in the company	**134,354,460**	130,210,178	**134,354,460**	129,989,125
(iii) Dividend income				
- Subsidiaries	**-**	-	**837,500,000**	1,206,952,000
- Associates	**-**	-	**36,794,021**	19,715,795
(iv) Interest expense				
- Subsidiaries	**-**	-	**70,609,148**	21,142,115
(v) Interest income				
- Subsidiaries	**-**	-	**8,534,419**	6,142,115
(vi) Disposal of plant and equipment to a subsidiary	**-**	-	**15,931,666**	46,684,334
(vii) Emoluments				
- Key management personnel				
- Short term benefits	**54,047,100**	44,571,856	**54,047,100**	44,566,856
(viii) Outstanding balances receivable from related parties				
- Subsidiaries	**-**	-	**45,959,944**	20,532,424
- Associates	**1,099,542**	247,624	**1,099,542**	247,624
(ix) Outstanding balances payable to related parties				
- Subsidiaries	**-**	-	**362,526,139**	374,846,476
- Corporate groups having significant influence in the company	**49,653,845**	55,106,207	**49,653,845**	55,106,207

35. COMMITMENTS FOR EXPENDITURE

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
Commitments for the acquisition of property, plant and equipment	**423,616,520**	98,497,743	**417,830,000**	94,758,503

36. OPERATING LEASE ARRANGEMENTS

The group and the company as lessees

Leasing arrangements

Operating leases relate to leases of land and of motor vehicles for a term of five years and space segment for terms exceeding five years.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs	Rs	**Rs**	Rs
Within one year	**98,837,721**	89,467,188	**83,637,721**	50,031,988
Between two and five years	**220,251,961**	228,396,330	**220,251,961**	212,723,330
After five years	**41,390,752**	71,495,529	**41,390,752**	71,495,529
	360,480,434	389,359,047	**345,280,434**	334,250,847

3G (Third Generation Wireless) - A mobile system, which includes capabilities and features such as enhanced multimedia, broad bandwidth, high speed, e-mail, web browsing and video conferencing

ADSL (Asymmetric Digital Subscriber Line) Technology that transforms a normal copper line into a high-speed digital line thus enabling access to telephony services and the Internet at the same time. An ADSL line has a higher downstream speed (into the end user) than upstream speed (away from the end user)

ASP (Application Service Provider) An ASP is a company that offers individuals or enterprises access over the Internet to applications and related services that would otherwise have to be located in their own personal or enterprise computers.

ATM (Asynchronous Transfer Mode) The internationally agreed basis for broadband ISDN. A technology that enables all types of information (data, voice and video in any combination) to be transported by a single network infrastructure

Bandwidth - The physical characteristic of a telecommunications system that indicates the speed at which information can be transferred

Base Station - An earth-based transmitting/receiving station for cellular phones, paging services and other wireless transmission systems

BPO - Business Process Outsourcing

Broadband - In general, broadband refers to telecommunication in which a wide band of frequencies is available to transmit information. Generally referred to speeds greater than 64 Kbps

BSC - Base Station Controller

CCBS - Customer Care and Billing System

CCITT (Consultative Committee for International Telegraphy and Telephony) - The old name for the body responsible for ratifying standards in the global telecommunications industry. Now called ITU-T

CLI - Caller Line Identification

CRM - Customer Relationship Management

DSL (Digital Subscriber Line) - A technology for bringing high-bandwidth information to homes and small businesses over ordinary copper telephone

DSLAM (Digital Subscriber Line Access Multiplexer) - A network device, usually at an exchange, that receives signals from multiple customer Digital Subscriber Line connections and puts the signals on a high-speed backbone line using multiplexing techniques

E-Commerce - The action of buying online or establishing an online store-front

EASSy (Eastern Africa Submarine System) - It is an undersea fiber optic cable that will link the countries of East Africa to the rest of the world

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

EDGE - (Enhanced Data GSM Environment) is a faster version of the Global System for Mobile (GSM) wireless service designed to deliver data at rates up to 384 Kbps and enable the delivery of multimedia and other broadband applications to mobile phone and computer users

Ethernet – a widely-installed local area network technology

FTTC (Fibre to the Cabinet) - Refers to the installation and use of optical fibre cable directly to the cabinets near homes or any business environment as a replacement for copper cables

