ANNUAL REPORT 2017

ANNUAL REPORT 2017

telecom

ANNUAL REPORT 2017

“Hello!
You are about to
CONNECT
to a world of ingenuity,
innovation and
creativity”

mauritius telecom

be your best

VISION

Our Vision is to connect
everyone to what is
essential to them

AMBITION

Our Ambition is to
offer an unmatched
customer experience

CORE VALUES

Passion
Professionalism
Creativity & Innovation
Agility & Speed
Respect & Responsibility

CONTENTS

GROUP FINANCIAL HIGHLIGHTS

FOR YEAR ENDED
31 DECEMBER 2017

OPERATING REVENUE

The Group revenue on continuing operations progressed by 4.3% during the year to reach Rs 9.7 bn. Total revenue for the group stands at Rs 9.9 bn.

GROSS PROFIT

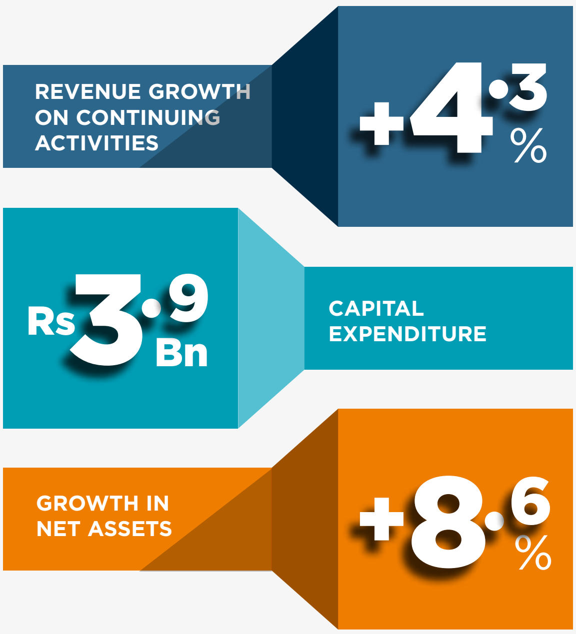
is at Rs 7.3 bn and increased by Rs 33 m on continuing operations during the year.

CAPITAL EXPENDITURE

has been at Rs 3.9 bn, representing 40% of operating revenue.

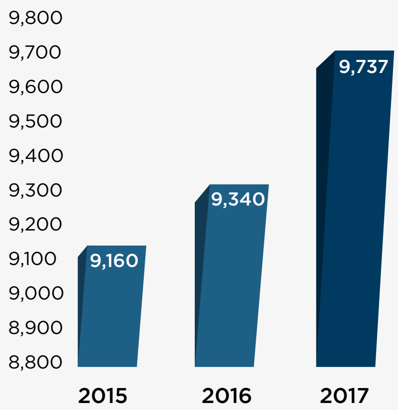
RETURN ON EQUITY

stands at 14%.



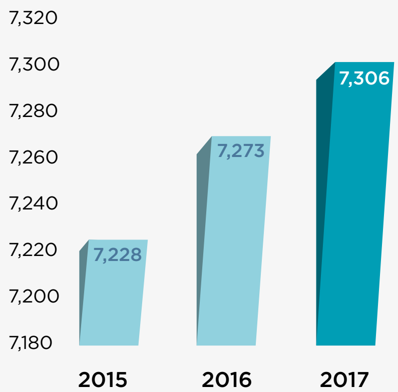
OPERATING REVENUE - continuing operations

Rs Million



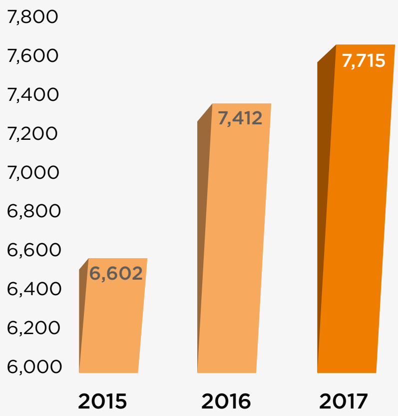
GROSS PROFIT - continuing operations

Rs Million



SHAREHOLDERS EQUITY

Rs Million



KEY FINANCIAL FIGURES

FOR THE GROUP

	Continuing Operations		Total for the Group	
	2017	2016	2017	2016
	Rs Million	Rs Million	Rs Million	Rs Million
INCOME STATEMENT				
Operating revenue	**9,737**	9,340	**9,892**	10,067
Gross Profit	**7,306**	7,273	**7,412**	7,784
Net Profit	**586**	854	**1,045**	1,203
Earnings per share (Rs)			**5.50**	6.33

	2017	2016
BALANCE SHEET	Rs Million	Rs Million
Total Assets	**18,643**	18,583
Total Liabilities	**10,928**	11,171
Shareholders' Funds	**7,715**	7,412
Capital Expenditure	**3,934**	3,946
Net Asset Value per Share (Rs)	**68.09**	62.69

CERTIFICATE BY COMPANY SECRETARY

CERTIFICATE BY SECRETARY REQUIRED UNDER 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 2017.

P. C. **COLIMALAY**

Company Secretary

27 April 2018

CORPORATE PROFILE

MAURITIUS TELECOM (MT) HAS BEEN AT THE FOREFRONT OF INNOVATION IN THE FIELD OF ICT, BREAKING NEW GROUND AND OPENING UP NEW OPPORTUNITIES FOR THE MAURITIAN POPULATION.

The expertise gathered by Mauritius Telecom has also been acknowledged at international level as testified by the numerous awards received in the recent three years.

Mauritius Telecom was named Africa Operator of the Year in consecutive years, 2016 and 2017 by the FTTX Council. Moreover, the Company received the Best Network Improvement 2017 Award from AfricaCom, while the FTTX Council conferred the coveted title of Industry Personality of the Year 2017 to the CEO of Mauritius Telecom, Sherry Singh.

The Company can pride itself on having a customer base of 1.3 million subscribers, ranking itself as the leading provider of ICT services and solutions in Mauritius.

The Company has a rich legacy. The history of Mauritius Telecom is closely linked to the introduction and development of telecommunications in Mauritius. The installation of the first telephone line dates back to 1883.

From a state-owned entity, Mauritius Telecom has successfully undertaken its transition into a private company in the context of the liberalisation of the country's telecommunications sector.

In 2000, Mauritius Telecom entered into a strategic partnership with France Telecom, now Orange S.A, which acquired 40% of its shares.

Mauritius Telecom has been and will continue to be one of the key drivers of the socio-economic transformation of the Republic of Mauritius by creating and nurturing an environment conducive to the growth of the ICT industry, which has become a major pillar of our country's economy.

In addition to heavy investments in the latest technological platforms, Mauritius Telecom gives special attention to the quality of its service so as to provide its customers with an unmatched experience.

Furthermore, to bridge the digital gap, Mauritius Telecom is actively engaged in the deployment of Wi-Fi spots all over the island so that the underprivileged can have access free-of-charge to the internet.

Mauritius Telecom is completing the island-wide deployment of fibre which has required an investment of some Rs 5.1 billion. Households and businesses all over the island now reap the benefits of ultra-high-speed broadband internet.

This is having a multiplier effect, opening up new employment opportunities and enhancing the attractiveness of Mauritius as a global ICT destination for foreign investors by giving a new impetus to the ICT/BPO sector. It has also given rise to a new generation of techno-entrepreneurs.

The Company is sparing no effort in contributing to the transformation of Mauritius into a smart island, acting as one of the engines of its growth towards becoming a high-income economy.

CREATING VALUE FOR OUR CUSTOMERS

Mauritius Telecom aims to provide each and every customer with an unmatched experience. Since 2015, innovation has been at the heart of the Company's key actions. The team is committed to providing our customers with new tools and capabilities that simplify their lives in this increasingly complex connected world.

With the convergence of technologies, where our customers want to be connected anywhere, everywhere and all the time, Mauritius Telecom has decided to evolve its commercial strategy to make it easier for our customers to make the most of any moment. In this context Mauritius Telecom regrouped all its services under a single commercial brand, my.t in November 2017. The new brand promise is "live the wow".

PRODUCTS AND SERVICES

Mauritius Telecom provides a broad range of voice, data and content services supported by fixed-line, mobile, internet and TV platforms. All the commercial offers of Mauritius Telecom for consumer and business markets are now under one convergent brand, my.t.

One of the most notable advances during 2017 was the islandwide coverage of Mauritius with very high speed 4G mobile network to ensure that customers can enjoy an enhanced mobile internet experience on their smartphones and tablets. Moreover, the my.t home TV offering has been enhanced with new TV channels such as StarTimes football, Food Food as well as new offers such as Cine Pack and Smart Box with YouTube access.

Over and above the usual internet and mobile solutions, Mauritius Telecom also launched several apps such as Traffic Watch updated with Live Drone view, my.t Top Up, Chake App and, more recently, my.t weather, which has attracted more than 53,000 downloads.

Mauritius Telecom launched 350 free public Wi-Fi hotspots across the island in April 2017 to support the Ministry of Technology, Innovation and Communication in its initiative to promote free broadband access.

For businesses, Mauritius Telecom is a one-stop solution provider. In addition to IP-based services, virtual private networks, high-speed internet access and application services, it offers Fibre-To-The-Home, Fibre-To-The-Business, a Gigabit Passive Optical Network, ADSL and SHDSL technologies, telepresence and cloud computing solutions.

Its latest offering targeting small and medium enterprises, Business Boost, a fibre based very high-speed broadband offer, will undoubtedly contribute to their growth and evolution to the next stage of their development. Commercially, this initiative has resulted in a significant increase in the Company's broadband base in the SME/mid-market segment.

SHAREHOLDING

The Government of Mauritius, the State Bank of Mauritius (through its wholly owned subsidiary SBM Holdings Ltd) and the National Pensions Fund hold 59% of the shares in the Company. One percent of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share-participation scheme, while the remaining 40% are held by Orange, through its investment vehicle, RIMCOM.

INVESTMENT

Mauritius Telecom has invested in Orange Madagascar. In line with its revised strategy for international acquisitions, in 2017 the Company sold 100% of the shares it held in Telecom Vanuatu Limited to Fiji-based Amalgamated Telecom Holdings.

As virtual and augmented reality are poised to become the future generation computing platforms, Mauritius Telecom has partnered with EON Reality, the world leader in VR-based knowledge transfer for industry, education and edutainment. A joint-venture, the EON Mauritius Interactive Digital Centre (IDC) has been set up in Ebene for the propagation of augmented and virtual-reality-based knowledge transfer to mobile subscribers in Mauritius and across the African continent.

SUBSIDIARIES

As at the end of the year under review, Mauritius Telecom fully owned several subsidiaries: Cellplus Mobile Communications Ltd, Telecom Plus Ltd, Teleforce Ltd, Call Services Ltd, MT Properties Ltd, the Mauritius Telecom Foundation, MT International Ventures PCC, MT Services Ltd and CSL Madagascar.

NETWORK

In the digital and Internet of Everything era, where an expected three billion people throughout the world will be connected within the next decade, Mauritius Telecom has geared its focus towards consolidating and augmenting its technological services so as to position Mauritius as the model to be followed in the region.

Mauritius Telecom is also close to completing works on a Tier 4 level Data Centre for a reliable, flexible and scalable infrastructure in order to strengthen its capacity to handle the increasing number of computer systems and the corresponding high volume of data generated.

As Mauritius Telecom's international network operates by satellite as well as through fibre, the increase in capacity on the SAFE submarine cable is targeted at meeting the growing demand for high broadband speeds. The Company will also invest in other submarine fibre cable projects, such as the Europe-India Gateway and the West Africa Cable System, to enhance the resilience of its international connectivity.

Furthermore, following the 2016/2017 budget measures, which laid down the foundations for an investment-driven development model and towards a fully-fledged digital society, major investment is being undertaken to increase bandwidth and capacity. Mauritius Telecom has thus initiated the Mauritius and Rodrigues Submarine Cable Project (MARS) which will be completed by 2019, thereby transforming the digital landscape of Rodrigues by bringing in 500 times more bandwidth and up to 100 Gbps bandwidth capacity.

Moreover, Mauritius Telecom signed an agreement in September 2017 to be the anchor tenant of the IOX Submarine Cable System – the third Mauritian submarine cable, which will connect Mauritius, Reunion Island and Rodrigues to South Africa and India.

CORPORATE SOCIAL RESPONSIBILITY

Mauritius Telecom places great importance on striking the right balance between deployment of the latest technologies and their access to all socio-economic strata of our society. Through the Mauritius Telecom Foundation, MT therefore works with several NGOs to help promote technology as well as tackle other social issues affecting the needy. The Foundation has also funded the installation of 350 Wi-Fi hotspots in collaboration with the Ministry of Technology, Communication and Innovation.

ENVIRONMENT

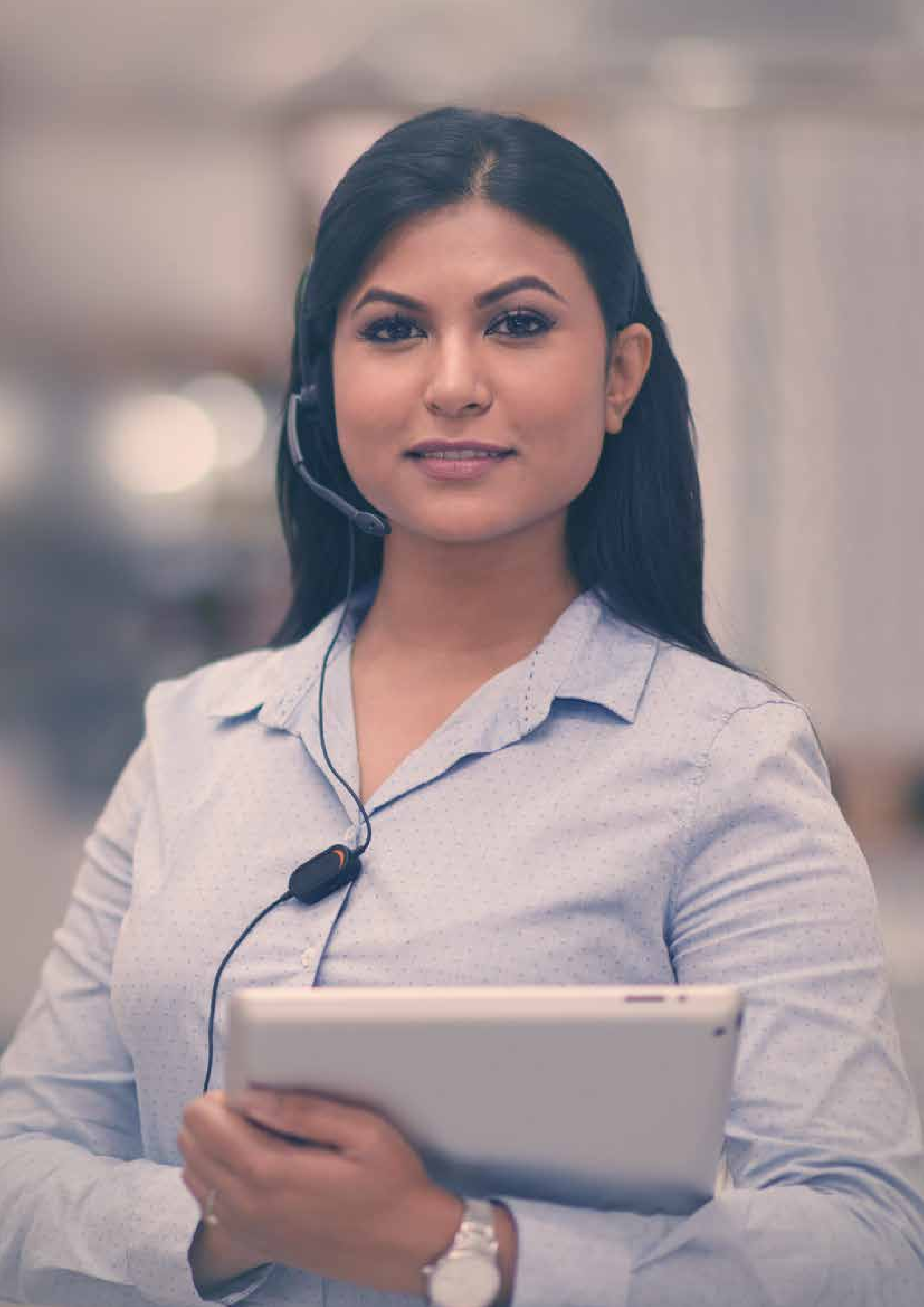
Mauritius Telecom is fully engaged in safeguarding the environment through laudable initiatives such as reducing its power consumption as well as its carbon footprint. The Company is also involved in various national sensitisation campaigns on ecological issues.

RISK MANAGEMENT

While consolidating its capacities, Mauritius Telecom remains in parallel focused on business security. Through its Risk Management Division, the Company has devised a seamless risk-management approach which facilitates appropriate identification, assessment and control of risks right from the elaboration phase of operations and corporate strategies.

The Risk Management Division also provides the framework for various activities to attain financial, customer and people goals, and adhere to legal and compliance responsibilities while protecting and enhancing value for shareholders. Last but not least, incident management plans have been developed to mitigate the impact of business continuity threats.

> I'm wise enough to admit my mistakes, learn from them and strong enough to correct them. That's why people say I am **SMART.**



BOARD OF DIRECTORS

Mr. Nayen Koomar BALLAH, GOSK

Acting Chairman

Nayen Koomar Ballah was appointed Secretary for Home Affairs on 1 January 2015 and Secretary to Cabinet and Head of the Civil Service on 16 September 2016.

He holds a Diploma in Public Administration and Management, a Bachelor of Arts in Political Science and Economics, and a Bachelor of Arts (Honours) in English.

He has a long career in the public service and has been the Secretary of the Public Service Commission and the Disciplined Forces Service Commission. He has served in senior positions in various ministries such as the Ministry of Agriculture, Fisheries and Natural Resources, Ministry of Arts and Culture, Ministry of Youth and Sports, Ministry of Public Infrastructure, Land Transport & Shipping, and the Prime Minister's Office. He has also served as chairperson and member on various boards and committees, and is currently the Chairperson of the State Bank of Mauritius Ltd, Mauritius Telecom, the Mauritius Revenue Authority and Multi-Carrier (Mauritius) Ltd, and Director on the Board of Air Mauritius and Mauritius Duty Free Paradise.

He was conferred the award of Grand Officer of the Star and Key of the Indian Ocean (GOSK) by the President of the Republic of Mauritius on 12 March 2018 for distinguished service in the public sector.

Mr. Léon-Charles CISS

Léon-Charles Ciss is the Senior Vice-President of the Orange Group for Southern Africa and Indian Ocean Operations, Orange Middle East & Africa. He is also a board member of Orange Botswana, of Orange Democratic Republic of Congo and of Orange Madagascar.

He graduated in France in IT and Mathematics at the University of Nancy, in Engineering at the National Telecommunications Institute of Evry, in Organisational Management and Finance at the University of Paris Dauphine and also holds a Masters in Marketing and Commercial Development from the HEC in Paris.

He previously held various executive positions in the Orange Group. He was Marketing Director for Africa, Middle East and Asia from 2009 to 2016 and in the Sonatel Group, Senegal, as Head of the Data Communication Department, Head of Plan and Development, Head of Sales and International Relations, Head of Technical Operations, and Managing Director for Sonatel Mobiles (a Sonatel subsidiary) from 2002 to 2009.

He has also represented Senegal on key international issues, taking part in working groups of the International Telecommunications Union (ITU) and on the restructuring of the International Telecommunications Satellite Organisation (INTELSAT).

Note: *Mr. Léon-Charles CISS resigned as Director on 5 February 2018*

BOARD OF DIRECTORS
(CONT'D)

Mr. Koosiram CONHYE

Koosiram Conhye is an Associate Member of the Chartered Institute of Secretaries and Administrators (ICSA), and holds a Diploma from the Chartered Institute of Marketing (CIM) and an MSc (Finance) from the University of Mauritius.

He joined the public service in February 1981 and has served in various ministries and departments at senior management level for more than two decades. He has also been the Administrative Secretary of the Export Processing Zones Development Authority (EPZDA) and Director (Corporate Affairs) at the Board of Investment.

He was assigned the duties of Permanent Secretary at the Ministry of Technology, Communication and Innovation on 15 March 2016 and subsequently appointed in a substantive capacity on 5 January 2017. He has currently been assigned the duties of Secretary to the Public Service Commission and the Disciplined Forces Service Commission.

He is also a part-time lecturer at the University of Mauritius and the University of Technology. His areas of interest are public-sector management, governance and public-sector finance. He is currently a Director of the Board of Multi Carrier (Mauritius).

Mr. Dheerenda Kumar DABEE, GOSK, SC

D. K. Dabee GOSK, SC is a graduate in Law and Political Science from Birmingham University, and was called to the bar in the UK in 1981 at the Middle Temple, Inn of Court.

He joined the Crown Law Office in Mauritius in 1982 and occupied all higher positions in the Attorney General's Office, including those of Parliamentary Counsel and Acting Director of Public Prosecutions, until his appointment as Solicitor General in 1998.

He is the main non-political legal adviser to Government and the legal adviser of a number of public bodies.He has represented the State in criminal and civil as well as constitutional and administrative law cases before lower courts as well as the Supreme Court.

Besides his over 35 years' experience as a lawyer and legal adviser to, and Counsel for, Government departments and a number of other public bodies, he has held various other positions in the regulatory financial and commercial sectors. He has also been a board member of Air Mauritius, the SBM and the Mauritius Revenue Authority.

He has acted as Chairman of the Stock Exchange Commission and the Mauritius Offshore Business Activities Authority prior to the FSC taking over the functions of these entities and is also a former member of the Arbitral Tribunal of the Commonwealth Secretariat.

He is the Chairperson of the Mauritius Cane Industry Authority's Control and Arbitration Committee and of the Medical Tribunal. He also represents the Attorney General's Office on the boards of the Gambling Regulatory Authority and the Independent Broadcasting Authority.

He was Vice-Chairman of the Financial Services Commission from February 2016 to May 2017 and is currently Chairman of the Financial Intelligence Unit following his appointment in November 2016.

Mr. Christian DE FARIA

Christian de Faria is a Chartered Accountant and holds a Bachelor's Degree in Finance and Administration from the University of Toulouse in France. He has gained broad experience of the telecommunications industry in many countries and diverse sectors and organisations, such as MTN, Telekom Malaysia, Disc Vision, Deutsche Telecom and Grundig.

Christian was associated with MTN for seven years, where he held senior leadership positions including Executive Vice-President, responsible for operations in West and Central Africa Region, and later as the Senior Vice-President - Commercial and Innovation, responsible for transformation of the group supply chain function. He then held the post of Group Commercial Officer for two years until January 2013.

Christian joined Airtel Africa in September 2013 as the MD & CEO - Africa Operations, until being appointed Executive Chairman of Airtel Africa from April to December 2016. In that role, Christian was responsible for legal and regulatory matters, relations with governments, corporate communications, CSR and shareholder communication, as well as M&A. He then became Chairman of Bharti Airtel International (Netherlands) in January 2017.

Christian is currently VP Special Advisor for Orange Middle East and Africa since November 2017.

Note: *Mr. Christian de Faria was appointed Director on 29 January 2018*

Mr. Olivier FROISSART

Olivier Froissart is a graduate of HEC School of Management in Paris and started his career with Orange in 1982. After holding various responsibilities in the international department and in the financing and controlling departments of Orange, which notably included participating in several IPOs (France Telecom, Wanadoo and Orange) as manager of Orange's ECM operations department, Olivier Froissart joined the M&A Department of Orange, where he led negotiations for the Orange group in the context of many M&A projects.

He is currently Senior VP in charge of International Operations in the Finance and Strategy Department. He is holding or held positions on the boards of several companies involved in the telecom sector, such as Orange Maroc, Orange Tunisia, Iraq Telecommunications, Telkom Kenya, Eutelsat and various venture capital subsidiaries of the Orange group.

Note: *Mr. Olivier Froissart was appointed Director on 5 February 2018*

BOARD OF DIRECTORS
(CONT'D)

Mrs. Shakuntala Devi GUJADHUR-NOWBUTH

Shakuntala Nowbuth holds a BSc (Hons) in Economics, a Diploma in Public Administration and Management and an MSc in HRM from the University of Mauritius.

She has extensive experience in both the public and private sectors, having worked in various areas in the private sector and in government departments and ministries, including the Ministry of Information and Communication Technology. While serving there, she assisted in devising several policies and strategies for promoting and facilitating the development of the ICT sector, including the e-government strategy, the Government Information Highway, the School IT Project and the Open Data initiative. She has also successfully driven the transition of the government email system to the govmu.org domain. One of her portfolios was also to formulate policies to enable the telecommunications sector become a facilitator for industry, business and innovation, and in making it one of the main pillars of economic growth and development. She also assisted in the elaboration of the concept of Smart Mauritius.

She is currently Deputy Permanent Secretary at the Ministry of Agro-Industry and Food Security.

Mr. Alban LO GATTO

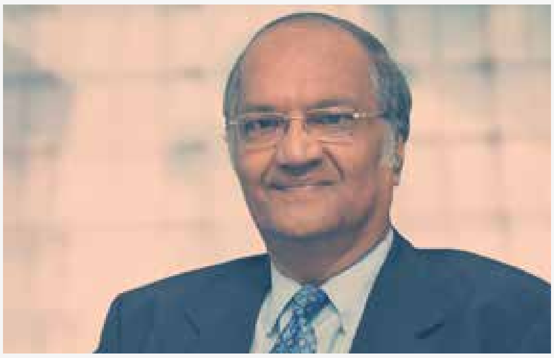
Permanent Alternate to Bruno Mettling

Alban Lo Gatto holds a Master Degree in Private Law and a Master Degree in International Business Law.

He served as legal adviser in several companies in the IT and retail industries before joining France Telecom/Orange in 2007 as Deputy Legal Adviser, Mergers and Acquisitions.

He has been the Legal Director and Company Secretary of Orange Middle East and Africa SA since June 2015.

Mr. Dharam Dev MANRAJ, GOSK



Dev Manraj is currently the Financial Secretary at the Ministry of Finance and Economic Development of the Government of the Republic of Mauritius. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds a Diploma in International Management Development from IMD Lausanne, Switzerland.

During his career, predominantly within the public and semi-governmental spheres in Mauritius, he has contributed on a large scale to the socio-economic development of the country.

He has participated in the negotiations leading to the signature of double taxation avoidance agreements with several countries. He has also attended numerous discussions and consultative meetings with the World Bank and the International Monetary Fund, as well as other key international institutions.

As Financial Secretary, he has also concluded government-to-government agreements with various African countries such as Ghana, Senegal and Ivory Coast on behalf of the Mauritius Africa Fund.

He has, additionally, successfully negotiated, on behalf of the Republic of Mauritius, for the procurement of concessional financing and grants from India and China to implement major national infrastructure projects.

He has likewise participated actively in the implementation of major projects in Mauritius such as the Ebene Cybercity project and the setting up of numerous public sector organisations including the State Investment Corporation (SIC), State Informatics Ltd (SIL), the former Mauritius Offshore Business Activities Authority, the National Computer Board, the Board of Investment, Business Parks of Mauritius Ltd amongst others. He has also been a Visitor of the University of Mauritius.

Mr. Bruno METTLING

After graduating in Political Studies, Bruno Mettling began his career in the budget department of the Ministry of Finance in France before joining other government departments, including the Ministry for Employment, Infrastructure and Urban Planning. In 1991, he became Inspector of Finance and joined the Ministry of Economy and Finance.

He was appointed Deputy Chief Financial Officer for La Poste before joining Caisses d'Epargne in October 1999 where he launched a reform of the HR function. Until 2009, he was CEO of the Banque Populaire Group.

He joined France Telecom/Orange in 2010 as Deputy CEO in charge of Group Human Resources. On his appointment as Deputy CEO of Orange on 1 March 2016, he became Chairman of Orange Middle East and Africa, which controls affiliates in emerging countries.

BOARD OF DIRECTORS
(CONT'D)

Mr. Ludovic PECH

Ludovic Pech has over 20 years of international experience in the areas of business development, finance and general management in the telecommunications and multimedia sector, acting since 2000 as corporate, divisional or regional Chief Financial Officer (CFO) in multiple operations in Europe, Middle East and Africa for the Orange Group. He currently serves as CFO of Orange Middle East Africa and as non-executive director of multiple corporations.

A French citizen, he holds a degree in Finance and Business Administration (DESCAF) from the French business school ESCEM and complemented his education with a senior executive programme in Finance and Management from ESCP Europe. He has certified status as a non-executive director from IFA and Sciences Po Paris.

Mr. Jean-François THOMAS

Jean-François Thomas graduated in Business Management and Information Technologies from *Ecole Nationale Supérieure des Télécommunications* in France, and in Physics, Mathematics and Economics from *Ecole Polytechnique*.

He has over 25 years of experience in communications business, occupying marketing, sales, business development, operations and management positions.

He served as Regional Director (September 2006 – February 2008) at France Telecom, Orange Alsace, Strasbourg, having previously held several senior management positions at France Telecom in France, Japan and Hong Kong.

He subsequently became Deputy Chief Executive and Chief Operating Officer at Mauritius Telecom from February 2008 to September 2012, and served as CEO of Orange Jordan/Jordan Telecom from October 2012.

He is now Head of Orange Group Corporate Development, based in Paris.

Note: Mr. Jean-François Thomas resigned as Director on 29 January 2018

COMPANY SECRETARY

Mr. Conrad COLIMALAY,

Company Secretary

Conrad Colimalay is qualified as a Barrister-at-Law. He holds a Master's in Business Law (UK) and a Maîtrise en Droit (France). He officiates as Company Secretary of Mauritius Telecom and of MT subsidiary companies, and is in charge of Legal and Corporate Affairs within the MT Group.

CHAIRMAN'S STATEMENT

I HAVE AN IMMENSE AND IMMEASURABLE PLEASURE IN PRESENTING MAURITIUS TELECOM'S LATEST ANNUAL REPORT AS IT MARKS THE COMPANY'S 25TH FINANCIAL AND REPORTING YEAR. THE CIRCUMSTANCES TODAY ARE VERY DIFFERENT FROM WHAT THEY WERE A QUARTER OF A CENTURY AGO. TECHNOLOGY IS CHANGING AND ADVANCING WITH EVER-INCREASING SPEED. SO AS NOT TO STAY BEHIND, MT HAS BEEN INNOVATING AND ADVANCING OVER THE LAST THREE YEARS SO THAT IT CAN MEET AND ANTICIPATE THE MULTIPLE CHALLENGES AS THEY ARISE.

NAYEN KOOMAR **BALLAH**

I am conscious of Mauritius Telecom's huge responsibilities, not just to our customers, colleagues, suppliers and shareholders, but to all the citizens of Mauritius, Rodrigues and Agalega. It is an iconic company and a national institution, as well as a major employer. When I look at the success we have enjoyed over the past year, I remain very positive and confident about the Company's future.

FINANCIAL REVIEW

Mauritius Telecom Group performance on continuing operations in 2017 recorded a revenue growth of 4.3% to reach Rs 9.7 bn in spite of mature and limited local market coupled with growing competition in the telecommunications industry worldwide. The Group profit has been maintained at above Rs 1 bn and our capital position remains strong with a total capital & reserves amounting to Rs 7.7 bn. However, due to Telecom Vanuatu Ltd (TVL) deconsolidation as from 21st March 2017, Mauritius Telecom Group revenue experienced a decrease year on year of 1.7% to reach Rs 9.9 bn.

CORPORATE GOVERNANCE

Mauritius Telecom continues to rely on a strong business model to pursue its strategic moves, with an emphasis on diligent risk-management practices and upholding the highest levels of corporate governance.

The Company has closely followed the new code of Corporate Governance for Mauritius from the local regulatory bodies, using an "apply-and-explain" approach. We have geared up efforts to improve transparency in disclosures and to foster engagement among our stakeholders. Our core principles remain high ethical standards, accountability, integrity and sustainability, while we simultaneously foster the well-being and professional advancement of our employees.

AN ACTIVE SOCIAL PARTNER

Throughout its history, Mauritius Telecom has always supported worthwhile causes and has engaged in several initiatives that contribute to the welfare of society. The Company remains committed towards promoting sustainable socio-economic development and continues to live up to its commitment as a socially responsible and caring corporate entity. In 2017, more than 250,000 people benefitted directly or indirectly from projects supported by the MT Foundation in Mauritius and Rodrigues.

In line with our vision to connect everyone to what is essential to them in the modern-day world and as a first step towards a Smart Mauritius, Mauritius Telecom deployed 350 Wi-Fi hotspots across the island. This entailed the provision of free Wi-Fi access to users in public locations such as community, social welfare, women and youth centres, village councils and post offices. As there are citizens who cannot easily afford to pay for internet access, we believe that free Wi-Fi will help to democratise the system and significantly reduce the digital divide.

In the same spirit of helping the less-privileged, the MT Foundation donated 136 commode wheelchairs to people with reduced mobility and 540 blankets to elderly people across the island, especially in regions where winter nights are often chilly.

CHAIRMAN'S STATEMENT
(CONT'D)

Mauritius Telecom's other missions centre on youth empowerment, the protection of vulnerable children and the preservation of the natural environment for a better tomorrow. We distributed 2,000 school bags and 100,000 writing books to children from disadvantaged backgrounds, while 50,000 long-lasting/re-usable bags were distributed to the general public, not least to reduce the use of plastic bags.

The Company privileges social integration and community development through a participatory and integrated approach. One such step has been in the region of St Catherine to empower children showing musical promise by donating instruments so that they can enhance their skills and even eventually earn a living from their music.

Another of our beliefs is that wellness and fitness help to improve people's quality of life. Following the Wellness Programme launched in 2017, MT has embarked on setting up several open multi-use games areas across the country. These areas provide the general public with free access to activities for all levels of fitness.

EMPLOYEE ENGAGEMENT

Many companies say that their employees are their most important asset but at Mauritius Telecom we genuinely believe in the importance of our people. The attainment of a company's objectives depends not only on the quality, dedication and commitment of its employees but also in having the right people in the right positions. The organisational restructuring we initiated in the previous year was completed in 2017. We are confident that the improved operational effectiveness and efficiency that is emerging will instil a high performance culture among staff and help in achieving customer service excellence.

For the first time in our history, the salary review exercise which started in February 2017 was completed in record time, in October. Compared to previous exercises, the 2016-2020 salary review was done in a spirit of open dialogue, without recourse to arbitration, and with all three unions. Some historic measures were taken and some benefits restored to the advantage of staff.

We also aim at fostering staff welfare, catering for their health and safety as well as promoting a better work-life balance. With this in mind, the Telecom Tower Gym was upgraded and professional coaches engaged for training sessions in Zumba, yoga and fitness. The Mauritius Telecom Wellness Club was also launched in 2017 offering exclusive benefits such as discounts at accredited shops, well-known restaurants, cinemas, gyms and spas. Moreover, in December 2017, staff were provided with an online brand shop where they can purchase branded sports, casual and office outfits whilst enjoying exclusive offers on high-end mobiles.

Continuous training is essential for professional enhancement and therefore the new Telecom Campus was launched in June 2017 to augment the work of our training team. In 2017, 1,339 employees took part in a variety of technical, non-technical and commercial courses. A leadership development programme was also arranged for all managers and the top management team with the focus on how to leverage individual capabilities and to synergise collective efforts.

While continuing to cater principally for internal training needs, the Campus also aspires to have a social role. Mauritius Telecom partnered with the Massachusetts Institute of Technology (MIT) for an eight-week Technical Entrepreneurial Incubator Programme which attracted more than 120 applications. Between 19 June and 11 August 2017, some 50 aspiring entrepreneurs learnt from MIT alumni and graduate students how to develop a viable and sustainable entrepreneurial business model.

In a similar vein, MT partnered with The CoderDojo Foundation to be the first CoderDojo in Mauritius. The launch in November 2017 was reserved to and free of charge for the children of MT staff, giving 147 children aged between seven and seventeen the opportunity to learn coding, create an app or a game, and explore technology in a fun, creative and social environment. This first edition of MT CoderDojo was a huge success with over 100 children on the waiting list.

SECTOR OUTLOOK AND STRATEGY

The past two years have been challenging but the Company's transformational approach and clear vision have enabled it to maintain a strong presence. Indeed, thanks to its consistent and effective strategies, MT is now an African region award winner and well positioned to take advantage of opportunities as they arise.

We are well aware of the evolving requirements of our customers and our focus is to build lasting relationships through service efficiency and innovative solutions. A customer-centric culture and approach is essential for our success and it is through our transformational journey that new opportunities will emerge. With the completion of the FTTH project, MT has placed Mauritius among the Top Ten most fibred countries in the world in terms of connectivity and the first in Africa.

To conclude, we welcome, our two new directors: Christian de Faria, who has a vast experience of the international telecommunications industry, and Olivier Froissart, who has spent over thirty five years with Orange and is currently Senior VP in charge of international operations in the Finance Strategy Department.

Our success comes from our staff's commitment and from the trust our customers place in us. I wish to express my warm thanks to all of them, as I do to our Board members for their continued support. Last but not least, it gives me particular pleasure to congratulate our CEO, Sherry Singh, for being declared the Industry Personality of the year 2017 by the FTTX Council and for his successful stewardship of the Company.

NAYEN KOOMAR **BALLAH**

Board Director / Acting Chairman

June 2018

CHIEF EXECUTIVE OFFICER'S REVIEW

IT IS AGAIN WITH GREAT PLEASURE AND SATISFACTION THAT I PRESENT MY REPORT OF THE YEAR. IN 2015 WE SET OUT ON A BOLD DREAM TO BUILD A COMPANY FIT TO TAKE ON THE MANY CHALLENGES OUR SECTOR FACES. WE HAVE INVESTED HEAVILY IN TRANSFORMING OUR NETWORKS, SYSTEMS AND SERVICES WITH STRATEGIES GEARED TOWARDS NEW MARKETS, AS WE MOVE TOWARDS A FULLY-FLEDGED DIGITAL ECONOMY.

SHERRY **SINGH**

Despite the challenges involved, we still managed to achieve a healthy group operating revenue of Rs 9.892 billion in 2017. Revenue from continuing operations grew by 4.3 % compared to 2016, while group profit for the year exceeded Rs I billion to reach Rs 1.045 billion. The corporate rebranding in 2016 and the rebranding of all products and services under the single my.t brand in 2017 have proved to be judicious decisions, resulting in the strengthening of our brand position.

It was also a particularly notable year as we celebrated our silver jubilee in 2017 in the knowledge that, over the years, Mauritius Telecom has grown to become the leading telecommunications company locally. Meanwhile, we continued to earn recognition on the African continent for our efforts. Particularly gratifying was the receipt of the Best Network Improvement in Africa 2017 award from Africacom, the largest African Telecom, Media & Technology event, as was the Africa Operator of the Year 2017 award from the FTTX Council Africa, an award we have now won two years in a row.

PERFORMANCE OF SUBSIDIARIES

Cellplus Mobile Communications remains one of Mauritius Telecom's main revenue generators, contributing Rs 3.794 billion to group revenue in 2017. Despite the mobile market reaching saturation level, it still achieved sound growth, with its customer base increasing to 950,000 customers. This was largely due to our commercial strategies designed to boost the segment, resulting in an increase in mobile data revenue by 20.4% compared to 2016.

Call Services Ltd (CSL) recorded a slight decrease in its revenue. Several major strategies were put in place to address issues such as waiting time,

CHIEF EXECUTIVE OFFICER'S REVIEW

(CONT'D)

with maximum peak waiting time falling from 54 to 6 minutes and the average waiting time from 3 minutes 48 seconds to 3 seconds, a substantial achievement. Processes in general were reviewed and re-engineered, with a focus on the frontline customer experience on 8902. This has resulted in an eight-point improvement in the net promoter score (NPS) and a two-point improvement in the customer satisfaction index (CSI).

Teleservices was rebranded in September 2017 to become **Teleforce**, positioned to advance Mauritius Telecom's field sales by achieving operational efficiency on all fronts and by instilling an enhanced performance culture. The aim is to achieve a greater sense of proximity and provide an exceptional customer experience. There has already been a favourable response to the revamping of Teleforce's websites and the introduction of new directories such as the Mauritius Export Directory and the special edition of Yellow Pages. By year end, Teleforce had recorded operating income of Rs 79 million.

Multimedia Services continued to enrich the my.t television channels with new on-demand content and, by December 2017, my.t had 145,979 customers. Its aim is to become the number one player in the Pay-TV market. Western content contributed to 70 % of revenue and Bollywood to 22 %, while the remaining 8 % were made up of local programmes.

Additional channels such as TRT World and Food Food were introduced, as well as a Ciné Pack of 12 channels focusing on films and serials. Meanwhile, the my.t Sports Pack was further enhanced with the introduction of five new Star Times channels dedicated to various European football leagues.

A major service improvement came with the introduction of a new smart box in April 2017, allowing customers to convert their TV sets into smart TVs and enjoy the benefits of the convergence between the world of TV channels and that of apps.

Enterprise Solutions witnessed positive growth in the corporate and large business segment mainly due to product sales, cloud usage and a range of broadband offers. Contracts were obtained relating to the Government Intranet Network and SchoolNet projects, colocation services in the banking sector and unified collaboration projects in the hospitality sector.

Business Boost, launched in March 2017, provides new fibre broadband offers for SOHOs and small and medium businesses, to which more than 6,000 customers have already subscribed. With a new commercial department focusing focus on SMEs, the SME sector revenue grew by 12 %.

INNOVATIONS AND INITIATIVES

It has been another prolific year for Mauritius Telecom in terms of innovation and initiatives. The launch of the Government's Citizen Support Portal was a major highlight, a modern and practical online platform allowing citizens in Mauritius and Rodrigues to address complaints, queries and ideas to ministries, departments, parastatals and local authorities. Since its launch in April 2017, some 37,000 cases have been reported on the portal and 64 % have already been resolved.

The innovation team and other business units have again developed several mobile apps such as NouMoris, launched on the occasion of the 50th anniversary of the Independence of Mauritius, and my.t Top Up and Chake apps. The 2016 award-winning Traffic Watch app was enhanced with additional features and has now been downloaded 53,000 times.

We have also enhanced the platforms, systems and operations which support our products and services. The New Integrated Customer Experience (eNICE) Project is a cutting-edge venture and the Telco CRM (Customer Relationship Management), Self-care, Partner Portal & User Interface now provides a fully-convergent solution for mobile, fixed line, broadband, multimedia and other telecommunications services.

OVERSEAS INVOLVEMENT

We operate in a dynamic and challenging but matured market. In line with plans we shared last year about prospects for international opportunities, we have therefore been actively seeking acquisitions in Central and East Africa. As a result, we sold our 100% stake in Telecom Vanuatu to focus solely on Africa.

NETWORK

We dared to advance our Fibre-to-the-home Project at an accelerated rate and have been rewarded by Mauritius ranking as the eighth most fibered country in the world, just after Japan and China. Our Rs 5.1 billion investment in the project has already brought fibre within the reach of over 330,000 customers. Meanwhile, our mobile network is now 100% 4G, offering enhanced mobile broadband services to consumers and businesses.

Our aim is to assist businesses to grow and to enable positive changes in the marketplace and the communities in which we operate. As the leading telecommunication company, we believe that digital technology should be accessible and benefit everyone, not just those who can afford it. To achieve this, the launch of 350 free Wi-Fi hotspots stands out, as does the start of the MARS undersea cable project linking Rodrigues to Mauritius and eventually to the rest of the world. The new cable will extend over 677 kilometres and will be completed within two years.

Mauritius will also be the anchor tenant of the IOX submarine cable system – the third Mauritian submarine cable. With a span of approximately 9,000 kilometres, it will connect Madagascar, La Reunion, Mauritius and Rodrigues to South Africa and India, with onward connectivity to Europe and Asia Pacific. The system will deliver an ultimate design capacity of over 54 terabits per second and is scheduled to go live in 2019.

As part of its social role, the Company is assisting the Government with the Safe Country project to enhance national security and assist in more effective traffic and road safety management. The project began on a pilot basis with the installation of smart cameras in major public areas, along main roads, motorways and pedestrian walkways, and at chief traffic points.

OUR PEOPLE

We have made good progress since we embarked on our transformation two years ago. Our clear vision and core values have brought about a change in the Company's culture and leadership roles. It is our people that propel the business forward and we aim to make MT an amazing place to work. Notably we were able to complete our salary negotiations in record time.

We continued with the long overdue promotion exercise for both MT and MTS staff in the same spirit as the last two years, whilst the creation of the Telecom Campus will help to extend our training facilities. It is not by accident that our staff engagement scores have progressed.

BUSINESS SECURITY

MT continued to take proactive steps to minimise the impact of risks and uncertainties that may adversely impact on the Company's performance and operations by, amongst other measures, strengthening its ISO22301:2012 Societal Security and Business Continuity capabilities to bring more resilience to the organisation.

CUSTOMER EXPERIENCE

Every department in Mauritius Telecom is taking action towards improving service delivery by putting our customers at the heart of everything we do. Key issues were addressed and a series of projects implemented regarding service provisioning, complaint management and hotline services.

These concrete actions have led to a substantial reduction in failures, faults and complaints, and the number of complaints registered monthly has decreased by 50%, with mobile complaints going down by 90%. Moreover, since fibre deployment started in 2015, broadband complaints and complaints due to bad weather conditions have gone down by 75% and 73 % respectively. There is still more to do for as far as customer service is concerned but we are confident that we are on the right track.

CSR INITIATIVES

As a leading company and employer, our aim is also to contribute to the development of society and to the country, and not least the underprivileged. Through its Foundation, Mauritius Telecom helps to empower people in the field of education, to encourage eco-friendly practices and to facilitate the everyday integration of people with disabilities. In 2017, the Company and its subsidiaries injected a total of Rs 30 million into the work of the MT Foundation.

OUTLOOK

As we pursue our objectives, we remain confident of the soundness of our chosen strategic direction. 2018 will be a decisive year with major projects that will propel Mauritius Telecom into the African arena.

The focus will remain on enhanced service with our people taking greater ownership of dealing with customers. A landmark in 2018 will be the launch of the Rose Belle Tier IV Data Centre. It will have one of the highest efficiency ratings of any data centre in the Southern Hemisphere, bringing new hi-tech business opportunities to the country.

We shall invest in three additional strategic areas, which will deliver sustainable and profitable revenue growth and will eventually deliver value for our shareholders. We aim to bring my.t TV to a premier position and give a boost to my.t money, as well as working for the nation as we have done in 2017.

CONCLUSION

Mauritius Telecom is on the right path. We have embarked on an ambitious transformation process and in the year under review we have seen considerable progress. Processes are being streamlined and innovation continues apace. In recognising that Our People are our strength, brought together in One Family to serve Our One Nation, we can move forward with confidence to meet the future challenges. As I like to say, our ambition is nothing less than to *Make the impossible, possible*.

SHERRY **SINGH**

Chief Executive Officer

June 2018


"Yes! I guess
SUCCESS
is a subtle mix of hard work,
perseverance and sacrifice."

GROUP EXECUTIVE COMMITTEE

1
Mr. Manvendra (Sherry) SINGH
Chief Executive Officer

2
Mr. Neeraj MOUNIEN
Chief Enterprise Solutions Officer

3
Ms. Velamah Cathapermal-Nair
Chief Legal & Regulatory Affairs Officer

4
Mr. Jerome DE LATTRE
Chief Financial Officer

5
Mrs. Claire Paponneau
Deputy Chief Executive/Chief Operating Officer

6
Mr. Tarkaswar (Raj) Cowaloosur
Chief Human Resources Officer

7
Mr. Dharmayashdev (Dharma) Rai Basgeet
General Manager
Call Services Ltd

8
Mrs. Nirmala Ramjhuria
Head of Human Resources

9
Mr. Virendra K. Bissoonauth
Chief Information Officer

10
Mr. Preetam Kumar (Bobby) Ramsoondur
Chief Marketing and Consumer Sales Officer

11
Mr. Khoymil Goburdhun
Chief Internal Audit and Risk Management Officer

12
Mrs. Nishi Sapna Munbodh Mohun
Head of Customer Journey and Quality Improvement

13
Mr. Leckraj Raja Rai Basgeet
Chief Technical Officer

GROUP EXECUTIVE COMMITTEE
(CONT'D)

1 MR. MANVENDRA (SHERRY) SINGH
Chief Executive Officer

Sherry Singh is the Chief Executive Officer of Mauritius Telecom since February 2015. He is an ICT and Marketing professional with more than 18 years of experience in the Telecommunications and Marketing industry.

He started his career in 1999 and quickly rose to be the Marketing and Customer Service Manager in a well-established Mauritian telecom company. He got the opportunity to undergo specific training in world renowned international telecommunications companies based in UK, Sweden and Sri Lanka. In 2003, he started his own business, specialised in marketing and telecommunications services.

He also held the position of Senior Advisor to the Vice-Prime Minister and Minister of Finance & Economic Development from July 2010 to July 2011. During the same period, he was a board director of the State Investment Corporation, the Mauritius Duty Free Paradise and the State Land Development Company.

Sherry Singh is also the Special Adviser to the Prime Minister of Mauritius since February 2017 and was declared the Industry Personality of the Year 2017 by the FTTX Council Africa for taking Mauritius Telecom to new heights.

2 MRS. CLAIRE PAPONNEAU
Deputy Chief Executive/Chief Operating Officer

Claire Paponneau holds a Master's degree in Science in Engineering from Telecoms ParisTech as well as a university research degree (PhD level) in Mathematics and Economics from *l'Ecole Normale Supérieure*.