Frame Relay service - A packet switched data service providing for the interconnection of Local Area Networks (LANS) and access to host computers at higher speeds (up to 2 Mbit/s) than those provided by an X.25 service

GPRS (General Packet Radio Service) - A packet based wireless service that allows connection to the Internet and access to multimedia services

GSM (Global Standard for Mobile Telephony) - A digital mobile telephone system, which uses a variation of time division multiple access. It operates at either the 900 MHz or 1800 MHz frequency band

ICT - Information and Communications Technology

ICTA - Information and Communication Technologies Authority

ILD - International Long Distance

IN (Intelligent Network) - A network which allows services to be added or changed without having to redesign switching equipment.

Intranet - Closed data network linking a number of sites using standard Internet protocols

IP (Internet Protocol) - The method by which data is sent between computers on the Internet

ISP (Internet Service Provider) - A service provider who provides access to Internet services

IPTV (Internet Protocol Television) - A method of distributing television content over IP that enables a more customized and interactive user experience. The viewer must have a broadband connection and a set-top box to send and receive requests

IPLC (International Private Leased Circuit) - Circuits leased from international facilities operators, which cross one or more international boundaries

IPVPN - Internet Protocol Virtual Private Network

ISDN (Integrated Services Digital Network) - A set of CCITT/ITU standards for digital transmission over ordinary telephone copper wire as well as over other media. There are two levels of service: the Basic Rate Interface (BRI), intended for the home and small enterprise (up to 128 Kbps), and the Primary Rate Interface (PRI), for larger users (up to 2.048 Mbps)

IT - Information Technology

ITU (International Telecommunication Union) - An intergovernmental organisation through which public and private organisations develop telecommunications. The ITU was founded in 1865 and became a United Nations agency in 1947. It is responsible for adopting international treaties, regulations and standards governing telecommunications

LAN (Local Area Network) - A computer network limited to the immediate area, usually the same building or floor of a building

Leased lines - A fixed unswitched communication link between two points

MMS (Multimedia Messaging Service) - An enhanced transmission service that enables graphics, video clips and sound files to be transmitted via cellphones

MPEG - MPEG standards are an evolving set of standards for video and audio compression and for multimedia delivery developed by the Moving Picture Experts Group

MPEG-4 - A much more ambitious MPEG standard than MPEG-1, MPEG-2 and MPEG-3 and addresses speech and video synthesis, computer visualization, and an artificial intelligence (AI) approach to reconstructing images

Multimedia - The combination of various forms of media (texts, graphics, animation, audio, etc.) to communicate information.

Multiplay - IPTV – A high speed service which brings to the home image, voice and internet on the fixed copper line

NGN (Next Generation Network) - Enables multiple services such as voice, video and data to be integrated and efficiently carried over the network.

PABX - Private Automatic Branch Exchange

PAT - Profit After Tax

RPR (Resilient Protection Ring) - also known as IEEE 802.17, is a standard designed for the optimized transport of data traffic over fiber rings. It provides a packet based transmission and increases the efficiency of Ethernet and IP services

SOHO – Small Office Home Office

SME - Small and Medium Enterprise

SMS (Short Message Service) - A service available on digital networks, typically enabling messages with up to 160 characters (224 characters if using a 5-bit mode) to be sent or received via the message centre of a network operator to a subscriber's mobile phone

UMTS (Universal Mobile Telecommunications Service) - A third-generation (3G) broadband, packet-based transmission of text, digitized voice, video, and multimedia at data rates up to 2 megabits per second (Mbps) that offers a consistent set of services to mobile computer and phone users no matter where they are located in the world

VoD (Video on Demand) - The ability to deliver a movie or other video programme to an individual Web browser or TV set whenever the user requests it

VoIP (Voice over Internet Protocol) - The generic name for the transport of voice traffic using Internet Protocol (IP) technology

VPN (Virtual Private Network) - A way to use a public telecommunication infrastructure, such as the Internet, to provide remote offices or individual users with secure access to their organisation's network

WiFi (Wireless Fidelity) - The popular term for a high-frequency wireless local area network (WLAN). WiFi is specified in the 802.11b specification from the Institute of Electrical and Electronics Engineers (IEEE) and is part of a series of wireless specifications together with 802.11, 802.11a, and 802.11g

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