She now has over 30 years' international experience in the telecom industry, having joined France Telecom in 1984 and climbed the hierarchy ladder to become the Senior Vice-President Industrial Relationship, followed by International Network Operations responsibilities for the Orange Group. From 2002 to 2009, she occupied the post of Senior Vice-President, International Wholesale Solutions, a fully integrated division of 20 countries, and she managed the Group International Wholesale. From 2009, she then held the post of Senior Vice-President International Operations for the Orange Group in West and Central Africa, covering seven countries.

Mrs Paponneau has been decorated Knight of the French National Order of Merit and is also an Advisor for French International Trade. She is a Board member, as well as chairperson, of various NGOs. She was appointed as MT's Deputy Chief Executive and Chief Operating Officer on 22 August 2016.

3 MR. TARKASWAR (RAJ) COWALOOSUR
Chief Human Resources Officer

Raj Cowaloosur holds a Diploma in Mechanical and Electrical Engineering as well as a Diploma in Management Studies. He has attended numerous workshops, seminars and training in the ICT field, management and leadership. He has also been an active member in several international organisations such as the Commonwealth Telecommunications Organisation (CTO) and the GSM Association (GSMA).

He has spent 41 years in the employment of Mauritius Telecom, of which 32 years have been in managerial positions. He is currently MT's Chief Human Resources Officer and also serves as director in various MT subsidiaries.

4 MR. LECKRAJ RAJA RAI BASGEET
Chief Technical Officer

Leckraj Raja Rai Basgeet has been Mauritius Telecom's Chief Technical Officer since June 2015, with the role of ensuring that the Company's technology strategy serves and develops its business strategy. He also leads MT's International Business Development and Innovation Divisions.

He holds a Bachelor of Technology (Hons) in Electrical & Electronics Engineering and an MBA with specialisation in Marketing. He has over 20 years' experience in the MT Group and has been a key contributor in several projects encompassing fixed, mobile and broadband technologies.

From 2001 to 2007, he was Head of Cellplus Networks Division and from 2007 to 2010 he led MT Networks Planning Division. Until 2015, he then led the Business Development Division, contributing to the expansion of the Company's footprint internationally.

5 **MR. JEROME DE LATTRE**
Chief Financial Officer

Jerome de Lattre has been the Chief Financial Officer of Mauritius Telecom since 15 August 2015. He studied in France and graduated from a French Business School in 1994.

He started his career in 1996 with Ernst & Young in Paris where he worked for four years as Audit Manager. In 2000, he joined France Telecom/Orange as Head of Subsidiaries in the Media & Broadcasting Department and subsequently as Head of Controlling for portal and content activities of Wanadoo France.

In 2005, on top of his existing activities, he was appointed CFO of w-HA, a payment solution provider wholly owned by the Orange Group and, in 2006, he was appointed Deputy CFO of Orange Jordan.

Prior to joining Mauritius Telecom, he was a member of the Executive Committee of Meditelecom (Morocco's second operator and a subsidiary of the Orange Group) in charge of Group Controlling.

6 **MR. PREETAM KUMAR (BOBBY) RAMSOONDUR**
Chief Marketing and Consumer Sales Officer

Further to his Master's degree in Electrical and Electronics Engineering at the *Ecole d'Ingénieur Polytech*, Clermont-Ferrand in France (1996), Bobby Ramsoondur undertook an MBA at the *Institut d'Administration des Entreprises,* Poitiers (2006), as well as an Executive MBA jointly awarded by the *Ecole de Management* of Lyon in France and the UK's Cranfield School of Management (2009).

He joined the MT Group as Systems Engineer in 1997 and has since had twenty years hands-on experience in various operational areas. He was appointed Chief Marketing and Consumer Sales Officer of Mauritius Telecom in September 2015.

7 **MS. VELAMAH CATHAPERMAL-NAIR**
Chief Legal & Regulatory Affairs Officer

Velamah Cathapermal-Nair is a member of the Canadian and Mauritian Bars, and an accredited mediator and arbitrator. She started her career as a State Law Counsel for the government of Quebec in Montreal and afterwards practiced with a private legal firm in Montreal mainly in ICT, Media, Competition and Corporate Law.

At Mauritius Telecom, she deals with both contentious and transactional issues and advises on strategic and legal issues in managing the products and services portfolio.

Velamah also provides legal advice and support to MT companies and regularly appears before the Information and Communication Technologies Authority, the Independent Broadcasting Authority and the Competition Commission of Mauritius on behalf of MT.

8 **MR. VIRENRA K. BISSOONAUTH**
Chief Information Officer

Virendra Kumar Bissoonauth joined Mauritius Telecom on 6 July 2015 as the Chief Information Officer. He holds a Bachelor's degree in Computer Science from Acadia University, Canada, and holds a Master's in Management International (MMI) from the University of Phoenix, USA.

He has held various top positions in the private sector, locally and internationally, and acted as consultant for various projects worldwide.

He was formerly the Head of the IT Division at Mauritius Telecom until October 2006, after which he joined the private sector and worked in France, Djibouti and Algeria. He has 25 years' experience in the ICT sector, his work including pioneering and managing complex IT solution designs and cloud-based applications.

9 **MR. KHOYMIL GOBURDHUN**
Chief Internal Audit and Risk Management Officer

Khoymil Goburdhun is the Chief Internal Audit and Risk Management Officer of the Mauritius Telecom Group. He is a Fellow of the Association of Chartered and Certified Accountants, a Certified Internal Auditor and also holds a Master in Business Administration, specialising in Marketing.

With more than 25 years' experience in the telecommunication sector, Khoymil has served in various management positions within the Group and was the Finance and Administration Manager of Telecom Plus from 1996 to 2001.

He is a member of the Mauritius Institute of Directors, the Mauritius Institute of Professional Accountants and the Audit Committee Forum, set up to help audit committees in Mauritius improve their effectiveness. He is also a founder member of the Institute of Internal Auditors Mauritius.

10 **MR. NEERAJ MOUNIEN**
Chief Enterprise Solutions Officer

Neeraj Mounien joined Mauritius Telecom on 12 November 2015 as the Chief Enterprise Solutions Officer. He holds a Post-Graduate degree in Computer Science from London

GROUP EXECUTIVE COMMITTEE
(CONT'D)

Guildhall University and an MBA from Poitiers University, France. He has more than 15 years' experience as a professional in the ICT Sector, specialising in software development, network infrastructure, cloud computing and enterprise sales.

Prior to his appointment as Chief Enterprise Solutions Officer, he worked for eight years at Microsoft Indian Ocean Islands and French Pacific, where he cumulated various functions, namely as Business Development Manager, Senior Account Manager, Public Sector Manager and Channel Manager.

He is also a seasoned volleyball player and was the team captain and a gold medalist with the National Volleyball Team in the 2003 Indian Ocean Games.

11 MR. DHARMAYASHDEV (DHARMA) RAI BASGEET
General Manager - Call Services Limited (CSL)

Dharma Basgeet holds a Master of Science Degree from Imperial College of Science, Technology and Medicine in Advanced Communication and Signal Processing, and a PhD in Mobile Computing from the University of Bristol. He is a Chartered Engineer (CEng) with 19 years of experience in the Telecom, Media and Technology (TMT) sector.

In 2000, he joined the University of Bristol as a Research Associate, prior to moving to Toshiba Research Laboratories as a Research Engineer in 2004, where he was involved in wireless research. He then joined Deloitte Consulting UK as a Management Consultant in 2004, before moving to Altran Consulting UK in 2005, where he worked with a number of customers in the TMT sector. In 2010, Mr Basgeet joined Ceridian Mauritius as Director of Implementation and Product Development where he was seminal in growing the capabilities around the Ceridian cloud offering, Dayforce, at their Mauritius office. He is currently the General Manager of Call Services Ltd.

12 MRS. NISHI SAPNA MUNBODH MOHUN
Head of Customer Journey and Quality Improvement

Nishi Munbodh Mohun is a graduate in Electronics and Telecommunications Engineering from the University of Melbourne (Australia). She also holds an MBA with specialisation in Marketing from the University of Leicester (UK) and is certified lead implementer, auditor and registered coordinator for a number of international quality management standards.

She has had over 20 years' experience in the telecommunications business within Mauritius Telecom in sectors including network operations, customer services, communications and public relations, quality management and process re-engineering.

She served as Manager Quality and Processes from 2010 to 2015, when she was appointed Head of Customer Journey and Quality Improvement. Since 2016, she has been leading the Customer Experience Department where her role now includes delivering an unmatched customer experience through organisation-wide actions, calibrated processes and customer journeys, best practices and innovative approaches.

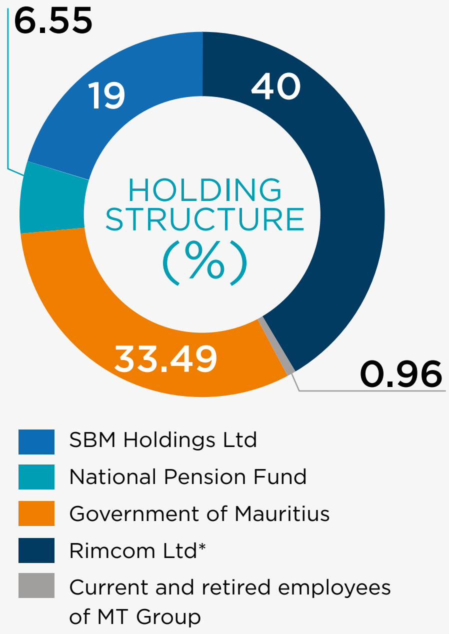
13 MRS. NIRMALA RAMJHURIA
Head of Human Resources

Nirmala Ramjhuria holds a Degree in Management and has been the recipient of a Commonwealth Professional Fellowship. She is a trained facilitator for people development, as well as having Cubiks International certification as a psychometric test assessor.

Nirmala has more than 19 years' experience in Human Resources and, during her career, she has been responsible for driving resourcing, rewards and recognition and performance management systems. Her previous posts include Executive Resourcing and Organisation Development, Executive Training and Development, and Manager People Acquisition and Analytics.

CORPORATE GOVERNANCE REPORT

THE BOARD OF MAURITIUS TELECOM CONSIDERS THAT THE COMPANY HAS COMPLIED IN ALL MATERIAL RESPECTS WITH THE PRINCIPLES OF THE CODE OF CORPORATE GOVERNANCE EXCEPT FOR THOSE LISTED IN THE STATEMENT OF COMPLIANCE. THE PRESENT REPORT SETS OUT HOW THE PRINCIPLES OF THE CODE HAVE BEEN APPLIED WITHIN THE COMPANY.



* Rimcom is an investment vehicle wholly owned by Orange SA (formerly France Telecom)

SUBSTANTIAL SHAREHOLDERS

Details of shareholders holding more than 5% of the company's shares are included in the chart above.

In addition, employees and past employees together hold 0.96% of the Company's shares further to a share participation scheme introduced in June 2007.

DIVIDENDS

Having regard *inter alia* to net results, general financial performance, and subject to capital requirements and investment needs, the Company distributes dividends, the level of which are expected to remain sustainable in the medium and long term under normal circumstances.

SHAREHOLDERS' AGREEMENT

A Shareholders' Agreement was signed in November 2000 between the Government of Mauritius and Rimcom Ltd (MT's strategic partner). The Shareholders' Agreement provides that the Government of Mauritius shall nominate for appointment five out of nine directors while Rimcom shall nominate four directors.

BOARD OF DIRECTORS

The detailed composition of the Board of Directors can be found on pages 11 to 16 of the Annual Report, together with a profile of each director. The profiles also include details of other directorships of each Board member, where applicable.

No director of MT holds shares in MT or any subsidiary of MT.

The Chairman heads the Board of Directors which is composed of nine members. The current composition of the Board is pursuant to the Shareholders' Agreement between the Government of Mauritius and Rimcom Ltd (see above). The directors, therefore, have not been further categorised as independent or non-independent.

All directors are non-executive.

Directors nominated for appointment are elected each year at the Annual Meeting of Shareholders.

Board meetings are normally held every two months or earlier whenever required. In addition to meetings held in Mauritius, videoconferences are held when necessary to discuss important 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 for the monitoring of the Company's internal control mechanisms and its management information systems. To ensure their proper and effective implementation, the Company has separate Risk Management, Audit and Remuneration committees.

CORPORATE GOVERNANCE REPORT
(CONT'D)

CHIEF EXECUTIVE OFFICER

Pursuant to Section 4.2 (c) of the Shareholders' Agreement, the Chief Executive Officer is appointed by the Board of Directors upon proposal of Government after consultation with MT's strategic partner.

The duties and responsibilities of the Chief Executive Officer are:

- To be responsible and accountable to the Board of Directors of the Company for the overall management of the Company and MT Group, including responsibility for the conduct of the day-to-day operations of the Company and the Group.

SENIOR MANAGEMENT

The profiles of Senior Management members can be found on pages 30 to 32 of the Annual Report.

COMPANY SECRETARY

The Company Secretary ensures the proper co-ordination and conduct of Board, Shareholder 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 Mauritius Companies Act 2001 and other relevant legislation. He ensures that the legal interests of the Company are safeguarded.

RELATED-PARTY TRANSACTIONS

Related-party transactions are disclosed in note 34 to the Financial Statements.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of Mauritius Telecom is in conformity with the Mauritius Companies Act 2001 and is a public document.

The Company has wide objectives which include the provision of telecommunication services and products of all kinds.

The liability of members is limited.

There are no pre-emptive rights attached to shares.

All ordinary shares rank equally for purposes of rights to dividends and other distributions.

The Government of Mauritius holds a Special Share which entitles it to voting rights which are stated in Clause 2.1A of the Articles of Association.

All shareholders are entitled to receive notice of, to attend and to vote at General Meetings of the Company.

MANAGEMENT AGREEMENT

Neither the Company nor any subsidiary has any management agreement with a third party who is a director, or with a company owned or controlled by a director.

SHARE-OPTION PLANS

The company has no share-option plans.

REMUNERATION OF DIRECTORS

On the grounds of commercial sensitivity and confidentiality requirements, remuneration of directors is not disclosed individually.

An aggregate of directors' fees is to be found in the Directors' Annual Report and in note 26 to the Financial Statements.

REMUNERATION POLICY

The remuneration of directors is considered by the Board's Remuneration Committee.

A resolution to that effect is passed by shareholders at the Company's Annual Meeting of Shareholders. Remuneration consists of a fixed fee as well as variable fees, which are determined by the attendance of a director at Board and Board Committee meetings.

BOARD COMMITTEES

Board committees are as follows:

Remuneration Committee

In 2017, the Remuneration Committee was composed of the following Board members:

Messrs **Nayen Koomar Ballah, GOSK** - Chairman
Dheerendra Kumar Dabee, GOSK, SC
Koosiram Conhye
Bruno Mettling
Léon-Charles Ciss

The Remuneration Committee reviews all aspects of the terms and conditions of service of managerial and non-managerial staff. Recognising that remuneration packages are a major cost but also a significant management instrument, the Remuneration Committee ensures *inter alia* that the remuneration packages provided to management and staff are competitive and that the remuneration system offers the possibility of excellent reward for excellent performance.

The Remuneration Committee also reviews the remuneration of directors.

The following are part of the Remuneration Committee's terms of reference:

- To examine reward packages as a whole, with a view to ensuring overall competitiveness.
- To maintain an effective system of job evaluation so as to ensure that the grade structure is maintained at Management level.
- To deal with selection, appointment and appraisal of Senior Management including approval of service contracts and performance objectives.

The Remuneration Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

Audit Committee

The Chairman of the Audit Committee is appointed by the Board. There is no independent or executive director on the Board.

During 2017, the Audit Committee was composed of the following Board members:

Messrs **Hugues Foulon** **(to 12 April 2017)** - Chairman

Dharam Dev Manraj, GOSK

Jean-François Thomas

Koosiram Conhye

Ludovic Pech **(from 12 April 2017)**

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

The following are part of the Audit Committee's terms of reference:

- To review the Company's financial statements and other financial documents to be submitted for Board approval.
- To review the financial reporting process to ensure compliance with accounting standards and relevant legislation.
- To review the Company's internal audit function and its relationship with external auditors, ensure that internal control procedures are in place and assess their adequacy and effectiveness.
- To ensure that the Company complies with laws and regulations in force, conducts its affairs ethically, maintains effective control over employee conflict of interest and fraud, and adheres to applicable standards of Corporate Governance.
- To make recommendations to the Board on matters relating to the financial affairs of the Company and Corporate Governance.

The Audit Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

Corporate Governance Committee

The Company has not set up a separate Corporate Governance Committee. Corporate Governance duties are discharged by the Audit Committee.

Risk Management Committee

The Chairman of the Risk Management Committee is appointed by the Board. There is no independent or executive director on the Board.

During 2017, the Risk Committee was composed of the following Board members:

Messrs **Hugues Foulon** **(to 12 April 2017)** - Chairman

Dharam Dev Manraj, GOSK

Jean-François Thomas

Koosiram Conhye

Ludovic Pech **(from 12 April 2017)**

The Risk Management Committee:

- Reviews and approves risk policy on an annual basis.
- Establishes the systematic and continuous identification, evaluation, measurement and mitigation practices of operational risks as they pertain to the Group.
- Defines and approves clear risk-management practices and prudential limits, and strategy covering risk-management philosophy and responsibilities throughout the Group.
- Reduces and mitigates identified risks to an acceptable level or considers their transfer.
- Ensures that adequate and effective controls and measures are in place to manage the most significant risk factors and to respond in a manner that is appropriate and proportional to the risks identified.

The Risk Management Committee's terms of reference include Mauritius Telecom as well as subsidiary companies which are part of the MT Group.

CORPORATE GOVERNANCE REPORT
(CONT'D)

INTERNAL CONTROL MECHANISMS

To promote the adequacy and effectiveness of internal controls within the Group, the following mechanisms are used to ensure that operations are adequately monitored and in line with established policies and processes:

- Board committees with specific focus as described above.
- 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 formalised 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 Interal Audit Department with the Internal Auditor reporting to the Audit Committee.

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 Chief Internal Audit and Risk Management Officer, K. Goburdhun, who reports directly to the Audit Committee.

His duties include the development and implementation of a comprehensive audit programme for the evaluation of management controls for the Group's major activities. He investigates and examines the effectiveness of the use of Company resources and compliance with established and new policies, procedures and processes. He reports on audit findings on a regular basis to the Audit Committee.

BOARD AND BOARD COMMITTEE ATTENDANCE

The record of attendance at Board and Board Committee meetings can be found at the end of this section of the Report.

RISK MANAGEMENT

A description of key risks and how they are managed can be found in the Business Review section of the Annual Report.

CARBON REDUCTION COMMITMENT AND GREEN ACTIONS

Initiatives relating to MT's carbon reduction commitment and green actions at Group level can be found in the Business Review section of the Annual Report.

BUSINESS CONTINUITY AND SECURITY

MT has been strengthening its ISO22301:2012 Societal Security and Business Continuity capabilities to bring more resilience to the organisation. In this context, several new business continuity plans were developed, risk assessment and business impact analysis were carried out and several policies defined. In addition, twenty-five major stakeholders were provided training on the ISO22301:2012 Business Continuity standard and a compliance audit was carried out.

PHYSICAL SECURITY

a The Cloud CCTV system was upgraded and 250 IP cameras were installed with the aim of enhancing security on MT Sites.

b Shops and main exchanges were equipped with a guard tour system in order to enhance the response of the monitoring team.

c An innovative wireless access control system was introduced to facilitate installation activity on MT sites.

d A digital card printing solution was implemented for the access control system of the whole MT group.

e A standalone card printing solution was introduced for Rodrigues.

f A Cloud CCTV system was installed in the new call centre in Rodrigues.

CONFLICTS OF INTEREST

Matters relating to conflict of interest, if any, are dealt with under Clause 14 of the Company's Articles of Association.

ETHICS

The Company's conditions of service contain a specific section relating to the Code of Ethics and the general obligations of employees. Members of specific professions who are employed by Mauritius

Telecom (for example accountants and engineers) are also governed by the particular codes of ethics established by their respective professional bodies.

There is also an MT Charter for Ethical Business introduced so as to provide guidelines to MT Group employees on ethical conduct.

Courses were delivered by a team of trainers so as to sensitise all staff to the Charter. Videos used during the courses were posted on the e-learning platform to allow staff to view them at leisure on their desktop computers.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities are detailed in the Business Review section of the Annual Report. Mauritius Telecom complies with the requirements relating to corporate social responsibilities through the Mauritius Telecom Foundation, which implements CSR projects on behalf of the Group in consultation with the NCSR Committee of the Government of Mauritius.

The Mauritius Telecom Foundation actively participates in funding major national projects promoting social integration, economic empowerment and poverty alleviation. Other CSR initiatives include support to community projects in the fields of ICT, socio-economic development, social housing, education, health, leisure & sports and the environment.

HEALTH AND SAFETY

Mauritius Telecom complies with the requirements of health and safety legislation. Related company activities, including internal awareness campaigns, are detailed in this Report's Human Resources section.

ANNUAL SHAREHOLDERS MEETING

The Company is not currently listed. Therefore, it does not set the advance timetabled dates for reporting and meeting required under the rules for listed companies.

A formal Annual Meeting of shareholders is held every year. Advance notice, in line with the provisions of the Companies Act 2001, is issued to directors and all shareholders.

The calendar of key events is as follows:

EVENTS	MONTH
Financial year	December
Dividend declaration	December
Annual Meeting of shareholders	June

DONATIONS

The aggregate amount of donations is shown in the Directors' Annual Report and in note 26 of the Financial Statements.

There was no political funding.

On behalf of the Board of Directors

P. C. **COLIMALAY**

Company Secretary

27 Avril 2018


"Wow!
Some Days I really wish
I could be a fairy. I wish I could
CHANGE
the world."

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity: **MAURITIUS TELECOM LTD**

Reporting Period : **Year ended 31 December 2017**

We, the Directors of MAURITIUS TELECOM LTD, confirm that to the best of our knowledge:

The PIE has not complied with sections 2.2, 2.8, 2.9, 3.5, 3.9.1 and 3.9.2 of the Code. Reasons for non-compliance are annexed to this Statement.

Signed by:

Chairman and one Director

CHAIRMAN	**DIRECTOR**
27 Avril 2018	*27 Avril 2018*

AREAS OF NON-COMPLIANCE

Sections of the Code	Code of Corporate Governance issued by the National Committee of Corporate Governance (General Notice No. 844 of 2005)
SECTION 2	**Boards and Directors**
2.2 and 2.9	**Composition of the Board and Director Selection** All Directors are non-executive. The current composition of the Board is pursuant to the Shareholders' Agreement between the Government of Mauritius and Rimcom Ltd. The Directors, therefore, have not been further categorised as independent or non-independent. Pursuant to the Shareholders' Agreement between the Government of Mauritius and Rimcom Ltd, five out of the nine Directors are nominated for appointment by the Government of Mauritius while four Directors are nominated by Rimcom Ltd.
2.8	**Directors' Remuneration** There are no executive-directors on the Board. On the grounds of commercial sensitivity and confidentiality of data requirements, remuneration of Directors is not disclosed individually. An aggregate of Directors' fees is to be found in the Directors' Annual Report and in note 26 to the Financial Statements.
SECTION 3	**Board Committees**
3.9.1	**The Audit Committee** The Chairman of the Audit Committee is appointed by the Board and is not categorised as an independent director. As the member of the Board, the incumbent has been appointed as Director further to a Shareholders' Agreement. See our comment relating to section 2.2 above.
3.5, 3.9.2	**Corporate Governance Committee** The responsibilities relating to Corporate Governance are discharged by the Audit Committee as part of its Terms of Reference. A separate Corporate Governance Committee has therefore not been set up.

BOARD AND BOARD COMMITTEE ATTENDANCE DURING 2017

The table below details the record of attendance at Board and Committee meetings during the year.

	BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE
No. of meetings held	7	1	2	-
Directors				
N. K. Ballah, GOSK	7	1	n/a	n/a
L. C. Ciss	6	1	n/a	n/a
K. Conhye	5 in person + 1 by alternate	1	2	-
D. K. Dabee, GOSK, SC	3 in person + 4 by alternate	1	n/a	n/a
H. Foulon (to 12 April 2017)	1 by alternate	n/a	2 by alternate	-
D. D. Manraj, GOSK	5 in person + 2 by alternate	n/a	2 by alternate	-
B. Mettling	2 in person + 5 by alternate	1 by alternate	n/a	n/a
S. D. Gujadhur-Nowbuth	4 in person + 3 by alternate	n/a	n/a	n/a
L. Pech (from 12 April 2017)	6	n/a	-	-
J. F. Thomas	7	n/a	2	-

n/a: Not Applicable - where the Director is not a member of the committee

DIRECTORS' ANNUAL REPORT

THE DIRECTORS HAVE PLEASURE IN PRESENTING THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2017.

NATURE OF BUSINESS

The Group's main activity is the provision of telecommunications and related ICT services.

The main activities of its subsidiaries, all wholly owned by Mauritius Telecom except for CSL Madagascar, are as follows:

- Cellplus Mobile Communications Ltd provides mobile and ancillary telecommunication products and services
- Telecom Plus Ltd offers internet and IT-enabled services
- Teleforce Ltd, previously known as Teleservices (Mauritius) Ltd, is engaged in the publication of directories and media-planning services
- Call Services Ltd provides call-centre services which include directory enquiry and customer-relationship management (CRM) services
- MT Properties Ltd offers property management and syndic services
- The Mauritius Telecom Foundation administers the Group's corporate social responsibility (CSR) activities and programmes
- MT International Ventures PCC holds MT's investments in other entities
- MT Services Ltd recruits employees for the Mauritius Telecom Group
- CSL Madagascar (97% owned by MT International Ventures PCC, a wholly owned subsidiary of Mauritius Telecom) offers call-centre services in Madagascar.

RESULTS FOR THE YEAR

The Group's and Company's profits/(loss) after tax, attributable to equity holders, for the financial year were [figures hereinafter in Rs 000's]: Rs 1,045,070 (2016: Rs 1,202,592) and Rs 98,523 (2016 : Rs 55,492) respectively.

Earnings per share for the year were Rs 5.50 (2016 : Rs 6.33 per share).

The audited financial statements of the Group and Company for the year ended 31 December 2017 are annexed.

BOARD OF DIRECTORS

The directors of the Company and of its subsidiaries in the Group are non-executive.

The following held office as directors of companies within the Group during 2017:

Mauritius Telecom

Messrs **Nayen Koomar Ballah, GOSK** - Acting Chairman
Dheerendra Kumar Dabee, GOSK, SC
Dharam Dev Manraj, GOSK
Bruno Mettling
Koosiram Conhye
Jean-François Thomas **
Léon-Charles Ciss **
Hugues Foulon (to 12 April 2017)
Ludovic Pech (from 12 April 2017)
Mrs **Shakuntala Devi Gujadhur-Nowbuth**

** Mr Thomas has resigned on 29 January 2018 and has been replaced by Mr Christian De Faria as from 29 January 2018.

Mr Ciss resigned on 5 February 2018 and was replaced by Mr Olivier Froissart as from 5 February 2018.

Cellplus Mobile Communications Ltd

Messrs **Manvendra Singh** - Chairman
Tarkaswar Cowaloosur

Telecom Plus Ltd

Messrs **Manvendra Singh -** Chairman
Rai Basgeet
Peter Conrad Colimalay
Tarkaswar Cowaloosur
Preetam Kumar Ramsoondur

Call Services Ltd

Messrs **Manvendra Singh** - Chairman
Tarkaswar Cowaloosur

DIRECTORS' ANNUAL REPORT
(CONT'D)

Teleforce Ltd

Messrs **Manvendra Singh** - Chairman

Tarkaswar Cowaloosur

MT Properties Ltd

Messrs **Manvendra Singh** - Chairman

Tarkaswar Cowaloosur

Mauritius Telecom Foundation

Messrs **Manvendra Singh** - Chairman

Tarkaswar Cowaloosur

MT International Ventures PCC

Messrs **Manvendra Singh** - Chairman

Rai Basgeet

Tarkaswar Cowaloosur

MT Services Ltd

Messrs **Manvendra Singh** - Chairman

Tarkaswar Cowaloosur

CSL Madagascar

Messrs **Manvendra Singh** - Chairman

Rai Basgeet

Devendra Curpen (local director in Madagascar)

DIRECTORS' REMUNERATION

Total remuneration and benefits paid to Board Directors by the Company during the year are disclosed in note 26 (Directors' emoluments) of the financial statements. These include directors' fees and benefits in cases where such benefits are applicable, such as the provision of a company car, telecommunication facilities and allowances. No fees or benefits are paid to directors of MT subsidiary companies.

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 consisting of the Group's and the Company's statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows, together with notes to the financial statements, in accordance with International Financial Reporting Standards and giving a true and fair view of the results of their operations and financial position for each financial year.

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

In preparing the 2017 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.
- safeguarded 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.
- prepared the financial statements on an on-going concern basis.
- adhered to the code of corporate governance and maintained adequate accounting records and an effective system of internal control and risk management.

DECLARATION OF INTEREST

SAFE Country Project

The above relates to the provision of state-of-the-art information and communication technology and services to the Mauritius Police Force and Emergency Services to help monitor and manage their resources and enhance national security.

- At the Special Board of Directors' Meeting held on 14 November 2017, Messrs Ballah, Manraj, Dabee, Conhye and Mrs Nowbuth (all GoM-appointed directors) declared their interest in so much as they are employed by the Government of Mauritius.

- At the Special Board of Directors' Meeting held on 24 November 2017, Messrs Ballah, Manraj and Conhye and Mrs Nowbuth declared that they are employed by the Government of Mauritius. Mr Ramloll, acting as alternate, declared on behalf of Mr Dabee that the latter is employed by the Government of Mauritius.

INTERNAL CONTROL

The directors have 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. Systems have been put in place to provide the directors with such reasonable assurance.

The systems are designed to ensure that all transactions are authorised and recorded, and any material irregularities detected and rectified in a timely manner.

The Group has 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 and which reviews business controls on an on-going basis.

RISK MANAGEMENT

The Risk Management Committee ensures that directors are made fully aware of the various risks that may affect Group activities. The directors are responsible for taking appropriate measures to mitigate such risks through policies, procedures and other controls.

GOVERNANCE

The Code of Corporate Governance is closely followed (*See the Corporate Governance Report with explanations for areas of non-compliance*).

DIVIDENDS

No dividends were declared during the year 2017. (2016: Nil).

DONATIONS

Donations of Rs 72,000 were made by the Group during the year (2016: Rs 385,000).

There were no political donations during the year.

AUDITORS

The fees payable to the auditors for audit services in 2017 were:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	Rs 000	Rs 000	Rs 000	Rs 000
Audit services	**3,154**	3,181	**1,734**	1,700
Non-audit services	**-**	1,835	**-**	-

Non-audit fees relate to reporting on the historical performance of the Group.

No other services were contracted from the auditors.

The appointment of auditors will be discussed at the next Annual Meeting.

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.

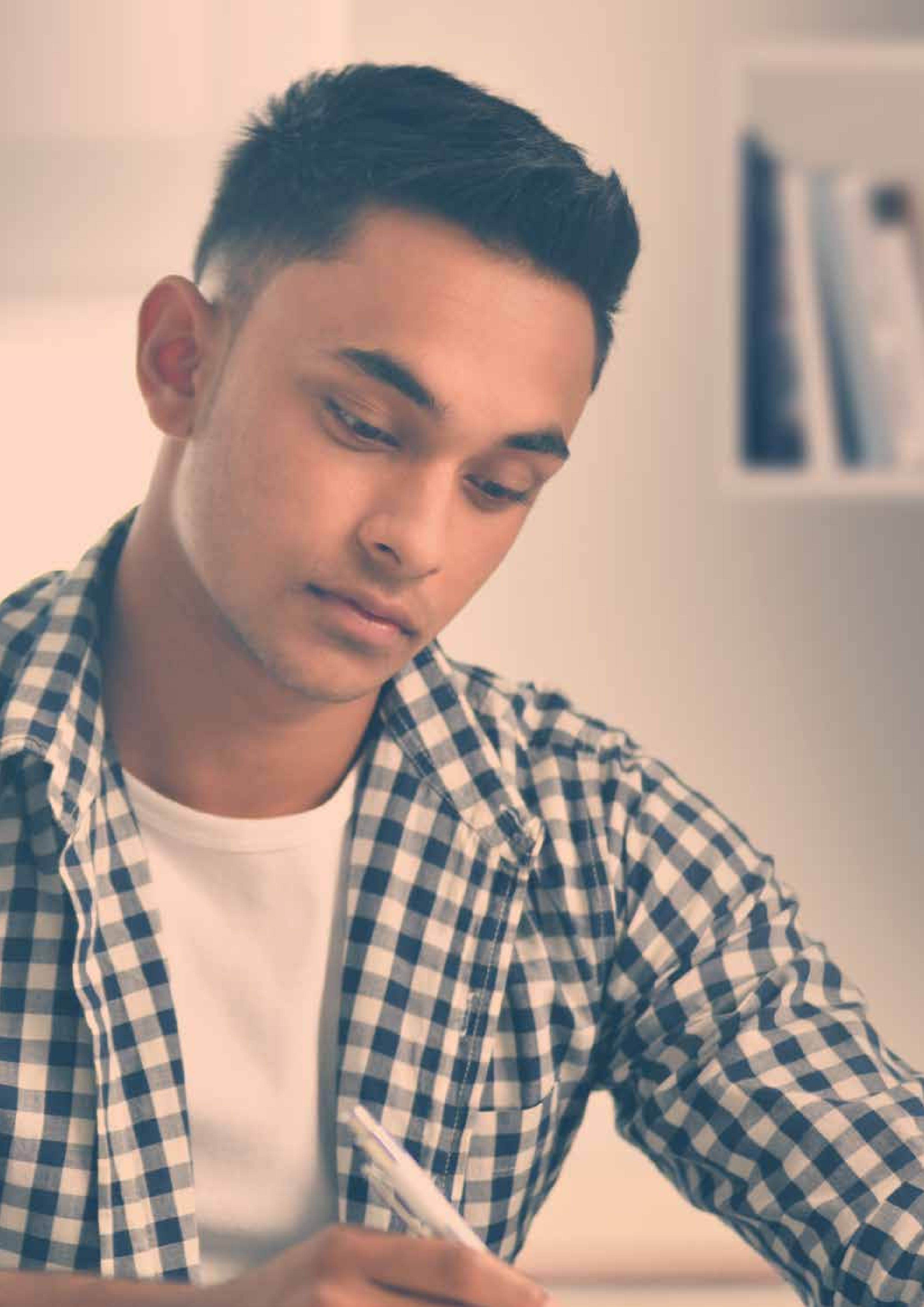
Director

27 April 2018

Director

27 April 2018


“I believe in the power of technology to
ENRICH
our lives. Technology has enormous
potential to address educational needs.”



2017 HIGHLIGHTS

RODRIGUES' FIRST EVER CALL CENTRE

Mauritius Telecom's subsidiary, Call Services Ltd, set up a 100-seater contact centre in Camp du Roi, Port Mathurin, inaugurated by Prime Minister Pravind Kumar Jugnauth on 1 March.

LET'S CELEBRATE! MT'S FIRST STAFF PARTY

The Mauritius Telecom family gathered at the SVICC on 17 March for an evening rich in events and performances by staff and local artists. The CEO took advantage of the occasion to launch the Mauritius Telecom Wellness Programme, designed to promote a healthy work-life balance.

WI-FI MAURITIUS – MAKING THE INTERNET MORE ACCESSIBLE

350 Wi-Fi hotspots were launched on 6 April in various public locations. The initiative is aligned with MT's vision "to connect everyone to what is essential to them" and a major step towards a Smart Mauritius.

NEW BROADBAND OFFER FOR SMES

Business Boost was launched on 30 March, offering ultra-fast, competitive and unlimited internet connectivity for SMEs. The offer is coupled with value-added services and cloud solutions based around Office 365.

CITIZEN SUPPORT PORTAL

In April, in collaboration with the PMO, Mauritius Telecom launched the Citizen Support Portal, an online platform through which citizens of Mauritius and Rodrigues can directly transmit their grievances, requests and ideas to ministries and local authorities.

MT-MIT GLOBAL STARTUP PROGRAMME

Mauritius Telecom partnered with the Massachusetts Institute of Technology for an eight-week Technical Entrepreneurial Incubator Programme. 54 young entrepreneurs participated in the event held from 19 June to 11 August at the Telecom Campus in Ebene.

UNPRECEDENTED MT PERFORMANCE

The CEO announced a record turnover for 2016 of more than Rs 10 billion during a press conference on 25 May at Telecom Tower.

2017 HIGHLIGHTS

MAURITIUS TELECOM FOUNDATION - ALLEVIATING THE PLIGHT OF THE PEOPLE

Through its dedicated CSR vehicle, the Mauritius Telecom Foundation (MTF), Mauritius Telecom donated commode wheelchairs across the island to help persons with reduced mobility.

HISTORIC SALARY REVIEW

MT's 2016-2020 salary review exercise was completed in a spirit of open dialogue and in record time. The collective agreement was unveiled to the media on 20 October during a press conference during which a 10% salary increase and other measures were announced.

THREE INTERNATIONAL AWARDS

Mauritius Telecom was very much in the spotlight when it received the Africa Operator of the Year 2017 Award from the FTTX Council Africa for the second year in a row, while CEO Sherry Singh was declared the Industry Personality of the Year.

In November, MT also won the Best Network Improvement Award at AfricaCom 2017 for its Accelerated FTTH Project.

my.t – LIVE THE WOW...

To support its new commercial strategy, MT adopted a unique brand, my.t, for all its services and products: my.t mobile, my.t home, my.t business and my.t money. CEO Sherry Singh unveiled the new logo and tagline during a press conference on 9 November at Telecom Tower.

MARS – FIRST SUBMARINE CABLE CONNECTING RODRIGUES

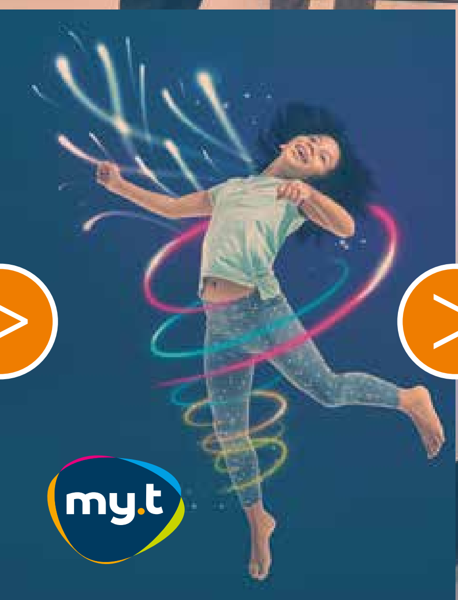
On 18 November, the Mauritius and Rodrigues Submarine Cable Project, steered by Mauritius Telecom, was launched by the Prime Minister, Pravind Jugnauth, with the aim of radically improving internet connectivity in Rodrigues.

PRESS MEET

After its success in the previous year, Mauritius Telecom again hosted a cocktail party for its media partners, this time at the Château de Labourdonnais in Mapou on 9 December.

CHAKÉ APP

In collaboration with the Port Louis Development Initiative, in December Mauritius Telecom launched Chaké, an innovative app allowing people to check details of cultural events across the island.



BUSINESS REVIEW

NETWORK

The year under review was notable for the completion of Mauritius Telecom's accelerated Fibre-To-The-Home (FTTH) Project, aimed at modernising the Company's network infrastructure. The network redesign and increased internet speeds of up to 100 Mbps resulted in an increase in the use of ICT services. More than 225,000 homes have been connected to the fibre network and peak internet traffic usage has more than tripled from 50 Gbps to 180 Gbps.

New points of presence (PoPs) were also installed at major international internet exchange points, while increased demand for popular contents led more content providers (such as Google, Facebook, Netflix and Akamai) to install cache servers in MT's content delivery network (CDN) infrastructure. Probes deployed in the network have recorded major improvements in user experience, with page load-times decreasing by more than twofold for most popular websites.

In recognition of MT's efforts, the FTTX Council Africa presented MT with the 2017 Operator of the Year award for the African region thereby consolidating MT's position as a leader. The company also won the award for Best Network Improvement at AfricaCom 2017 for setting up the first countrywide fibre network in the region.

In order to respond to the increasing demand for bandwidth, the Networks team also carried out major upgrades on its international undersea fibre-optic cables, effectively doubling its international connecting capacity. Moreover combined internet traffic (fixed and mobile) for Mauritius Telecom users account for more than 180 Gbps at peak period. Meanwhile, MT is acting as an anchor tenant in a consortium investing in a third undersea submarine cable linking Mauritius to South Africa and thereby improving the country's network redundancy.

The team further initiated works to extend undersea fibre-optic cables to Rodrigues. Up till now, Rodrigues was connected to mainland Mauritius by satellite only. The limited satellite bandwidth was a major obstacle to the economic development of the island. The Mauritius and Rodrigues Submarine (MARS) Cable will open new avenues for socio-economic development in Rodrigues and will allow the people of Rodrigues to enjoy the same internet services as in Mauritius. The project is planned to be completed in 2019.

In line with its strategy of providing widespread mobile broadband facilities, the Networks team carried out a major modernisation of its mobile radio access technologies. The project consisted of upgrades carried out on more than 500 mobile sites all over Mauritius and two controller sites in Port Louis and Floreal. The Single Radio Access Network (Single RAN) project provides better performance and operational excellence. Network key performance indicators (KPIs) show major improvements in quality of service and user experience. In addition, LTE technology has been deployed to reach 100% island coverage.

The team also commissioned a Tier IV, Uptime Institute certified, greenfield data centre in Rose Belle. It is a 3-megawatt facility with 2,000 m2 whitespace, which can accommodate at least 336 server racks in six state of-the-art data centre pods. The data centre will provide infrastructure, platform-hosting and cloud-computing services to global players and will give impetus to the transition of Mauritius into a top-notch ICT hub in line with the government's objective of enhancing the ICT sector as a key pillar of the economy.

INNOVATION

The role of the Innovation team is to conceive, develop and promote new methods, techniques and solutions. The team combines skills and collaboration from different sources within the company that provide a structured approach to combining data and analytical insight. The Innovation team assists various business units in a quest to promote digital transformation and create opportunities to unlock value. In this respect, a number of internal, external and social projects have been implemented by the team.

In early 2017, the team developed Pulse, an internal collaborative platform, available to all MT employees. The tool allows them to stay up-to-date with company matters, communicate with colleagues, share experiences, and apply for leave and vacancies. The platform also provides up-to-date information regarding wellness programmes, the in-house cafeteria and promotions in MT shops.

MT has been registered as a Coder dojo champion. Coder dojo – the global network of free computer programming clubs for young people - is a global movement of volunteer-led community-based programming clubs for young people aged between 7 and 17. The project was launched in collaboration with the Human Resources Department and has so far trained over 70 young people (mainly children of MT staff) in coding.

To promote operational efficiency, the team developed and deployed a Unified Trouble-shooter for Call Services Ltd. The solution provides service agents with a full view of customers by making information pertaining to customer accounts readily available.

A number of mobile apps were also launched during the year:

- **Traffic Watch** was presented with the Best App for Africa award in 2016 by AfricaCom. In 2017, updates were made to the app by adding

- additional traffic cameras and providing viewers with live drone views for special occasions such as the Maha Shivaratree and Pere Laval pilgrimages
- **my.t Top Up App** enables my.t mobile customers to manage their accounts by providing visibility on real-time mobile credit and internet usage, and to buy voice and internet bundles
- **NouMoris App** was launched on the occasion of Independence Day 2017. It provides citizens with useful information on the country
- **Chake App** offers users a calendar of cultural events occurring across the island

The Citizen Support Portal, a collaborative initiative between MT and government, is a system that records citizens' requests, suggestions and complaints. The portal was developed by the Innovation team and helps in identifying, categorising and assigning comments and issues to the relevant ministry. It further creates greater accountability as complaints are assigned to government officers for corrective action, after which they report back on the system to provide feedback to the complaining parties. The system now covers both Mauritius and Rodrigues.

INTERNATIONAL BUSINESS DEVELOPMENT

Global economic factors, rapidly evolving consumer requirements and ongoing price deflation driven by competition from over-the-top providers have made market conditions extremely challenging for operators. Mauritius Telecom is therefore positioning itself for the market of tomorrow by capitalising on growth ambitions and on new industry verticals to generate scale, widen product scope and create synergies. Its International Business Development Division is thus aggressively prospecting international opportunities in Central and East Africa, its preferred development zone, in order to identify the most appropriate investment options. In line with its strategy of focusing on Africa, MT sold its 100% stake in Telecom Vanuatu to Fiji-based Amalgamated Telecom Holdings at the beginning of 2017.

COMMERCIAL DIVISION

One of the Commercial Division's main achievements was the rollout in November 2017 of Mauritius Telecom products and services under a single brand name: my.t, which has rapidly established itself as the preferred local brand.

Meanwhile, my.t's TV channels were enriched with several waves of new contents so as to cover the broad spectrum of viewers' likings and strongly differentiate themselves from competitors. TRT World and Food Food channels were added in April, followed in July by the launch of a Ciné Pack with 12 channels focusing on films and serials. In addition, with the unique OCS Go feature, my.t subscribers now have the possibility of watching again or catching up on a missed programme that has been broadcast on any OCS (Orange Cinema Series) channel over an extended 30-day period.

The kick-off of the 2017/18 English Premier League on my.t was marked by the visit, with autograph and photo sessions, of Salim Baungally, the star presenter of SFR Sport 1 channel, who is of Mauritian origin. The resulting buzz not only had a positive impact on customer numbers but also led to newspaper headlines highlighting my.t's leading position in the provision of English Premier League coverage in Mauritius.

The my.t Sports Pack was further enhanced at the end of October 2017 with the introduction of five new StarTimes channels (World Football, Sports Premium, Sports Arena, Sports Life and Sports Focus) dedicated to various European football leagues (including Germany's Bundesliga, Italy's Serie A and France's Ligue 1), as well as other popular sporting events.

MT also introduced a new smart box in April, with cutting-edge capabilities through which subscribers have been able to convert their TV sets into smart TVs and reap the benefits of the convergence between the world of TV channels and that of apps. With the my.t smart box, they can watch YouTube videos on their TVs, have access to enriched offerings through video on demand and, each month, discover a my.t premium channel on the free viewing channel, Xplor.

The Commercial Division also staged a number of events to strengthen MT links with key stakeholders. Retailers of my.t's prepaid cards and e-voucher service from all regions of Mauritius and Rodrigues were invited to exclusive film previews. The top partners were also rewarded to thank them for their support and achievements, as well as their sales growth.

In March, to help small and medium enterprises move to the next level of their development, Mauritius Telecom launched the ground-breaking Business Boost service, enabling them to access ultra-high speed internet at highly competitive rates. Three packages (20, 50 and 100 Mbps) are now available at reduced rates, lowered by up to 50%.

In parallel, with the aim of reducing the digital divide, Mauritius Telecom helped to improve Wi-Fi access by contributing to the deployment of 350+ Wi-Fi hotspots throughout Mauritius. This has enabled all Mauritians, regardless of their socioeconomic status, to have free access to the internet on their smartphones, tablets or computers near community centres, youth centres, post offices, Telecom shops or other public areas indicated by a Wi-Fi Mauritius signboard.

The Commercial Division also helped to strengthen the position of Telecom Shops as the number one distribution channel for smartphones by being in the forefront with the latest iconic models of the most popular brands, such as the Samsung S8/S8+ in

BUSINESS REVIEW (CONT'D)

April, the Huawei P 10 in June, the iPhone 8/8 Plus in November and the iPhone X in December.

Through the Commercial Division, MT also featured strongly in terms of new technologies, best offers and demos at the Infotech exhibition, held from 29 November to 3 December 2017 at the SVICC in Pailles, when the MT stand proved to be the most popular attraction.

In a completely different vein, MT supported the Mauritius Football Association in launching the Telecom Futsal Cup 2017 in August, an indoor football competition that attracted 20 teams from all over the island. The thinking behind the event neatly matched MT's own spirit of innovation.

ENTERPRISE SOLUTIONS

The vision of MT Group to 'connect everyone to what is essential to them ' while providing an unmatched customer experience is reflected by the effort and focus dedicated by Enterprise Solutions team towards enhancing MT's products' portfolio, sales channels and aftersales services. The promise of my.t business is to open a new world of possibilities by accelerating transformation in the business community through world-class solutions in an affordable and reliable way. We constantly review the different customer touch points for enterprise customers through independent surveys, to ensure we meet the business market realities and expectations.

Managed customers

The corporate and large business segment grew during the year under review, driven by broadband, product sales and cloud usage. The proliferation of cloud computing, ubiquitous connectivity and analytics are creating an insatiable appetite for higher and more reliable internet connectivity among large enterprises. The accelerated fibre deployment enabled MT to provide its large business customers with ultra high-speed internet of upto 1Gbps and local connectivity of upto 2.5 Gbps.

The good performance in this sector was also due to the re-engineering of the commercial team into vertical sectors (Financial, Hospitality, Retail and Government). This helped account managers provide customers with enhanced value propositions and led to successful acquisition of public-sector contracts with the Government Intranet Network and SchoolNet (Wi-Fi and Internet in 276 primary schools), colocation projects in the banking sector and unified communication projects in the hospitality sector.

Small and medium enterprises

SMEs are now fully recognised as playing a key role in economic growth and in improving living standards. According to the Central Statistics Office, in the last two years more jobs have been created in small and medium enterprises than in large ones and MT believes it can play an active role in boosting this sector by providing it with cutting edge ICT technologies to become more competitive, productive and innovative.

The launch of Business Boost, a differentiated Internet package tailored for the needs of SMEs, in March 2017 has helped more than 5,000 such companies benefit from fibre high-speed internet (up to 100 Mbps) at a very competitive price.

To better serve SMEs, a new commercial department was created to focus on this segment, dedicated business agents were appointed in the seven most visited shops, a telemarketing engine was created to proactively communicate on MT's campaigns and promotions, and door-to-door sellers were recruited by Teleforce to increase customer reach. Meanwhile aftersales service was enhanced with the introduction of a 24/7 hotline 8901, to handle all queries and faults for SME customers. Overall, the SME segment contributed to significant growth in revenue in 2017 and MT will continue to invest in this segment as it makes a major contribution to the country's GDP and has considerable untapped potential.

Customer satisfaction

In its quest to improve the customer experience, MT revisited all touch points to make sure that they are fully customer-orientated. The major revamping was on the 8919 fault-resolution hotline. The waiting times have been greatly reduced and immediate resolution of broadband faults is now above 40%.

Enterprise Solutions team has also invested heavily in the training and certification of its engineers. Engineering teams are now highly focused on their domains of expertise, with more specialised expertise in very niche domains such as data networking, unified communication, security and cloud. MT has also secured partnerships with world-renowned brands such as Cisco, Huawei, Avaya, Ruckus, Palo Alto, Fortinet, Microsoft and Polycom. In 2017, MT was acclaimed Microsoft West, East and Central Africa (WECA) Telco Partner of Year for its cloud penetration in the SME segment.

CUSTOMER EXPERIENCE

Mauritius Telecom has continued its strategy of ensuring that its focus is on matching customer expectations. Key customer insights were collected through regular quantitative and qualitative surveys, providing feedback on how to improve its products and services as well as operational processes and customer journeys.

The focus in 2017 remained on:

1. Thorough analysis of customer comments for a better understanding of customer requirements.
2. Simplified customer journeys and automation of processes.
3. Set up of dashboards and close monitoring of key performance indicators using business intelligence.
4. Continual support to staff in their day-to-day activities to improve customer service.

In 2017 a series of projects were implemented, aimed at excellence in service delivery and overall customer experience.

Service provisioning

Service provisioning was enhanced in the following ways:

1. A new improved process for the order and installation of broadband and fixed services.
2. Automation in a diversity of areas for greater business efficiency and to facilitate work processes.
3. More effective management of requests for MT services.
4. Proactive communication with customers

Complaints management

The centralisation of complaints, systematic analysis of root causes and preventive action contributed to a significant reduction in the volume of complaints for all services.

Hotline services

Hotline services were also enhanced with the set-up of helpdesks at CSL for SME customers (8901) and at Wi-Fi Mauritius (8905)

Customer surveys, conducted over the course of 2017, indicate that satisfaction has increased in both the consumer and business markets. In 2018, MT will continue to focus on excellent service delivery and customer value.

HUMAN RESOURCES

The organisational restructuring exercise that was initiated in 2016 was completed during the year so that all departments are now fully focused towards delivering their set objectives. HR activities in 2017 were complementary with this, aiming at making MT an amazing place to work.

Salary review 2016-2020

As per the collective agreement signed with the three unions, MT has to review the terms and conditions of employment and the salaries of staff employed under the MT establishment regime every four years. This exercise became due in July 2016 to cover the period to June 2020. Negotiations with the unions started in February 2017 and were completed in October, a shorter period than for previous exercises and without any need to resort to arbitration. The first review of pay, terms and conditions of employment of MT Services Ltd has also been successfully completed.

Employee wellness

Wellness initiatives have been given an impetus with the nomination of the wellness manager. Several initiatives were taken during the year with the aim to establish MT as a caring company.

Annual staff event

For the first time, the Company gathered the whole MT family under one roof for the annual staff event and 2,200 staff were present to celebrate 2016's achievements. One of the highlights was a "staff got talent" show, an opportunity for the MT family to acclaim their colleagues' artistic talent.

Pulse

During the event, MT launched its state-of-the-art online collaboration tool called Pulse, which has become a widely used platform for communication, collaboration and interaction among staff.

Wellness Club

A Wellness Club was launched as a major step towards creating a work/life balance. The club provides a myriad of wellness facilities to members, including discounts at accredited shopping outlets, cinemas, gyms, spas and resorts. The wellness club has also taken over outdoor and indoor sports activities, while the Telecom Tower Gym was upgraded and professional coaches retained for training sessions in Zumba, yoga and fitness.

On-line brand shop

An on-line brand shop was unveiled in December 2017, proving an instant success with staff looking for branded sports, casual and office outfits. The shop also provides staff with exclusive offers on high-end mobiles.

BUSINESS REVIEW
(CONT'D)

Cafeteria and social space

The cafeteria at Telecom Tower and Ebene were completely upgraded and re-opened in December 2017, with enhanced facilities including music, an indoor waterfall, improved decor and green plants. A greater variety of dishes, including healthy options, were made available and the subsidy on meals increased.

Safety and Health

Several measures were implemented to improve safety and health:

1. Visit of the company doctor twice a week to several MT sites
2. Recruitment of a company nurse to provide para-medical services to group staff
3. A complete check-up for 1,600 staff (including blood tests, ECGs and medical tests)
4. No restrictions on consultations with an approved company doctor
5. Psychological assistance programme
6. Extension of the medical check-up and health promotion programme to all staff in Rodrigues
7. Training on dealing with armed attacks for all staff in MT shops
8. Ongoing fire drills and refresher training on the use of fire extinguishers

People acquisition

(i) Supporting business units

An essential role for the HR team is to partner and support business units to maximise their contributions towards the Group's strategy in order to build a workplace where staff are fully motivated and willing to go the extra mile. Following the completion of the restructuring exercise in 2017, several posts were filled, followed by a selection exercise.

(ii) Digital HR

Several digitalisation measures were completed:

- Overtime entries by individual employees
- Reports on employee performance for annual increment purposes
- Tracking of probation periods and confirmation of employees

People Development

Launch of Telecom Campus

MT continued to invest massively in learning and development, and launched its Telecom Campus in June 2017. The campus is fitted with state-of-the-art equipment and includes training rooms, ICT labs and an auditorium able to accommodate up to 90 people. The documentation centre and administrative support teams are also located on the same site.

Massachusetts Institute of Technology

Telecom Campus had the privilege of hosting an MT- MIT Global Startup programme, held over eight weeks with 54 MIT-selected students, a landmark initiative for career progression.

Leadership Development Programme

A leadership development programme was arranged for all managers and the top management team, with the aim of having a fully committed leadership team. The focus was on how to leverage individual capabilities to synergise collective efforts to reach greater heights.

Capacity building

Telecom Campus has fostered close collaboration with local and international institutions to provide focused courses on specific business requirements. An in-house training programme on skills enhancement was developed and 1,339 staff attended training sessions during the year.

CoderDojo

Mauritius Telecom, the country's registered CoderDojo Champion, brought the first coding programme exclusively to MT employees' children aged between seven and fifteen during the 2017 December school holidays. 147 children learned coding over four weeks under the guidance of 21 trained MT volunteers known as CoderSensei. Demand was strong and there is a long waiting list of more than 100 children.

INFORMATION SYSTEMS

Information Systems (IS) embarked on several business critical projects in 2017:

The New Integrated Customer Experience (eNICE) Project consists of various solutions – Telco CRM (Customer Relationship Management), Self-care, Partner Portal & User Interface – aimed at creating a new customer experience in line with MT's digital transformation strategy. This convergent solution includes increasing access to data whether by supporting new data sources, extending an existing data warehouse or building new data marts. The solution is designed to be a fully convergent solution for mobile, fixed line, broadband, multimedia and other telecommunications services.

The first phase of the project went live in May 2017 and is being used for mobile billing and operations. Systems introduced include Universal Product Catalogue (UPC), Customer Lifecycle Management (CLM), Convergent Billing (CBS), Loyalty and Campaign Management (LCMS), Trouble Ticket (integrated in CLM for customer support and complaints), Document Management (DMS) for customer documents and Electronic Billing.

Work was also started on the next phase of the project, which is scheduled to go live in June 2018 and will integrate fixed services into CBS and CLM, and on a mobile self-care system, which is currently under friendly user testing with go-live planned for the end of May 2018.

Upgrade of the mobile provisioning platform (Comptel)

The new version of the Comptel system was integrated to eNice systems and went live in May 2017. It ensures an efficient provisioning flow for an enhanced customer experience.

Upgrade of the IS hardware infrastructure

An upgrade of the IS infrastructure was carried in 2017 with the introduction of a hyper-converged platform to support new performance and the resiliency, availability and integrity of mission critical systems. The system is built and designed on the latest processors, an all flash array (a solid state storage disk system) and software-defined storage.

ITIL-compliant service desk system and support

A new ITIL-compliant service desk system was implemented to provide more efficient support to MT internal and external customers. Further improvements are planned in 2018.

CARBON REDUCTION COMMITMENT AND GREEN ACTIONS

In its strategic plan, Mauritius Telecom set itself targets of achieving a 5% reduction in its power consumption and a 10% reduction in its carbon footprint. To meet these strategic objectives, MT implemented the following measures in the year under review:

1. The replacement of 425 incandescent lights with energy-saving types, allowing MT to save 30,600 kWh of electricity per year
2. The conversion of 34 container mobile sites into outdoor Single RAN mobile sites, allowing MT to save 660,960 kWh of electricity per year
3. The procurement & utilisation of 23 digital scroll compressors for precision- type air-conditioning units, which are more energy efficient and provide flexible cooling capacity for electronic telecom equipment, producing a 421,024 kWh saving per year
4. The continued use of heat-resistant paint on MT sites, which provides insulation from the sun and reduces the ambient temperature inside technical equipment rooms, leading to reduced cooling requirements
5. The adoption of a strategy to use hyper-converged platforms. This allows several services to run on a common platform, thereby reducing the amount of hardware

These measures have resulted in overall savings of 1,112,584 kWh in electricity, Rs 6.8 million in expenditure and, in Agalega, 5,000 litres per year in fuel consumption.

RISK MANAGEMENT

Identifying and managing risks with the potential to affect its strategies and objectives is an essential part of the Mauritius Telecom Group's (MTG) governance framework. MTG has established a rigorous and systematic risk review process to identify, monitor, manage and report risks. Management has primary responsibility for identifying, managing and reporting to the Board the key risks faced by the Group. It has set up specialised functions such as Legal and Regulatory, Credit Management, Treasury and Insurance among others for the management of risks.

The Group is committed to achieving its financial, customer and people goals through sustained profitable growth without compromising its integrity, values and reputation by risking brand damage, service delivery standards, severe network disruption or regulatory non-compliance.

Although MTG's risk management approach facilitates appropriate identification, assessment and control of risks relating to its operations and corporate strategy, nevertheless there may be some risks which are unknown today or some which were considered of little significance but which may become important later.

The main risk types faced by MTG (not in any order of significance) are financial, economic, regulatory, competitive, technological, breach of privacy, network failure and catastrophe, and people-based.

Every year, MTG refines its risk management approach. Risks are regularly reviewed and monitored, new risks, especially those internal and external risks that could have a material impact on its objectives, are identified and assessed with respect to the likelihood and severity of their impact.

BUSINESS REVIEW
(CONT'D)

Material business risks

This section summarises the material business risks that could adversely affect the Group's financial performance and growth potential in future years, including any material exposure to economic, environmental or social risks, and how MTG seeks to mitigate or manage them.

Financial risks

These are outlined in note 32 of the Financial Statements.

Industry disruption and competition

Rapid changes in telecommunications technology are increasing the level of competition in the telecommunications industry in the world as well as in Mauritius with the lowering of barriers to entry.

Competition comes from existing, new and emerging competitors, including over-the-top (OTT) service providers with lower cost bases and agile and innovative business models. The effect of increasing competition is characterised inter alia by constant and rapid change, falling prices and (in some markets) falling revenues, market and product convergence and continually changing customer expectations.

MTG is mitigating this risk by sticking to its strategy of broadening and deepening customer relationships for an unmatched customer experience, delivering superior customer service, reducing complexity for customers and employees, simplifying processes, transforming costs and investing for growth. In this respect, MT has been investing massively in areas like fibre, TV contents and mobile telephony.

Business resilience

The MT Group network is critical to its ability to compete and provide stable, highly reliable and fast networks and services. A high dependency on technology and increased integration of customer services means outages can significantly impact the continuity of business operations and delivery of services to customers. There are multiple threats to its ability to ensure resilience and continuity of key processes, systems and people, including extreme weather events, natural disasters, malicious attacks, loss of third party key service providers and human errors. MTG has business capabilities, strategies and plans in place which seek to prevent, respond to and recover from network and critical service disruptions. The aim of these is to provide means to manage adverse events or mitigate their consequences and to provide acceptable levels of service continuity, especially for critical transactions and applications.

Data governance

The world is experiencing increased cyber security risks. Unless adequately protected from cyber-attack, theft or other malicious actions, this could result in equipment failures, disruptions in MT's operations or network, and leakage or unauthorised dissemination of sensitive information about MTG and its customers. The Group places high importance on protecting the security and privacy of customer and company data. To manage this growing risk, systematic training in relation to data security and privacy awareness is given to employees. Information on cyber security safeguards and reminders on maintaining privacy of data are regularly communicated to employees across the organisation to continuously raise the level of staff compliance and vigilance. MTG also continually reviews and updates the security controls on its network based on known threats and best industry practice and knowledge.

Innovation and agility

Effective innovation is fundamental in securing revenue streams and withstanding challenges from a changing competitor and industry landscape. The Group's capacity and ability to respond to the innovation challenge and disruptive business model are related to the agility of its internal processes and the capability and flexibility of its people. To manage this risk, MTG is focused on enhancing people skills and committed to identifying innovative products and services that have the potential to deliver long-term earnings growth. It is also simplifying its processes and IT and network infrastructure, as well as reviewing operating costs as it aims to deliver services at a more affordable cost, with a quick response to disruptive innovations.

Regulatory environment

The Group operates in a highly regulated environment. Regulatory or policy changes may directly impact its strategies and business model as well as increase the complexity and the cost of doing business. MTG proactively develops and maintains relationships with relevant regulatory stakeholders and policy makers, community groups and industry in an effort to mitigate potential adverse effects of policy and regulatory decisions or inappropriate regulation for a small market like Mauritius.

People

Technological evolution, transformation and innovation require a capable workforce to realise the Group's strategy and adapt to the changing operational environment. A risk factor is the Group's need within key growth areas for a certain number of technical, sales and leadership capability skills, which may prove to be difficult to attract and retain. The Group's key mitigation strategies, intended to enhance its people's capabilities and its competitive advantage, include succession planning, recruitment and retention processes, talent management and the perpetual upgrading of the competencies of its people in growth areas.

Pensions

The Group has an exclusive funding obligation to its main defined-benefit pension schemes. Low investment returns, high inflation, longer life expectancy, increases in salary and pensions, and regulatory changes may all mean such schemes become more of a financial burden. This may lead to higher pension deficits and thus an increase in deficit payments into the schemes. MT is mitigating this risk by regularly reviewing investment performance with the pension administrator. Moreover, the Group's financial strength and cash generation provide a level of protection against the impact of changes in the pension schemes' funding position.

Reputational risk

Reputation is key to Mauritius Telecom's business and it is continuously working on promoting its corporate and brand images, which risk being easily tarnished in an era of digitalisation and widespread use of social media.

REGULATORY AND POLICY DEVELOPMENTS

Major legal and regulatory developments in 2017

Connectivity to Rodrigues

The ICTA awarded the contract for the provision of 425 Mbps satellite bandwidth capacity between Rodrigues and Mauritius to Mauritius Telecom. The satellite capacity will enable operators to offer higher broadband internet connectivity to people in Rodrigues.

Mobile Payment Services

Cellplus Mobile Communications received the approval of the Bank of Mauritius to provide non-bank-led mobile payment services. Instead of cash and credit cards, mobile payments allow customers to use a mobile device to pay for goods and services.

National Payment Switch

The Bank of Mauritius is currently working towards the finalisation of the National Payments System legislation and the National Payment Switch. This will bring about a revolutionary change in payment systems. The National Switch will make mobile payments interoperable, boost competition in the retail payment area and enable the government to offer better services via the e-government platform.

The Data Protection Act 2017

The Data Protection Act 2004 was repealed and replaced by the Data Protection Act 2017 to comply with the requirements of the General Data Protection Regulation (GDPR) which will come into force in May 2018.

The Data Protection Act 2017 provides *inter alia* more rights to individuals in terms of the protection of their personal information and imposes greater obligations on controllers and processors with regard to the data they hold.

CELLPLUS MOBILE COMMUNICATIONS

Mauritius has one of the highest mobile penetration rates in Africa, standing at 142.3% according to the latest official statistics compiled in June 2017. However, multi-SIM usage seems to have reached its saturation stage, which explains the moderate growth of Cellplus Mobile Communications' customer base from 2016 to 2017.

A wholly owned subsidiary of Mauritius Telecom, Cellplus Mobile Communications has nonetheless reinforced its leadership position on the Mauritian market, with nearly 950,000 customers at the end of the year under review.

During 2017, it accounted for Rs 3,793,855,524 of the MT Group's turnover. Furthermore, the average mobile data revenue per user rose compared to the previous year due to a number of marketing initiatives. In February, an enhanced version of the Traffic Watch app was introduced on the market, followed in June by the my.t Top Up app facilitating the life of prepaid customers when buying mobile internet packages or recharging their mobile terminal with credit.

Telecom Shops also played a critical role in offering customers not only the latest flagship models of leading mobile brands but also a wide range of smartphones and tablets matching their budgets and needs, and thereby boosting multi-device adoption.

On the network side, in line with its strategy of providing ubiquitous mobile broadband and improved customer service, Cellplus Mobile Communications carried out a major modernisation of the mobile network by migrating its mobile radio access technologies to a single equipment vendor. The project consisted of upgrades carried out on 497 mobile sites across Mauritius and two controller sites in Port Louis and Floreal. The Single Radio Access Network Project has enabled equipment and

BUSINESS REVIEW
(CONT'D)

operational expenditure optimisation. In addition, LTE technology was deployed to reach near 100% island coverage and MT's 4G footprint now covers the entire island.

CSL

Call Services Ltd (CSL) is a wholly-owned subsidiary of Mauritius Telecom and was established in 1999 to provide telephonic assistance to MT customers. The company has broadened its activities since then and is becoming a high-tech and innovative service delivery centre and business process outsourcing (BPO) service provider.

It operates on a 24/7 basis with 539 full-time employees and provides a range of services (inbound and outbound services, back-office data management services, contact centre training courses, business continuity solutions and consultancy on contact centre set-up) for both the local and international markets.

The company's turnover has grown from Rs 11.9 million in 1999 to Rs 321 million in 2017.

Projects and achievements

The acceleration of the Fibre-To-The-Home (FTTH) Project, together with the increased use of mobile and cloud computing applications, has resulted in new ways in which customers are engaging with service providers.

CSL recognises that continuous employee training and providing world-class customer experience are key in bridging the gap between service delivery and customer expectations through a myriad of contact channels.

Employee engagement and wellness are at the heart of the strategy of CSL. Reviewing the promotion, reward and recognition frameworks have helped define employees' career paths and celebrate employees' success. Training has been paramount and a considerable amount of effort has been spent on enhancing soft skills and honing employee competence across various functions, services and platforms.

Leveraging on technology, CSL embarked on a transformation journey in 2017 to address major customer issues and empower its employees to provide a customer-centric service with a human touch. CSL reviewed and re-engineered the end-to-end process of its frontline customer experience on 8902, which has helped to significantly reduce the peak waiting time for a customer to talk to a service consultant and improve first-call resolution. The process improvement perfected on 8902 is now an established blueprint which has been deployed across all CSL frontlines.

The depth and breadth of contact centre knowledge acquired over the years and the use of digital technology have helped to simplify the customer journey, which is reflected in an improved net promoter score (NPS) and customer satisfaction index (CSI).

With the paradigm shift towards data-hungry applications, CSL has experienced a constant decrease in phone interactions and a rise in digital volumes across various contact channels. It is anticipated that digital volumes will overtake phone interactions. Turning hindsight into foresight, CSL has been working towards unifying back-office and front-office operations to streamline its processes and to simplify and integrate multiple technology channels.

Looking ahead, CSL will continue to provide customers with a connected journey that spans multiple channels (including the internet, social media, telephone services and web chat) and improve consumer experiences whilst providing a personalised human touch. CSL has already started the implementation of omni-channel capability in order to connect various customer interactions.

Having a customer and employee-centric solution view, a considerable amount of effort is being spent on proactive automation and data analytics projects for bespoke services to provide seamless customer touchpoints. The aim is for CSL to demark itself from the traditional low-end contact centre and grow into a knowledge and relationship management hub for its business partners.

TELEFORCE LTD

Teleforce Ltd, formerly known as Teleservices (Mauritius) Ltd, started trading under its new name in September 2017, and is now geared towards becoming the 'field sales' wing of Mauritius Telecom. A new identity to reflect a new direction!

The objective and rationale behind this new sales channel is to get closer and nearer to customers, thereby maximising sales opportunities and gaining invaluable feedback from subscribers. In an effort to reduce the lead time in provisioning clients with their chosen service, the outdoor sales teams are equipped with a mobile app that allows them to capture their sales in real time and streamline operations.

In this increasingly digital world, it is easy to forget the value of traditional media. TV, radio, print, billboards and cinema are all media fully entrenched in the lives of Mauritian consumers. Therefore, on behalf of our clients, we buy, book and supply media space. Our experienced team negotiates the best media rates while combining the best mix of media options (online and offline) to match clients' budgets. MT's existing market for print publications, although dwindling, still brought in significant income in 2017.

However, a revamping of the Mauritius Telecom directories was long overdue. The traditional phonebook was re-designed and re-named L'Annuaire 2017-2018. Other print publications in 2017 comprised:

- The Telecom Business Directory
- The Yellow Pages
- A special edition of Yellow Pages, for use in hotel rooms
- L'Annuaire de Santé, a health directory responding to a perceived need
- The Mauritius Export Directory, listing local export-ready enterprises

Sales figures for online directories rose significantly in 2017. The focus was on rationalising Teleforce's websites:

- www.teleforce.mu, now Teleforce's brand site
- www.searchmauritius.mu, Teleforce's online directory

MAURITIUS TELECOM FOUNDATION

AS ONE OF THE LEADING ENTERPRISES IN MAURITIUS, AND THE LEADER IN THE TELECOMMUNICATIONS SECTOR, MAURITIUS TELECOM IS FULLY COMMITTED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) IN RELATION TO ITS STAKEHOLDERS: SHAREHOLDERS, CUSTOMERS AND EMPLOYEES, AND MAURITIAN SOCIETY IN GENERAL.

The Mauritius Telecom Foundation (MTF) is responsible for managing the Group's CSR programme and concentrates on funding major national projects promoting social and economic integration and poverty alleviation. Other CSR initiatives include support to community projects in the fields of ICT, social housing, education, health, disabilities, sport and the environment. In 2017, more than 250,000 people benefitted directly or indirectly from projects supported by the Foundation in Mauritius and Rodrigues.

CONNECTING EVERYONE

An important moment in the year was on 6 April 2017, when the Prime Minister, The Hon Pravind Kumar Jugnauth, launched Wi-Fi Mauritius. The project is designed to provide free internet access in Mauritius through 350 Wi-Fi hotspots. It enables people, whatever their social circumstances, to use the internet free of charge and contributes to a better-connected society. Indeed, this initiative is a tool for empowerment and social inclusion, as not everyone can afford to use a mobile phone with any regularity.

Hotspots are located throughout the island: 26 in the West, 50 in Port Louis, 65 in Plaines Wilhems and in the districts of Pamplemousses 27, Rivière du Rempart 40, Moka 23, Flacq 45, Grand Port 36 and Savanne 38.

MOBILITY

For those with a disability, even the need for the smallest step can exclude them from many aspects of life that others enjoy. Mobility aids and devices are vital in providing support, motion and access, as well as better enabling them to lead active and fulfilling lives. The Mauritius Telecom Foundation therefore donated 136 commode wheelchairs to persons with reduced mobility. In a similar spirit, it also donated 540 blankets to elderly people across the island, especially in regions where winter nights can be very chilly.

EDUCATION

As education is a major source of empowerment, the MTF distributed 2,000 school bags and 100,000 copybooks to children from disadvantaged backgrounds. For the same reason, it supported children residing in the region of St Catherine, Saint Pierre, through the donation of musical instruments. The aim of this donation is to provide children with a musical skill, which eventually may also lead to a professional activity.

A BETTER ENVIRONMENT FOR A BETTER TOMORROW

In line with the Government's policy of eliminating plastic bags, 50,000 long-lasting/re-usable bags were distributed to the general public.

PROMOTING PHYSICAL ACTIVITY

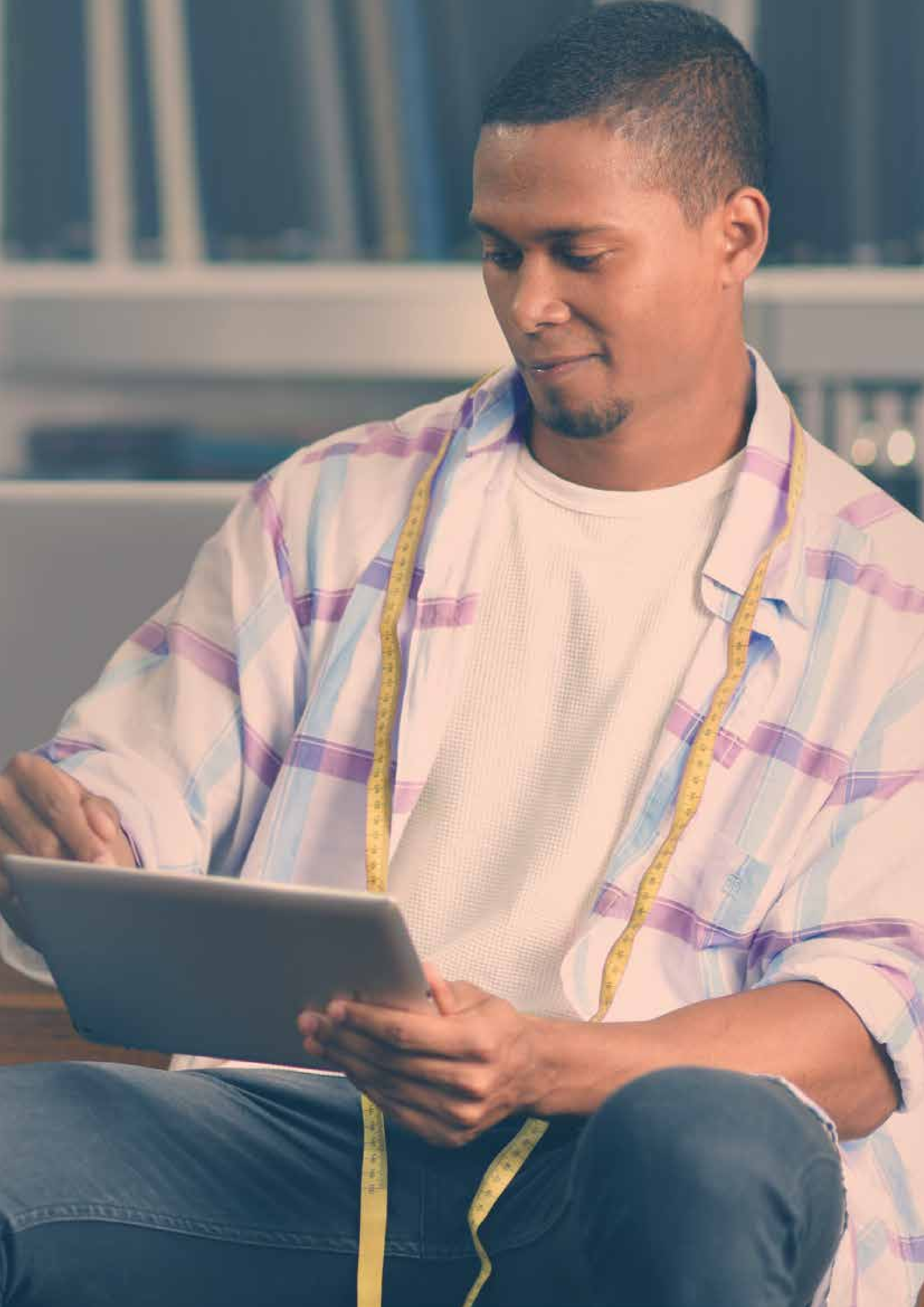
MTF is setting up several games areas, which will provide outdoor gyms and running tracks, and Zumba and yoga. They will be free to use, available to the general public and designed for all levels of fitness.

The aim is to promote increased physical activity, particularly by localising access to facilities.

RODRIGUES

MTF distributed Rs 3 million of its CSR funds to nine NGOs in Rodrigues to support projects in the fields of education, disabilities, art and music, empowerment, the environment and the development of entrepreneurship. These benefitted more than 1,100 persons living in Rodrigues, 587 of whom were children coming from disadvantaged backgrounds.


"To feel EMPOWERED is to feel free.
No one can fake confidence
or empowerment."



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAURITIUS TELECOM LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of **Mauritius Telecom Ltd (the "Company") and its subsidiaries (the "Group")** set out on pages 68 to 127, which comprise the statements of consolidated and separate financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- 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.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Annual Report and the Certificate by the Company's Secretary, but does not include the consolidated and separate financial statements, Corporate Governance report and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Deloitte

Deloitte
Chartered Accountants

Twaleb Butonkee, FCA
Licensed by FRC

17 May 2018

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	THE GROUP 2017	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2017	THE COMPANY 2016	THE COMPANY 2015
			Restated	Restated		Restated	Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
ASSETS							
Non-current assets							
Property, plant and equipment	5	13,115,144	11,582,988	10,289,942	10,978,339	9,553,462	7,574,854
Intangible assets	6	484,265	263,577	353,147	381,439	245,465	304,866
Investments in subsidiaries	7	-	-	-	842,408	842,408	842,408
Investments in associates	8	308,573	342,426	422,590	40,935	112,245	112,245
Available-for-sale investments	9	11,107	10,699	9,332	11,107	10,699	9,332
Other Deposits	38	169,231	-	-	169,231	-	-
Loan to a subsidiary	10	-	-	-	186,499	206,718	225,203
Deferred tax asset	18	586,768	406,470	211,209	547,334	369,850	210,356
Total non-current assets		14,675,088	12,606,160	11,286,220	13,157,292	11,340,847	9,279,264
Current assets							
Inventories	11	465,302	571,856	415,889	330,671	410,630	318,272
Trade receivables	12	958,664	1,429,890	1,528,696	535,892	985,511	922,034
Other receivables	13	1,538,526	990,759	578,188	1,366,954	970,337	682,598
Other deposits	38	30,769	-	-	30,769	-	-
Held to maturity investments	14	-	858,293	1,245,171	-	858,293	1,245,171
Loan to a subsidiary	10	-	-	-	20,219	18,484	16,899
Cash and cash equivalents	37	975,122	1,137,989	1,137,054	874,357	1,034,816	942,866
Assets classified as held-for-sale	42	-	988,408	-	-	-	-
Total current assets		3,968,383	5,977,195	4,904,998	3,158,862	4,278,071	4,127,840
TOTAL ASSETS		**18,643,471**	18,583,355	16,191,218	**16,316,154**	15,618,918	13,407,104
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	15	190,000	190,000	190,000	190,000	190,000	190,000
Fair value reserve	16	4,632	4,224	2,857	4,632	4,224	2,857
Translation reserve		(21,474)	9,757	48,634	-	-	-
Retained earnings		7,541,893	7,208,281	6,360,166	3,919,292	4,723,265	4,948,001
Total equity		7,715,051	7,412,262	6,601,657	4,113,924	4,917,489	5,140,858
Non-current liabilities							
Loans		-	-	142,173	-	-	-
Deferred tax liabilities	18	37,588	81,710	103,060	-	-	-
Retirement benefit obligations	19	5,043,333	4,187,260	3,427,828	4,784,071	3,963,643	3,312,959
Other payables	21	142,085	229,718	223,179	142,085	229,718	223,179
Total non-current liabilities		5,223,006	4,498,688	3,896,240	4,926,156	4,193,361	3,536,138
Current liabilities							
Loans	17	-	-	47,864	1,092,030	-	-
Trade payables	20	2,243,235	3,132,502	2,452,029	1,117,504	2,024,431	1,537,354
Other payables and accrued expenses	21	2,449,584	2,220,931	1,501,327	4,479,262	3,975,218	1,945,236
Deferred revenue	22	286,610	328,361	307,436	198,073	191,267	194,794
Dividends		-	-	659,300	-	-	659,300
Current tax liabilities	18	372,985	281,419	362,641	76,842	62,334	104,040
Provisions	24	353,000	291,733	362,724	312,363	254,818	289,384
Liabilities directly associated with assets classified as held-for-sale	42	-	417,459	-	-	-	-
Total current liabilities		5,705,414	6,672,405	5,693,321	7,276,074	6,508,068	4,730,108
Total liabilities		10,928,420	11,171,093	9,589,561	12,202,230	10,701,429	8,266,246
TOTAL EQUITY AND LIABILITIES		**18,643,471**	18,583,355	16,191,218	**16,316,154**	15,618,918	13,407,104

Approved by the Board of Directors and authorised for issue on 27 April 2018.

N. K. Ballah
DIRECTOR

Mrs. Shakuntala Devi Gujadhur-Nowbuth
DIRECTOR

The notes on pages 74 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

THE GROUP	Notes	2017			2016		
		Continuing Operations	Discontinued Operations*	Total	Continuing Operations	Discontinued Operations*	Total Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Revenue	25	**9,736,952**	**155,461**	**9,892,413**	9,339,859	726,961	10,066,820
Cost of sales		**(2,430,964)**	**(49,337)**	**(2,480,301)**	(2,067,175)	(215,148)	(2,282,323)
Gross profit		**7,305,988**	**106,124**	**7,412,112**	7,272,684	511,813	7,784,497
Operating expenses		**(6,402,705)**	**(87,825)**	**(6,490,530)**	(5,930,523)	(402,892)	(6,333,415)
Impairment of plant and equipment and intangible assets		**(163,233)**	**-**	**(163,233)**	(180,170)	-	(180,170)
Profit from operations	26	**740,050**	**18,299**	**758,349**	1,161,991	108,921	1,270,912
Other income	27	**157,074**	**-**	**157,074**	122,171	247,264	369,435
Other gains	28	**72,008**	**445,330**	**517,338**	21,366	6,623	27,989
Investment income	29	**41,580**	**77**	**41,657**	44,894	208	45,102
Finance costs	30	**(39,433)**	**(4,800)**	**(44,233)**	(2,523)	(14,056)	(16,579)
Share of profits/(loss) from associates	8	**16,212**	**-**	**16,212**	(38,883)	-	(38,883)
Profit before tax		**987,491**	**458,906**	**1,446,397**	1,309,016	348,960	1,657,976
Income tax expense	18	**(401,327)**	**-**	**(401,327)**	(455,384)	-	(455,384)
PROFIT FOR THE YEAR		**586,164**	**458,906**	**1,045,070**	853,632	348,960	1,202,592
Other comprehensive loss, net of income tax							
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of retirement benefit obligation		**(857,554)**	**-**	**(857,554)**	(487,421)	-	(487,421)
Exchange difference on translating foreign operations		**(31,231)**	**-**	**(31,231)**	(38,877)	-	(38,877)
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	**146,096**	**-**	**146,096**	132,944	-	132,944
		(742,689)	**-**	**(742,689)**	(393,354)	-	(393,354)
Items that may be reclassified subsequently to profit or loss:							
Fair value gain on available-for-sale-investments	16	**408**	**-**	**408**	1,367	-	1,367
Other comprehensive loss for the year, net of tax		**(742,281)**	**-**	**(742,281)**	(391,987)	-	(391,987)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(156,117)**	**458,906**	**302,789**	461,645	348,960	810,605
Profit for the year attributable to:							
Owners of the Company		**586,164**	**458,906**	**1,045,070**	853,632	348,960	1,202,592
Total comprehensive (loss) /income for the year attributable to:							
Owners of the company		**(156,117)**	**458,906**	**302,789**	461,645	348,960	810,605
EARNINGS PER SHARE	31			**5.50**			6.33

The notes on pages 74 to 127 form an integral part of these financial statements.

* The sale of Telecom Vanuatu Ltd the indirectly owned subsidiary has been completed on 21 March 2017.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

THE COMPANY	Notes	2017	2016
			Restated
		Rs 000s	Rs 000s
Revenue	25	**6,555,229**	6,183,144
Cost of sales		**(1,527,572)**	(1,288,795)
Gross profit		**5,027,657**	4,894,349
Operating expenses		**(5,489,114)**	(5,106,553)
Impairment of plant and equipment and intangible assets		**(17,068)**	(178,261)
Loss from operations	26	**(478,525)**	(390,465)
Other income	27	**550,554**	567,027
Other (losses)/gains	28	**(11,349)**	97,771
Investment income	29	**72,984**	86,720
Finance costs	30	**(214,420)**	(118,866)
(Loss)/Profit before tax		**(80,756)**	242,187
Income tax expense	18	**(17,767)**	(186,695)
(LOSS)/PROFIT FOR THE YEAR attributable to owners of the Company		**(98,523)**	55,492
Other comprehensive loss, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligation		**(849,940)**	(404,154)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**144,490**	123,926
		(705,450)	(280,228)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale-investments	16	**408**	1,367
Other comprehensive loss for the year, net of tax		**(705,042)**	(278,861)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR, ATTRUBUTABLE TO THE OWNERS OF THE COMPANY		**(803,565)**	(223,369)

The notes on pages 74 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

THE GROUP	Stated Capital Rs 000s	Fair value reserve Rs 000s	Translation reserve Rs 000s	Retained earnings restated Rs 000s	**Attributable to Owners of the Company** Rs 000s	Non-controlling interest Rs 000s	**Total** Rs 000s
At 1 January 2016 - as previously stated	190,000	2,857	48,634	6,228,295	**6,469,786**	-	**6,469,786**
Prior year adjustment (Note 43)	-	-	-	131,871	**131,871**	-	**131,871**
At 1 January 2016 - as restated	190,000	2,857	48,634	6,360,166	**6,601,657**	-	**6,601,657**
Profit for the year	-	-	-	1,202,592	**1,202,592**	-	**1,202,592**
Other comprehensive income/(loss) for the year	-	1,367	(38,877)	(354,477)	**(391,987)**	-	**(391,987)**
Total comprehensive income/(loss) for the year	-	1,367	(38,877)	848,115	**810,605**	-	**810,605**
At 31 December 2016 as restated	190,000	4,224	9,757	7,208,281	**7,412,262**	-	**7,412,262**
At 1 January 2017 - as previously stated	190,000	4,224	9,757	7,035,984	**7,239,965**	-	**7,239,965**
Prior year adjustment (Note 43)	-	-	-	172,297	**172,297**		**172,297**
At 1 January 2017 - as restated	190,000	4,224	9,757	7,208,281	**7,412,262**	-	**7,412,262**
PROFIT FOR THE YEAR	-	-	-	1,045,070	**1,045,070**	-	**1,045,070**
Other comprehensive income/(loss) for the year	-	408	(31,231)	(711,458)	**(742,281)**	-	**(742,281)**
Total comprehensive income/(loss) for the year	-	408	(31,231)	333,612	**302,789**	-	**302,789**
At 31 December 2017	190,000	4,632	(21,474)	7,541,893	**7,715,051**	-	**7,715,051**

THE COMPANY	Stated Capital Rs 000s	Fair value reserve Rs 000s	Retained earnings restated Rs 000s	**Total** Rs 000s
At 1 January 2016 - as previously stated	190,000	2,857	4,816,130	**5,008,987**
Prior year adjustment (Note 43)	-	-	131,871	**131,871**
At 1 January 2016 - as restated	190,000	2,857	4,948,001	**5,140,858**
Profit for the year	-	-	55,492	**55,492**
Other comprehensive (loss)/income for the year net of income tax	-	1,367	(280,228)	**(278,861)**
Total comprehensive income/(loss) for the year	-	1,367	(224,736)	**(223,369)**
At 31 December 2016 as restated	190,000	4,224	4,723,265	**4,917,489**
At 1 January 2017 - as previously stated	190,000	4,224	4,550,968	**4,745,192**
Prior year adjustment (Note 43)	-	-	172,297	**172,297**
At 1 January 2017 - as restated	190,000	4,224	4,723,265	**4,917,489**
LOSS FOR THE YEAR	-	-	(98,523)	**(98,523)**
Other comprehensive income/(loss) for the year, net of income tax	-	408	(705,450)	**(705,042)**
Total comprehensive income/(loss) for the year	-	408	(803,973)	**(803,565)**
At 31 December 2017	190,000	4,632	3,919,292	**4,113,924**

The notes on pages 74 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
			Restated		Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**1,446,397**	1,657,976	**(80,756)**	242,187
Adjustments for:					
Profit on disposal of property, plant and equipment		**(2,906)**	(3,871)	**(2,428)**	(1,922)
Interest expense	30	**42,100**	14,249	**214,111**	118,484
Interest income	29	**(35,389)**	(37,756)	**(59,541)**	(79,374)
Dividend income	29	**(6,268)**	(7,346)	**(13,443)**	(7,346)
Retirement benefit obligations	19	**491,982**	512,439	**451,951**	482,559
Employer contributions	19	**(493,463)**	(240,428)	**(481,463)**	(236,029)
Termination benefits		**(99,501)**	6,539	**(99,501)**	6,539
Share of (profits)/loss of associates		**(16,212)**	38,883	**-**	-
Depreciation and amortisation		**2,033,114**	1,972,450	**1,595,056**	1,422,181
Impairment loss/ write off property, plant and equipment		**163,233**	180,170	**17,068**	178,261
Profit on disposal of an associate		**-**	(10,369)	**-**	(15,000)
Gain on disposal of a subsidiary		**(444,958)**	-	**-**	-
Provision for impairment of investment in associate		**38,675**	-	**71,310**	-
(Reversal)/Provision for obsolete stock		**(5,914)**	15,838	**(445)**	7,409
Provision for bad debts		**68,147**	92,597	**49,410**	108,930
Unrealised finance cost		**2,132**	2,250	**309**	382
Unrealised exchange gain		**(188,407)**	(1,579)	**(65,578)**	(75,595)
Operating profit before working capital changes		**2,992,762**	4,192,042	**1,596,060**	2,151,666
Decrease/(increase) in trade receivables		**409,200**	(121,277)	**364,141**	(164,628)
Increase in other receivables		**(597,992)**	(513,696)	**(348,388)**	(347,837)
Decrease/(Increase) in inventories		**109,476**	(212,669)	**80,404**	(99,767)
(Decrease)/Increase in trade payables		**(852,966)**	751,823	**(908,752)**	494,634
Increase/(Decrease) in other payables and accrued expenses		**57,470**	(129,251)	**296,371**	1,129,409
(Decrease)/Increase in deferred revenue		**(41,751)**	20,925	**6,806**	(3,527)
Increase/(decrease) in provisions		**21,128**	(33,102)	**57,545**	(34,948)
Cash generated from operations		**2,097,327**	3,954,795	**1,144,187**	3,125,002
Interest paid		**(4,468)**	(14,249)	**-**	-
Net taxation paid		**(389,240)**	(495,849)	**(36,255)**	(150,234)
Net cash flows generated from operating activities		**1,703,619**	3,444,697	**1,107,932**	2,974,768

The notes on pages 74 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
			Restated		Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(3,516,283)**	(2,866,100)	**(2,907,069)**	(2,603,328)
Purchase of intangible assets		**(384,712)**	(122,536)	**(260,785)**	(134,233)
Proceeds from sale of property, plant and equipment		**2,906**	4,495	**2,428**	1,922
Net Proceeds from disposal of a subsidiary	40	**610,683**	-	**-**	-
Proceeds from disposal of an associate		**-**	5,000	**-**	5,000
Other Deposits	38	**(200,000)**	-	**(200,000)**	-
Interest received		**35,389**	37,756	**29,799**	37,408
Dividend received		**13,443**	7,346	**13,443**	7,346
Net cash used in investing activities		**(3,438,574)**	(2,934,039)	**(3,322,184)**	(2,685,885)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan from subsidiary	41	**-**	-	**1,077,879**	-
Repayment of bank		**(12,769)**	(50,669)	**-**	-
Loan settlement on disposal of a subsidiary		**277,187**	-	**-**	-
Dividend paid		**-**	(659,300)	**-**	(659,300)
Net cash generated/(used) in financing activities		**264,418**	(709,969)	**1,077,879**	(659,300)
Net decrease in cash and cash equivalents		**(1,470,537)**	(199,311)	**(1,136,373)**	(370,417)
Cash and cash equivalents at beginning of the year		**2,258,449**	2,382,225	**1,893,109**	2,188,037
Effect of exchange rate changes on the balance of cash held in foreign currencies		**187,210**	75,535	**117,621**	75,489
Cash and cash equivalents at end of the year	37	**975,122**	2,258,449	**874,357**	1,893,109

The notes on pages 74 to 127 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 7.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

In the current year, the Company has applied all of the new and revised IFRSs 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 2017.

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative

IAS 7 Statement of Cash Flows - Amendments as result of the Disclosure initiative

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses

IAS 16 Property Plant & Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation

IAS 16 Property Plant & Equipment - Amendments bringing bearer plants into the scope of IAS 16

IAS 19 Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs

IAS 27 Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements

IAS 28 Investment in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception

IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation

IFRS 7 Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of the consolidation exception

2.2 New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 28 Investment in Associates and Joint Ventures - Amendments deferring the effective date of the September 2014 amendments (effective 1 January 2018)

IAS 28 Investment in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurement) (effective 1 January 2018)

IAS 39 Financial Instruments - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)

IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

IFRS 7 Financial Instruments - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition (effective 1 January 2018)

IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)

IFRS 12 Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope) (effective 1 January 2017)

IFRS 15 Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)

IFRS 15 Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 1 January 2018)

IFRS 16 Leases - Original Issue (effective 1 January 2019)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRIC 23 Uncertainty over Income Tax Treatments issued (effective 1 Jan 2019)

The directors anticipate that these standards and interpretations will be applied on their effective dates in future periods. The directors have also assessed the potential impact of the application of IFRS 9 and IFRS 15 as per note 2.3.

2.3 Potential impact of IFRS 9 and IFRS 15

2.3.1 IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- With regard to the measurement of financial liabilities designated as at a fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

2.3.1 IFRS 9 Financial Instruments (cont)

Key requirements of IFRS 9 (cont):

Based on an analysis of the Group's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist as at date, the directors have assessed the impact of IFRS 9 to the Group's and the Company's financial assets and financial liabilities as follows:

	IAS 39	IFRS 9
ASSETS		
Non-current assets		
Available-for-sale investments	Measured at FVTOCI	Carried at FVTOCI
Loan to a subsidiary	Measured at amortised cost	Measured at amortised cost
Current assets		
Trade receivables	▶ Measured at amortised cost ▶ Provisions under the incurred loss model	▶ Measured at amortised cost ▶ Provisions under the expected credit loss model
Loan to a subsidiary	Measured at amortised cost	Measured at amortised cost
Cash and cash equivalents		
LIABILITIES		
Non-current liabilities		
Other payables	Measured at amortised cost	Measured at amortised cost
Current liabilities		
Trade payables	Measured at amortised cost	Measured at amortised cost
Other payables and accrued expenses	Measured at amortised cost	Measured at amortised cost
Provisions	Measured at amortised cost	Measured at amortised cost

Classification & measurement

- The available for sale investments carried at cost less any impairment relate to investment in shares in unquoted companies. Upon the application of IFRS 9 these will be carried at Fair value through other comprehensive income.
- The loan to subsidiary, carried at amortised cost, is repayable on a monthly basis and bears interest at 9% per annum. These are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9.
- Trade receivables are carried at amortised cost. Provision made for trade receivables is determined under the Incurred Loss Model based on the Group's and the Company's historical loss experience for the relevant aged category. The application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the trade receivables.
- Cash and cash equivalents include cash and bank balances and 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. The application of IFRS 9 will not impact on cash & cash equivalent.
- Other payables includes termination benefits under a Voluntary Retirement Scheme/Early retirement Scheme. These are carried at amortised costs and will not be impacted under IFRS 9.
- Trade and other payables are carried at amortised costs and will continue to be measured under same basis as is currently adopted under IAS 39.

  The provisions include employee benefits & dismantling costs and these are carried at amortised costs and will continue to be measured under the same basis as is currently adopted under IAS 39.

2.3.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, and the related interpretations when it becomes effective.

The core principal of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors have done a preliminary assessment of the significant impact of IFRS 15 as follows:

1. Telephone and Roaming services

Telephone and Roaming services include subscription and voice (Domestic and international) / SMS services on fixed and mobile. This is billed on a monthly basis and revenue is recognised on an accrual basis. This will continue to be recognised on the same basis under IFRS 15.

The Group provides bundled offers whereby mobile handsets, voice, sms & data are packaged. The service portion of the arrangement (voice, sms and data) may be offered under a stand-alone basis. With IFRS 15, stand-alone selling price will be used to allocate revenue between handset and services.

2. Data Communication services

Data is billed on a monthly basis and revenue is recognised on an accrual basis. This will continue to be recognised on the same basis under IFRS 15.

3. Sale of equipment

Revenue from sales of handsets and equipment are recognised at the fair value of the consideration received or receivable reduced for estimated customer returns. This will continue to be recognised on the same basis under IFRS 15.

4. Commission

Commission income represents revenue recognised for activities performed by the Group as an agent in relation to media planning transactions. There will be no significant impact with IFRS 15 on commission.

5. Deferred revenue

Sale of prepaid phone cards is not recognised as revenue outright since subscriber does not consume all the credit at once. In order to provide a more accurate matching of revenues with the direct costs, revenue is recognised on a usage basis and a deferred revenue liability is recorded for the remaining balance. Prepaid services on mobile will continue to be accounted on consumption basis and no significant impact is expected with IFRS 15

6. Rental income

The Company rents PABX equipment to corporate customers for a period of three years. Under the current standards revenue is recognised on an accrual basis. The Company considers that PABX contract contains a significant financial component because of the length of time. As such according to IFRS 15 billing for PABX rentals includes a financing component and this will be classified to interest income using an appropriate interest rate.

Other rental income recognised on an accrual basis will continue to be recognised on a similar basis under IFRS 15.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost less any impairment loss. Subsidiaries are those companies over which the company has the power to govern the financial and operating policies of an entity and can exercise control.

(e) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount 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 profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise

3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Investments in associates (cont)

any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(g) Non current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(h) Revenue recognition

Revenue relates to telephone services, data communication services, sale of equipment, prepaid phone cards 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

(h) Revenue recognition (cont)

Sales of goods and services rendered

Revenue from the sale of goods and services rendered 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.

A percentage of telephone traffic, both domestic and international, originating from the Company's subscribers, transits and terminates on other operators' (domestic or international) network. A proportion of the revenue the Company collects from its subscribers is paid to the other operator for transit or termination of traffic on its network.

Revenue represents income from services provided through advertisement in phone books, fax and email directories and is shown net of discounts, allowances, returns and Value Added Tax.

Commission

Commission income represents revenue recognised for activities performed by the group as an agent in relation to media planning transactions.

Deferred revenue

Sale of prepaid airtime is not recognised as revenue outright since the subscriber does not consume all the credit at once. In order to provide a more accurate matching of revenues with the direct costs, revenue is recognised on usage basis and a deferred revenue liability is recorded for the remaining balance.

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.

Rental income

Rental income is recognised on an accruals basis.

(i) 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 on leasehold land - 5 to 25 years

Furniture, fittings and equipment - 5 to 10 years

Motor vehicles - 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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 profit or loss.

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 and assets in progress.

(j) Intangible assets

- 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.

(k) Impairment of tangible and intangible assets

At the end of each reporting period, the group and the company review the carrying amounts of their 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 statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Inventories

Inventories 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. The costs of inventories comprise all costs of purchase and other costs incurred in bringing the Inventories to their present location and condition.

(m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

(m) Foreign currencies (cont'd)

other comprehensive income and reclassified from equity to statement of profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to statement of profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(n) 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 before tax' as reported in the statement of profit or loss and other comprehensive income 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 end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary 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. 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 deferred tax 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.

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 the end of each reporting period 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 end of the reporting period. 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 end of the reporting period, 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 taxes for the year

Current and deferred taxes are recognised as an expense or income in statement of profit or loss, except when they relate to items that are recognised in statement of other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

(o) 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.

(p) Retirement benefit costs and termination benefits

The Group and the Company operate a number of defined benefit plans, the assets of which are held with State Insurance Company of Mauritius Ltd and Swan Life.

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

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 the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Re-measurement.

The Group and the Company present the first two components of defined benefit costs in profit or loss in the line item operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligations recognised in the statements of financial position represent the actual deficit or surplus in the Group's and the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The present value of other retirement benefits in respect of The Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability. The rate used to discount the retirement benefits is assumed to be the same as that which reflects future salary increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(ii) Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss account. Listed shares held by the Group and the Company that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(v) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment because of financial difficulties, loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investment revaluation reserve.

(vi) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group and the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) Financial instruments (cont)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(r) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recorded at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group and the company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

(v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(vi) Derecognition of financial liabilities

The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in profit or loss.

(s) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event, and it is probable that the Group and the Company 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 end of each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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.

(t) Leases

The Group and 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 Group and 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 year in which they are incurred.

(u) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(v) Comparative figures

Comparative figures have been regrouped and reclassified 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 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 statement of profit or loss and other

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Revenue recognition - Use of estimates (cont'd)

comprehensive income 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 assets

The guidance provided by IAS 36 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 their employees. The value of the defined benefit pension fund is based on reports submitted by an independent actuarial firm. The amount shown in the statement of financial position 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, retirement age and inflation rate in respect of the pension plans.

(v) Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

(vi) Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

(vi) Deferred tax assets

The Group and the Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

5. PROPERTY, PLANT AND EQUIPMENT

(a)

THE GROUP

	Land	Plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2016	102,780	29,851,652	1,377,749	1,154,186	1,502,100	115,968	34,104,435
Additions	-	3,007,705	703,006	44,725	13,523	55,360	3,824,319
Disposals	-	(81,408)	-	-	(51)	(2,240)	(83,699)
Reclassification	-	169,594	(232,709)	63,467	(352)	-	-
Transfer to Intangible asset	-	(593)	-	-	-	-	(593)
Reclassified as assets held for sale	-	(3,613,672)	-	-	-	-	(3,613,672)
Effect of foreign currency exchange differences	-	(67,012)	-	-	(102)	-	(67,114)
At 31 December 2016	102,780	29,266,266	1,848,046	1,262,378	1,515,118	169,088	34,163,676
Additions	-	580,870	1,905,043	880,374	90,589	92,440	3,549,316
Disposals	-	(19,925)	-	(100)	-	(130)	(20,155)
Transfer	-	1,151,989	(1,151,989)	(284)	284	-	-
Reclassification	-	(519,760)	-	170	(4,142)	656	(523,076)
Disposal of subsidiary	-	(59,746)	-	-	-	-	(59,746)
Effect of foreign currency exchange differences	-	46,780	-	-	(381)	-	46,399
At 31 December 2017	**102,780**	**30,446,474**	**2,601,100**	**2,142,538**	**1,601,468**	**262,054**	**37,156,414**
DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2016	-	22,417,296	-	644,582	692,816	59,799	23,814,493
Charge for the year	-	1,709,441	-	73,007	22,282	16,447	1,821,177
Disposals	-	(80,785)	-	-	(51)	(2,240)	(83,076)
Transfer to Intangible asset	-	(31)	-	-	-	-	(31)
Impairment loss	-	119,424	-	-	-	-	119,424
Reclassified as assets held for sale	-	(3,036,487)	-	-	-	-	(3,036,487)
Effect of foreign currency exchange differences	-	(54,790)	-	-	(22)	-	(54,812)
At 31 December 2016	-	21,074,068	-	717,589	715,025	74,006	22,580,688
Charge for the year	-	1,739,786	-	82,581	29,296	29,590	1,881,253
Reclassification	-	(522,419)	-	(445)	(868)	656	(523,076)
Disposals	-	(19,925)	-	(100)	-	(130)	(20,155)
Impairment loss	-	146,521	-	-	4,505	-	151,026
Disposal of subsidiary	-	(28,188)	-	-	-	-	(28,188)
Effect of foreign currency exchange differences	-	-	-	-	(278)	-	(278)
At 31 December 2017	**-**	**22,389,843**	**-**	**799,625**	**747,680**	**104,122**	**24,041,270**
NET BOOK VALUE							
At 31 December 2017	**102,780**	**8,056,631**	**2,601,100**	**1,342,913**	**853,788**	**157,932**	**13,115,144**
AT 31 DECEMBER 2016	102,780	8,192,198	1,848,046	544,789	800,093	95,082	11,582,988

During the year the Group performed an impairment review of the assets which required the recognition of an impairment loss, due to technological change, of Rs 000s 151,026 (2016: Rs 000s 119,424).The Directors are of the opinion that no further impairment is required. The loan of a subsidiary is secured against property, plant and equipment of the subsidiary.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b)

THE COMPANY	Notes	Land	Plant and equipment	Plant and equipment in progress	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Total
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST								
At 1 January 2016		23,749	20,861,365	1,377,749	660,640	1,295,372	110,405	24,329,280
Additions		-	2,606,026	703,007	36,660	5,222	55,360	3,406,275
Disposals		-	(23,020)	-	-	(51)	(2,240)	(25,311)
Transfer		-	169,242	(232,709)	63,467	-	-	-
Transfer to intangible assets	6	-	(593)	-	-	-	-	(593)
At 31 December 2016		23,749	23,613,020	1,848,047	760,767	1,300,543	163,525	27,709,651
Additions		-	429,966	1,433,181	869,825	86,778	92,440	2,912,190
Disposals		-	(18,650)	-	(100)	-	(130)	(18,880)
Reclassification		-	1,188,932	(1,188,932)	-	-	-	-
At 31 December 2017		**23,749**	**25,213,268**	**2,092,296**	**1,630,492**	**1,387,321**	**255,835**	**30,602,961**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2016		-	15,605,397	-	527,019	567,774	54,236	16,754,426
Charge for the year		-	1,251,260	-	39,735	2,148	16,447	1,309,590
Disposals		-	(23,020)	-	-	(51)	(2,240)	(25,311)
Transfer to intangible assets	6	-	(31)	-	-	-	-	(31)
Impairment loss		-	117,515	-	-	-	-	117,515
At 31 December 2016		-	16,951,121	-	566,754	569,871	68,443	18,156,189
Charge for the year		-	1,379,908	-	50,109	10,638	29,590	1,470,245
Disposals		-	(18,650)	-	(100)	-	(130)	(18,880)
Impairment loss		-	17,068	-	-	-	-	17,068
At 31 December 2017		**-**	**18,329,447**	**-**	**616,763**	**580,509**	**97,903**	**19,624,622**
NET BOOK VALUE								
At 31 December 2017		**23,749**	**6,883,821**	**2,092,296**	**1,013,729**	**806,812**	**157,932**	**10,978,339**
At 31 December 2016		23,749	6,661,899	1,848,047	194,013	730,672	95,082	9,553,462

During the year the Company performed an impairment review of the assets and the copper network was replaced by FTTH and required the recognition of an impairment loss of Rs 000s 17,068 (2016: Rs 000s 117,515). The Directors are of the opinion that no further impairment is required.

6. INTANGIBLE ASSETS

	Notes	THE GROUP			THE COMPANY		
		Computer software in progress	Computer software	Total	Computer software in progress	Computer software	Total
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2016		-	1,724,124	**1,724,124**	-	1,141,479	**1,141,479**
Transfer from property plant and equipment	5	-	593	**593**	-	593	**593**
Additions		89,370	32,542	**121,912**	89,370	24,004	**113,374**
Disposal		-	(400)	**(400)**	-	-	**-**
Exchange difference		-	(30)	**(30)**	-	-	**-**
At 31 December 2016		89,370	1,756,829	**1,846,199**	89,370	1,166,076	**1,255,446**
Additions		-	384,712	**384,712**	-	260,785	**260,785**
Transfer		(89,370)	89,370	**-**	(89,370)	89,370	**-**
At 31 December 2017		-	2,230,911	**2,230,911**	-	1,516,231	**1,516,231**
AMORTISATION							
At 1 January 2016		-	1,370,977	**1,370,977**	-	836,613	**836,613**
Transfer to property plant and equipment	5	-	31	**31**	-	31	**31**
Charge for the year		-	151,273	**151,273**	-	112,591	**112,591**
Impairment loss		-	60,746	**60,746**	-	60,746	**60,746**
Disposal		-	(400)	**(400)**	-	-	**-**
Exchange difference		-	(5)	**(5)**	-	-	**-**
At 31 December 2016		-	1,582,622	**1,582,622**	-	1,009,981	**1,009,981**
Charge for the year		-	151,861	**151,861**	-	124,811	**124,811**
Impairment loss		-	12,207	**12,207**	-	-	**-**
Exchange difference		-	(44)	**(44)**	-	-	**-**
At 31 December 2017		**-**	**1,746,646**	**1,746,646**	**-**	**1,134,792**	**1,134,792**
NET BOOK VALUE							
At 31 December 2017		-	484,265	**484,265**	-	381,439	**381,439**
At 31 December 2016		**89,370**	**174,207**	**263,577**	**89,370**	**156,095**	**245,465**

Intangible assets pertain to computer software used in the Group's and the Company's operations and financial information systems.

During the year the Group performed an impairment review of IT projects and recognised an impairment loss, due to technological change, Rs'000 12,207 (2016: Rs 000s 60,746).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
At cost, unquoted		
At beginning and end of the year	**842,408**	842,408

The directors have assessed at 31 December 2017 whether there has been any indication that investment in subsidiaries should be impaired. Following the results of this assessment, the directors have noted that there are no indications of impairment.

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2017	Proportion of ownership interest 2016		Principal activity
Teleforce Limited (Formerly known as Teleservices (Mauritius) Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Directory publication
Cellplus Mobile Communications Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Mobile phone operator
Call Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Call centre services
Telecom Plus Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Internet service provider
Mauritius Telecom Foundation	Mauritius	Ordinary	**100%**	100%	Direct	Corporate Social Responsibilities
MT Properties Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Real estates
MT International Ventures PCC	Mauritius	Ordinary	**100%**	100%	Direct	Investment vehicle
MT Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Human resources services
Telecom Vanuatu Ltd	Republic of Vanuatu	Ordinary	**-**	100%	Indirect	Fixed & mobile phone operator
CSL Madagascar	Madagascar	Ordinary	**100%**	100%	Indirect	Call centre services

Following a Board resolution dated 14 December 2015, it was resolved to wind up Telecom Plus Ltd. The assets, liabilities and operations of Telecom Plus Ltd will be transferred to Mauritius Telecom upon completion of customer migration in 2018.

Following a board resolution dated 8 February 2018, it was resolved to wind up CSL Madagascar.

Telecom Vanuatu Ltd was disposed on 21 March 2017.

8. INVESTMENTS IN ASSOCIATES

THE GROUP

	2017 Rs 000s	2016 Rs 000s
Cost of investment in associate net of impairment	**112,245**	112,245
Share of post-acquisition profits, net of dividend received	**230,181**	310,345
Share of profit/ (loss) during the year	**16,212**	(38,883)
Dividend received	**(7,175)**	-
Translation Adjustments	**(4,215)**	(36,650)
Provision for impairment loss	**(38,675)**	-
Disposed during the year	**-**	(4,631)
	196,328	230,181
	308,573	342,426

THE COMPANY

	2017 Rs 000s	2016 Rs 000s
At Cost		
At beginning of the year	**117,656**	156,656
Disposal	**-**	(39,000)
At end of the year	**117,656**	117,656
Impairment loss		
At beginning of the year	**5,411**	44,411
Provision for impairment loss	**71,310**	-
Disposal	**-**	(39,000)
At end of the year	**76,721**	5,411
Net book value	**40,935**	112,245

The directors have assessed at 31 December 2017 and there has been indication of impairment. Following the results of this assessment, the directors have noted that investment in EON Reality Mauritius Ltd required the recognition of an impairment loss of Rs'000s 71,310 (2016: Nil).

The material associate of the group is as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2017	Proportion of ownership interest 2016		Principal activity
Telsea Investment Ltd	Mauritius	Ordinary	**24.50%**	24.50%	Direct	Investement holding

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8. INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with International Financial Reporting Standards.

THE GROUP	2017 Rs 000s	2016 Rs 000s
Current assets	**1,139,090**	1,039,177
Non-current assets	**2,191,388**	2,336,889
Current liabilities	**(1,452,325)**	(1,239,207)
Non-current liabilities	**(618,669)**	(897,058)
Net assets	**1,259,484**	1,239,801
Group's share of associate's net assets	**308,573**	303,751
Revenue	**2,991,812**	2,896,448
Profit for the year	**66,170**	52,264
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**66,170**	52,264
Dividend received	**7,175**	-
Group's share of profit of associate for the year	**16,212**	52,264

The non-material associates of the group are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2017	Proportion of ownership interest 2016		Principal activity
HDM Interactive Ltd	Mauritius	Ordinary	**30.00%**	30.00%	Direct	Internet Kiosks
Eon Reality (Mauritius) Ltd	Mauritius	Ordinary	**25.00%**	25.00%	Direct	Interactive digital centre hub

9. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP AND THE COMPANY 2017 Rs 000s	THE GROUP AND THE COMPANY 2016 Rs 000s
(a) **At cost**		
At start and end of year	**60,270**	60,270
Impairment		
At start and end of year	**55,795**	55,795
Carrying amount		
At start and end of year	**4.475**	4.475

The directors believe that the market value of these investments approximate their carrying amount.

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
(b) **At fair value**		
At beginning of year	6,224	4,857
Change in fair value	408	1,367
At end of year	6,632	6,224
Total	11,107	10,699

The available for sale investments carried at fair value relate to investment in SBM Universal Fund. Fair value is determined by reference to publicly available NAV prices at the close of business at the end of each reporting date.

10. LOAN TO A SUBSIDIARY

	THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
At beginning of year	225,202	242,102
Repayment	(18,484)	(16,900)
At end of year	206,718	225,202
Analysed as:		
Current	20,219	18,484
Non-current	186,499	206,718
	206,718	225,202

The loan is unsecured, repayable on a monthly basis and bears interest at 9% per annum (2016: 9%).

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories at cost	188,036	238,064	30,089	51,559
Provision for obsolete stock	(39,963)	(45,877)	(12,896)	(18,251)
	148,073	192,187	17,193	33,308
Non -trading inventories at cost	297,391	299,812	293,640	297,465
Inventory on loan	24,748	79,857	24,748	79,857
Provision for obsolete stock	(4,910)	-	(4,910)	-
	317,229	379,669	313,478	377,322
	465,302	571,856	330,671	410,630

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11. INVENTORIES (CONT'D)

Non-trading inventories pertain to items held for use in the maintenance of network infrastructure. Inventory items with carrying value of Rs000's 24,748 (2016:Rs000's 79,857) were held by contractors at year end for implementation of FTTH project. As per agreement with the contractors, these inventory items will be returned to the Company.

The cost of inventories recognised as an expense during the year was Rs 000's 714,847 (2016: Rs 000's 591,818).The cost of inventory recognised as an expense includes Rs 000's (5,914) (2016: Rs 000's 15,838) in respect of write downs of inventory to net realisable value

12. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	**1,951,623**	2,354,702	**1,343,379**	1,743,588
Provision for doubtful debts	**(992,959)**	(924,812)	**(807,487)**	(758,077)
	958,664	1,429,890	**535,892**	985,511

Before accepting any new customer, the Group and the Company use an internal credit assessment system to determine whether to give credit.

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, a surcharge is charged at 10% on the outstanding balance.

Included in the Group's and the Company's trade receivables are debtors with a carrying amount of Rs 000s 233,097 (2016: Rs 000s 208,338) and Rs 000s 368,945 (2016: Rs 000s 227,845) respectively which are past due at the reporting date and not fully provided for as there has been no significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral over these balances. All other past due debts have been impaired.

Provision made for trade receivables is determined based on the Group's and the Company's historical loss experience for the relevant aged category and taking into account general economic conditions. Historical loss experience allowances are calculated by line of business in order to reflect the specific nature of the customers relevant to that line of business.

Trade receivables include balances due from shareholders as disclosed in note 34.

More information on credit risk management is provided in note 32.8.

Movement in provision for doubtful debts

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	**924,812**	863,469	**758,077**	649,147
Impairment losses recognised on trade receivables	**113,182**	146,319	**94,445**	108,930
Amounts written off	**(45,035)**	(53,722)	**(45,035)**	-
Transfer to asset classified as held for sale	**-**	(31,254)	**-**	-
At end of year	**992,959**	924,812	**807,487**	758,077

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, except for trade receivables from subsidiaries, 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 provision for doubtful debts are individually impaired trade receivables amounting to Rs 31m (2016: Rs 27m) which relates to customers with high probability of default on payments due. The Group and the Company do not hold any collateral over these balances.

Ageing of impaired trade receivables

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Under 180 days	**173,914**	132,242	**154,233**	114,675
181 to 360 days	**93,310**	78,807	**66,723**	61,868
> 360 days	**725,735**	713,763	**586,531**	581,534
Total	**992,959**	924,812	**807,487**	758,077

Trade receivables past due but not impaired

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
31 to 180 days	**161,261**	135,322	**185,647**	126,490
181 to 360 days	**60,399**	57,251	**171,861**	85,590
> 360 days	**11,437**	15,765	**11,437**	15,765
Total	**233,097**	208,338	**368,945**	227,845

13. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**403,380**	431,778	207,991	225,276
Prepayment	**1,127,140**	552,286	1,106,232	551,356
Subsidiaries	**-**	-	44,725	187,197
Associates	**-**	329	-	329
Related parties	**8,006**	6,366	8,006	6,179
	1,538,526	990,759	**1,366,954**	970,337

The other receivables from third parties are unsecured, interest free and do not have fixed terms of repayment.

The amounts due from subsidiaries represent current account balances and are unsecured, bear interest which varied between 6.85% and 7.25% per annum (2016: between 7.25% and 7.70% per annum) and do not have any fixed repayment terms. The Company does not hold collaterals over these balances.

The amounts due from associates and related parties are unsecured, interest free and do not have fixed terms of repayment.

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FOR THE YEAR ENDED 31 DECEMBER 2017

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14. HELD TO MATURITY INVESTMENTS

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
At beginning of year	**858,293**	1,245,171
Additions	**4,163,117**	3,439,167
Interest income	**17,975**	18,494
Proceeds on maturity	**(5,039,385)**	(3,844,539)
At end of year	**-**	858,293

The Held to Maturity investments relate to Treasury Bills which bear interest at an average rate of 2.16%.

15. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
Issued and fully paid up		
190,000,001 Ordinary shares of Rs1 each	**190,000**	190,000

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. FAIR VALUE RESERVE

The fair value reserve relates to investment in SBM Universal fund which has been classified as available-for-sale investments.

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

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
At beginning of year	**4,224**	2,857
Movement for the year	**408**	1,367
At end of year	**4,632**	4,224

17. LOANS

The loans pertain to those of a subsidiary which are as follows:

(a) Bank Loan

	THE GROUP	
	2017	2016
	Rs 000s	Rs 000s
At beginning of the year	-	139,368
Transfer to liabilities directly associated with assets classified as held for sale	-	(139,368)
At end of the year	-	-

(b) Loan from subsidiary

	THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
Loan	1,092,030	-

The loan carries interest rate of Libor plus 3% per annum and is unsecured and repayable on demand.

18. INCOME TAXES

Income tax

The Group and the Company are subject to income tax at the statutory rate of 15% (2016: 15%) on the profit for the year as adjusted for corporate tax purposes and Corporate Social Responsibility (CSR) of 2%. Income is not subject to tax in the Republic of Vanuatu.

18.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current tax	256,131	260,999	27,603	60,795
Deferred tax movement	(82,999)	(112,247)	(32,995)	(51,317)
CSR expense	33,758	37,806	3,680	8,106
Underprovision deferred tax in previous years	4,674	30,040	-	15,749
(Over) / Underprovision in income tax	(49,217)	42,890	2,114	42,890
	162,347	259,488	402	76,223
Solidarity levy	328,639	226,706	84,221	125,451
Reversal of provision	(86,075)	-	(66,856)	-
MRA Refund on Solidarity levy	(3,584)	(30,810)	-	(14,979)
Tax expense	401,327	455,384	17,767	186,695

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18. INCOME TAXES (CONT'D)

18.2 TAX RECONCILIATION

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit/(Loss) before tax	1,446,397	1,657,976	(80,756)	242,187
Tax at the rate of 17%	245,887	281,856	(13,728)	41,172
Tax effect of:				
▶ Non allowable expenses	127,131	10,308	47,557	477
▶ Expenses eligible for 200% deduction	(6,154)	(5,524)	(6,154)	(5,524)
▶ Exempt income	(136,538)	(18,755)	(29,387)	(18,541)
▶ (Over)/Under provision of tax in previous year	(49,217)	42,890	2,114	42,890
▶ Underprovision of deferred tax in previous years	4,674	30,040	-	15,749
▶ Tax loss of a subsidiary	-	997	-	-
▶ Deferred tax asset not recognised in previous year	(4,462)	(29,592)	-	-
▶ Tax loss of a subsidiary utilised	(16,603)	(8,963)	-	-
▶ Profit of subsidiary not eligible to tax	(2,371)	(54,301)	-	-
▶ Other differences	-	10,532	-	-
	(83,540)	(22,368)	14,130	35,051
	162,347	259,488	402	76,223

18.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

	THE GROUP			THE COMPANY		
	2017	2016 Restated	2015 Restated	2017	2016 Restated	2015 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax						
Re-measurement of defined benefit obligation	146,096	77,724	3,990	144,490	68,706	6,779
Effect of CSR	-	55,220	-	-	55,220	-
	146,096	132,944	3,990	144,490	123,926	6,779

18.4 DEFERRED TAX ASSETS

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	**406,470**	211,209	16,026	**369,850**	210,356	8,441
Under provision of deferred tax	**(4,458)**	38,214	190,109	**-**	7,821	189,569
Effect of CSR on other comprehensive income	**-**	55,220	-	**-**	55,220	-
Under provision of CSR	**-**	(19,365)	(7,342)	**-**	(23,570)	(7,342)
Deferred tax income	**38,601**	51,505	7,991	**32,994**	51,317	12,909
Reversed to other comprehensive income	**146,155**	69,687	4,425	**144,490**	68,706	6,779
At end of year	**586,768**	406,470	211,209	**547,334**	369,850	210,356

Deferred tax assets arise from the following:

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Temporary differences						
Property, plant and equipment	**(688,268)**	(633,075)	(563,403)	**(677,172)**	(622,171)	(559,754)
Other temporary differences	**324,484**	206,739	123,756	**282,109**	164,566	120,593
Retirement benefit obligation	**950,552**	832,806	650,856	**942,397**	827,455	649,517
	586,768	406,470	211,209	**547,334**	369,850	210,356

18.5 DEFERRED TAX LIABILITIES

	THE GROUP		
	2017	2016	2015
		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s
At beginning of year	**81,710**	103,060	116,156
Under provision of deferred tax	**216**	8,174	-
Under provision of CSR	**-**	14,259	-
Deferred tax movement	**(44,397)**	(34,192)	(12,906)
Reversed to other comprehensive income	**59**	(9,591)	(190)
At end of year	**37,588**	81,710	103,060

	THE GROUP		
	2017	2016	2015
		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s
Temporary differences			
Property, plant and equipment	**(97,130)**	(147,276)	(141,759)
Other temporary differences	**40,929**	48,737	34,815
Retirement benefit obligation	**18,613**	16,829	3,884
	37,588	81,710	103,060

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(CONT'D)

18. INCOME TAXES (CONT'D)

18.6 CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
Income tax and CSR	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	**154,711**	84,857	**8,528**	(82,046)
Provision for the year	**256,131**	260,948	**27,603**	60,795
CSR provision	**33,758**	34,762	**3,680**	8,106
Over provision of tax in previous years	**(48,063)**	45,667	**2,114**	42,890
Tax paid	**(293,920)**	(271,523)	**(36,255)**	(21,217)
At end of year	**102,617**	154,711	**5,670**	8,528
Solidarity levy provision				
At beginning of year	**126,708**	155,207	**53,806**	72,350
Provision for the year	**328,639**	226,707	**84,222**	125,451
Reversal of provision	**(86,075)**	-	**(66,856)**	-
Solidarity levy paid	**(98,904)**	(255,206)	**-**	(143,995)
At end of year	**270,368**	126,708	**71,172**	53,806
Current tax liabilities	**372,985**	281,419	**76,842**	62,334

19. RETIREMENT BENEFIT OBLIGATIONS

The amounts included in the statements of financial position arising from the Group's and the Company's obligations in respect of retirement benefit plans are as follows:

	Notes	THE GROUP			THE COMPANY		
		2017	2016	2015	2017	2016	2015
			Restated	Restated		Restated	Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Defined benefit plans							
Retirement gratuities under Employment Rights Act 2008	19(a)	**5,018,166**	4,170,113	3,420,160	**4,784,071**	3,963,643	3,312,959
Present Value of unfunded obligation	19(b)	**25,167**	17,147	7,668	**-**	-	-
		5,043,333	4,187,260	3,427,828	**4,784,071**	3,963,643	3,312,959

(a) Defined Benefit Plans

The Group and the Company contribute to defined benefit pension plans for their employees and have recognised a net defined benefit liability of Rs 000s 5,043,333 and Rs 000s 4,784,071 for the Group and the Company respectively in respect of pension benefits under the Mauritius Telecom Staff Pension Fund (including OTS and widow's Schemes) in the statements of financial position as at 31 December 2017.

The plan exposes the Company to normal risks associated with defined benefit plans such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields: if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability: however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year.

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Present value of funded obligations	**9,907,444**	8,368,375	7,759,076	**9,577,610**	8,086,539	7,583,149
Fair value of plan assets	**(4,889,278)**	(4,198,262)	(4,338,916)	**(4,793,539)**	(4,122,896)	(4,270,190)
	5,018,166	4,170,113	3,420,160	**4,784,071**	3,963,643	3,312,959

Reconciliation of Net Defined Benefit Liability

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening Balance	**4,170,113**	3,420,160	3,031,314	**3,963,643**	3,312,959	2,936,007
Amount recognised in profit or loss	**486,473**	505,482	577,696	**451,951**	482,559	557,664
Amount Recognised in other comprehensive income	**854,943**	484,899	63,478	**849,940**	404,154	66,380
Less Employer Contributions	**(493,363)**	(240,428)	(252,328)	**(481,463)**	(236,029)	(247,092)
Closing Balance	**5,018,166**	4,170,113	3,420,160	**4,784,071**	3,963,643	3,312,959

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19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined Benefit Plans (cont'd)

Reconciliation of Fair Value of Plan Assets

	THE GROUP			THE COMPANY		
	2017	2016 Restated	2015 Restated	2017	2016 Restated	2015 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening balance	**4,198,262**	4,338,916	4,010,014	**4,122,896**	4,270,190	3,947,811
Interest income	**280,772**	293,586	304,224	**275,560**	288,630	299,377
Employer contributions	**493,363**	240,428	252,328	**481,463**	236,029	247,092
Employee contributions	**7,047**	5,488	8,219	**7,047**	5,488	8,219
Benefits paid	**(252,223)**	(540,536)	(166,231)	**(251,819)**	(540,371)	(165,929)
Return on plan assets excluding interest income	**162,057**	(139,620)	(69,638)	**158,392**	(137,070)	(66,380)
Closing Balance	**4,889,278**	4,198,262	4,338,916	**4,793,539**	4,122,896	4,270,190

Reconciliation of Present Value of Defined Benefit Obligation

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening balance	**8,368,375**	7,759,076	7,041,328	**8,086,539**	7,583,149	6,883,818
Current service cost	**230,742**	204,133	213,961	**209,941**	191,207	201,707
Employee contributions	**7,047**	5,488	8,219	**7,047**	5,488	8,219
Interest expense	**535,876**	527,770	522,037	**517,570**	515,460	510,177
Other benefits paid	**(252,223)**	(540,536)	(166,231)	**(251,819)**	(540,371)	(165,929)
Liability gain due to change in financial assumptions	**409,552**	852,240	483	**422,425**	770,164	-
Liability experience loss/(gain)	**607,448**	(506,961)	(6,643)	**585,907**	(503,080)	-
Past service cost	**627**	67,165	145,922	**-**	64,522	145,157
Closing Balance	**9,907,444**	8,368,375	7,759,076	**9,577,610**	8,086,539	7,583,149

Components of amount recognised in Profit or Loss:

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	**230,742**	204,133	213,961	**209,941**	191,207	201,707
Past service cost	**627**	67,165	145,922	**-**	64,522	145,157
Service cost	**231,369**	271,298	359,883	**209,941**	255,729	346,864
Net interest on net defined benefit liability	**255,104**	234,184	217,813	**242,010**	226,830	210,800
Components of defined benefit costs recognised in profit or loss	**486,473**	505,482	577,696	**451,951**	482,559	557,664

Components of amount recognised in Other Comprehensive Income:

	THE GROUP			THE COMPANY		
	2017	2016	2015	2017	2016	2015
		Restated	Restated		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Return on plan assets (above)/below interest income	**(162,057)**	139,620	69,638	**(158,392)**	137,070	66,380
Liability experience loss/ (gain)	**607,448**	(506,961)	(6,643)	**585,907**	(503,080)	-
Liability loss due to change in financial assumptions	**409,552**	852,240	483	**422,425**	770,164	-
Components of defined benefit costs recognised in other comprehensive income	**854,943**	484,899	63,478	**849,940**	404,154	66,380

The Current service costs and the net interest expense for the year are included in operating expense.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

Allocation of Plan Assets at End of Year:

	2017	2016	2015
	%	%	%
Equity - Local quoted	**14**	14	17
Equity - Local unquoted	**1**	1	1
Debt - Local quoted	**1**	-	1
Debt - Local unquoted	**48**	47	41
Property Local	**1**	1	1
Investment Funds	**22**	22	17
Cash and other	**13**	15	22
Total	**100**	100	100

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19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined Benefit Plans (cont'd)

Principal Assumptions Used at End of Period

	2017	2016	2015
	%	%	%
Discount rate	**6.7/6.1/5.2**	6.5	7.0
Rate of salary increases	**7.5**	8.0	7.0
Rate of pension increases	**4.0**	4.0	4.5
Average retirement age	**63 Yrs**	63 Yrs	63 Yrs
Average life expectancy for :			
Male at ARA	**17.3 Yrs**	17.3 Yrs	17.3 Yrs
Female at ARA	**21.7 Yrs**	21.7 Yrs	21.7 Yrs

Sensitivity Analysis on Defined Benefit Obligation at End of Period:

	2017	2016	2015
		Restated	Restated
	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**1,779,149**	1,536,907	1,471,729
Decrease due to 1% increase in discount rate	**1,404,908**	1,206,356	1,151,196

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Company expects to contribute Rs 000s 523,425 to its pension plan in 2018 and the weighted average duration of the defined benefit obligation is 17 years.

Retirement benefit obligations have been based on the report submitted by AON Hewitt Ltd dated 18 April 2018 for the year ended 31 December 2017.

(b) Retirement gratuities obligation

Reconciliation of present value of unfunded obligations

	THE GROUP		
	2017	2016	2015
	Rs 000s	Rs 000s	Rs 000s
Opening Balance	**17,147**	7,668	6,799
Amount recognised in profit or loss	**5,509**	6,957	869
Amount recognised in OCI	**2,611**	2,522	-
Less Employer contribution	**(100)**	-	-
Closing Balance	**25,167**	17,147	7,668

Reconciliation of Present Value of unfunded obligations

	THE GROUP		
	2017	2016	2015
	Rs 000s	Rs 000s	Rs 000s
Opening balance	**17,147**	7,668	6,799
Current service cost	**4,398**	5,008	393
Interest expense	**1,111**	537	476
Past service cost	**-**	1,412	-
Other benefit paid	**(100)**	-	-
Liability experience (gain)/loss	**(3,956)**	906	-
Liability (gain)/loss due to change in financial assumptions	**6,567**	1,616	-
Closing balance	**25,167**	17,147	7,668

Components of amount recognised in Profit or Loss

	THE GROUP		
	2017	2016	2015
	Rs 000s	Rs 000s	Rs 000s
Current service cost	**4,398**	5,008	393
Past service cost	**-**	1,412	-
Settlement (gain)/loss	**-**	-	-
Service cost	**4,398**	6,420	393
Net interest on present value of unfunded obligation	**1,111**	537	476
Components of present value of unfunded obligation recognised in profit or loss	**5,509**	6,957	869

Principal Assumptions Used at End of Period

	2017	2016	2015
	%	%	%
Discount rate	**6.4-6.9**	6.5	7.0
Rate of salary increases	**6.5**	5.5	5.5
Average retirement age	**63-65 yrs**	63 Yrs	63 Yrs

Sensitivity Analysis on present value of unfunded obligation

	2017	2016	2015
	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**10,130**	6,693	2,143
Decrease due to 1% increase in discount rate	**7,436**	4,855	1,606

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20. TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**2,223,737**	3,072,732	**1,098,006**	1,964,661
Shareholders	**57**	49,805	**57**	49,805
Associate	**-**	2	**-**	2
Related parties	**19,441**	9,963	**19,441**	9,963
	2,243,235	3,132,502	**1,117,504**	2,024,431

The average credit period from suppliers on purchases of goods and services is between 30 - 60 days from invoice date.

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

Amounts due to related parties and shareholders are unsecured, have no fixed terms of repayment and are interest free.

Included in third parties are refundable security deposits of Rs 000s 379,261 (2016: Rs 000s 424,250) for the group and the company.

21. OTHER PAYABLES AND ACCRUED EXPENSES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Operating taxes accrued	**32,426**	15,337	**28,179**	9,251
Subsidiaries	**-**	-	**2,510,881**	2,158,750
Related parties	**10,021**	15,501	**-**	-
Other payables and accrued expenses	**1,348,395**	1,135,916	**909,436**	756,077
Termination benefits	**229,718**	325,774	**229,718**	325,774
Provision for capital expenditure in progress	**971,109**	958,121	**943,133**	955,084
	2,591,669	2,450,649	**4,621,347**	4,204,936

Analysed as:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current	**2,449,584**	2,220,931	**4,479,262**	3,975,218
Non-current	**142,085**	229,718	**142,085**	229,718
	2,591,669	2,450,649	**4,621,347**	4,204,936

The amounts due to subsidiaries represent current account balances and are unsecured, bear interest which varied between 6.85% and 7.25% per annum (2016: between 7.25% and 7.70% per annum) and have no fixed terms of repayment.

The amount due to related parties are unsecured, interest free and do not have any terms of repayment.

Work in progress pertains to capital projects still incomplete as at 31 December 2017.

22. DEFERRED REVENUE

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	328,361	307,436	191,267	194,794
Movement for the year for prepaid cards and deferred rental	(63,962)	12,055	(15,405)	(12,397)
Amount received on ICT equipment	25,391	12,051	25,391	12,051
Revenue recognised on ICT equipment	(3,180)	(3,181)	(3,180)	(3,181)
At end of year	286,610	328,361	198,073	191,267

23. DIVIDENDS

No dividends were declared for 2016 and 2017.

24. PROVISIONS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Employee benefits	305,684	248,554	305,684	248,554
Dismantling costs	47,316	43,179	6,679	6,264
	353,000	291,733	312,363	254,818

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Employee Benefits	Dismantling Costs	Employee Benefits	Dismantling Costs
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2016	328,095	34,629	283,503	5,881
Additional provisions recognised	85,574	6,300	85,574	-
Finance Cost	-	2,250	-	383
Utilised in current year	(124,976)	-	(120,523)	-
Transfer to liabilities directly associated with asset held for sale	(40,139)	-	-	-
At 31 December 2016	248,554	43,179	248,554	6,264
Additional provisions recognised	135,202	2,004	135,202	106
Finance Cost		2,133	-	309
Utilised in current year	(78,072)		(78,072)	-
At 31 December 2017	305,684	47,316	305,684	6,679

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

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25. REVENUE

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Sale of goods	**739,841**	788,603	**174,695**	160,762
Rendering of services	**9,152,572**	9,278,217	**6,380,534**	6,022,382
	9,892,413	10,066,820	**6,555,229**	6,183,144

As per General Notice No. 1813 of 2008, legal supplement, the Company is required to contribute part of the revenues derived from international incoming minutes to a Universal Service Fund established under Section 21 of the Information and Communication Technologies Act 2001. The amount contributed during the year was Rs 000s 9,826 (2016: Rs 000s 22,394) and has been included in operating expenses.

The volume of incoming international minutes terminated by Mauritius Telecom in 2017 was 14.1 million minutes (2016: 21.1 million minutes).

26. PROFIT/(LOSS) FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
▶ Depreciation of property, plant and equipment	**1,881,253**	1,821,177	**1,470,245**	1,309,590
▶ Impairment loss on property, plant and equipment	**151,026**	119,424	**17,068**	117,515
▶ Staff costs	**2,027,858**	1,989,036	**1,724,547**	1,622,898
▶ Post employment benefit (a)	**498,007**	636,412	**457,976**	606,532
▶ Costs of inventories recognised as expense	**714,847**	591,818	**206,204**	118,568
▶ Amortisation and impairment of intangible assets	**164,068**	212,019	**124,811**	173,337
▶ Impairment loss net of reversal recognised on trade receivables	**113,182**	146,319	**94,445**	108,930
▶ Impairment of investment in an associate	**38,675**	-	**71,310**	-
▶ Direcrors' emoluments	**3,063**	5,393	**3,063**	5,393
▶ Auditors' remuneration:				
> Statutory auditors	**3,154**	3,181	**1,734**	1,700
> Other auditors	**-**	1,835	**-**	-
▶ Donation	**72**	385	**72**	385

Non-audit fees relate to reporting on historical performance of the Group.

(a) Staff costs include employee benefits expense as follows:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Post employment benefits				
▶ Defined benefit plan	**491,982**	512,439	**451,951**	482,559
▶ Termination benefits	**6,025**	123,973	**6,025**	123,973
	498,007	636,412	**457,976**	606,532

27. OTHER INCOME

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Rental income	74,203	84,508	69,080	70,640
Management fees	-	1,234	435,994	442,646
Other income	82,871	283,693	45,480	53,741
	157,074	369,435	550,554	567,027

28. OTHER GAINS/(LOSSES)

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Net exchange gains:				
▶ Realised exchange(loss)/gain	(2,986)	5,254	(8,045)	5,254
▶ Unrealised exchange gain	105,364	8,495	65,578	75,595
Profit on disposal of property, plant and equipment	2,428	3,871	2,428	1,922
Profit on disposal of Subsidiary/ associate	444,958	10,369	-	15,000
Impairment of investment in an associate	(32,426)	-	(71,310)	-
	517,338	27,989	(11,349)	97,771

The net exchange 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 end of each reporting period.

29. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Dividend income	6,268	7,346	13,443	7,346
Interest income				
▶ Bank deposits	11,262	14,443	8,200	14,065
▶ Held to maturity investments	18,303	20,807	18,303	20,807
▶ Current accounts with subsidiaries	-	-	10,225	20,863
▶ Loan to subsidiaries	-	-	19,518	21,103
▶ Others	5,824	2,506	3,295	2,536
	41,657	45,102	72,984	86,720

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest expense				
▶ Bank borrowings	4,800	14,249	-	-
> Loan	-	-	11,182	-
▶ Current accounts with subsidiaries	-	-	182,213	118,484
▶ Others	39,433	2,330	21,025	382
	44,233	16,579	214,420	118,866

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31. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year after taxation attributable to owners of the Company of Rs 000s 1,045,070 (2016: Rs 000s 1,202,592) and on 190,000,001 shares in issue for the two years ended 31 December 2017.

32. FINANCIAL INSTRUMENTS

32.1 Capital risk management

The Group and the Company manage their 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 Group and the Company strategy remain unchanged from 2016.

The capital structure of the Group and the Company consist of debt, which includes the borrowings disclosed in note 17 net of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves.

The capital structure is being 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 would be achieved through payments of dividends, issue of new debt or/and redemption of existing debt.

32.2 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 liabilities and equity instrument are disclosed in note 3 to the financial statements.

32.3 Categories of financial instruments

Financial assets

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Loans and receivables (including cash and cash equivalents)	**2,483,448**	3,231,627	**2,126,673**	2,647,407
Available for sale financial assets	**11,107**	10,699	**11,107**	10,699
Held to maturity financial assets	**-**	858,293	**-**	858,293
	2,494,555	4,100,619	**2,137,780**	3,516,399

Financial liabilities

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Amortised cost	**5,108,764**	6,095,366	**7,115,065**	6,474,933

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

32.4 Financial risk management

The Corporate Treasury Function provides services to all entities within the Group and the Company. It also monitors and manages their operations' exposure to financial risks namely market risk including currency risk and interest rate risk, credit risk and liquidity risk.

32.5 Market risk

The Group's and the Company's operations expose them mainly to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage their foreign currency changes and interest rates risks through simple matching of proceeds and expenses in same currencies, purchase of future foreign currencies at spot rate, market intelligence and close follow up of interest rate evolutions.

32.6 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 the end of year.

The Group and the Company are risk averse with respect to 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. As the Group and the Company have more outflows than inflows in foreign currency, additional foreign currency requirement are purchased in advance, whenever relevant, at spot rates with financial institutions. The Group and Company do not maintain hedge accounting for transactions in foreign currency and there is no formal hedging contracts or arrangements.

Translation risk at the end of year is managed through matching of foreign denominated assets and liabilities.

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

THE GROUP	2017		2016	
Currency profile	Financial assets Rs 000s	Financial liabilities Rs 000s	Financial assets Rs 000s	Financial liabilities Rs 000s
CURRENCY				
EUR	**58,575**	680,194	**324,672**	883,244
MUR	**2,117,976**	4,269,817	**3,288,017**	4,666,905
USD	**310,050**	153,088	**252,099**	327,301
Others	**7,954**	5,665	**235,831**	217,916
	2,494,555	5,108,764	**4,100,619**	6,095,366

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.6 Currency risk management (cont'd)

THE COMPANY

Currency profile	2017		2016	
	Financial assets Rs 000s	Financial liabilities Rs 000s	Financial assets Rs 000s	Financial liabilities Rs 000s
CURRENCY				
EUR	**40,624**	1,134,382	**188,929**	34,796
MUR	**1,826,168**	5,856,798	**3,131,472**	6,182,071
USD	**264,457**	119,255	**189,535**	256,472
Others	**6,531**	4,630	**6,463**	1,594
	2,137,780	7,115,065	**3,516,399**	6,474,933

Foreign currency sensitivity

The Group and the Company are mainly exposed to the USD and Euro.

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

	THE GROUP			
	Euro Impact		USD Impact	
	2017 Rs 000s	2016 Rs 000s	2017 Rs 000s	2016 Rs 000s
Profit or loss on equity	**62,162**	55,857	**15,696**	7,520

	THE COMPANY			
	Euro Impact		USD Impact	
	2017 Rs 000s	2016 Rs 000s	2017 Rs 000s	2016 Rs 000s
Profit or loss on equity	**109,376**	15,413	**14,520**	6,694

32.7 Interest rate risk management

Financial investments by the entities of 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's 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	
CURRENCY	2017 % Interest Rate p.a	2016 % Interest Rate p.a
MUR	**0.80-2.40**	1.25-3.00
USD	**n.a**	0.10-0.20
EUR	**n.a**	0.01-0.01

Interest rate risk would arise on renewal of the short term fixed deposit at maturity date. Any variation in future interest rate by 50 basis points will impact profit by Rs0.04M (2016: Rs0.11M).

The Group and the Company are subject to interest rate risk on the loans. Any variation in future interest rate by 50 basis points will impact profit by Rs 000s Nil (2016: Rs'000s 697) and Rs'000s 56 (2016:Nil) for the group and the company respectively.

32.8 Credit risk management

The Group and Company are exposed to credit risk, being risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the group and the company.

To minimise this exposure, the Group and the Company have adopted a policy of doing business only with creditworthy customers or counter parties and obtaining sufficient collateral or guarantees where appropriate, as a means of mitigating the risk of financial loss from defaulters.

To assess the creditworthiness of customers, the Group and the Company have set up an internal credit assessment system which uses information from publicly available financial information, market intelligence and its own trading records, to rate its present and future customers.

The Group and the Company traded with related parties including shareholders during the year. Sales of services accounted for 7% (2016: 6%) and 13% (2016: 17%) of total sales for the group and the company respectively.

Except for amounts due from related parties, 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, and which is reviewed yearly by the risk committee. The credit control policy is implemented by a credit control team dedicated to credit management.

To mitigate the Group's and the Company's credit risk, all new customers are required to provide a cash deposit on provision of services to them. Monthly invoices for services delivered are subject to a 10% surcharge if they are not settled by the due date. Regular reminders are sent for overdue invoices and service is disconnected if not settled within the defined period. Ultimately, the telephone lines are recovered and allocated to new customers if invoices remain unpaid.

The trade receivable recovery process after service disconnection has been outsourced to a debt collection agency.

Total trade receivables (net of allowances) held by the Group and the Company at 31 December 2017 amounted to Rs 000s 958,664 (2016: Rs 000s 1,429,890) and Rs 000s 535,892 (2016: Rs 000s 985,511) respectively. An ageing of the trade receivables at end of 2017 and movement in provision for bad debts during 2017 is disclosed in note 12.

Any variation in future recovery ratio of trade receivables by 0.5% will affect profit of the Group and the Company by Rs 2.4m (2016: Rs 4.7m), Rs 4.0m (2016: Rs 3.9m) respectively.

32.9 Liquidity risk management

The Group and Company's liquidity management are overseen by the Corporate Treasury Function, 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.

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.9 Liquidity risk management (cont'd)

The following table details the Group's and Company'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.

Maturities of Financial Assets and Financial Liabilities (Non derivatives)

THE GROUP

2017	ITEM	Weighted average effective Interest rate	Less than 1 month	1-3 months	3 Months to 1 year	1-5 years	Total
		%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL ASSETS	Fixed Interest Rate Instruments	1.6%-9.0%	111,209	-	119,693	-	230,902
	Fixed Interest Rate Instruments	10.0%	1,435	76,386	15,792	-	93,613
	Non Interest Bearing	-	507,095	780,548	246,204	11,107	1,544,954
	Variable Interest Rate Instruments	2.16%-7.05%	616,821	-	8,265	-	625,086
			1,236,560	**856,934**	**389,954**	**11,107**	**2,494,555**
FINANCIAL LIABILITIES	Non Interest Bearing	-	3,793	4,129,651	599,404	-	4,732,848
	Fixed interest Rate	2.57%-2.99%	-	-	-	-	-
	Variable Interest Rate Instruments	2.13%-7.5%	-	-	233,831	142,085	375,916
			3,793	**4,129,651**	**833,235**	**142,085**	**5,108,764**

THE GROUP

2016	ITEM	Weighted average effective Interest rate	Less than 1 month	1-3 months	3 Months to 1 year	1-5 years	Total
		%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL ASSETS	Fixed Interest Rate Instruments	0.01%-2.25%	1,421,464	-	-	-	1,421,464
	Fixed Interest Rate Instruments	4%-10%	791	537,918	391,715	99,381	1,029,805
	Non Interest Bearing		622,946	794,430	221,275	10,699	1,649,350
			2,045,201	**1,332,348**	**612,990**	**110,080**	**4,100,619**
FINANCIAL LIABILITIES	Non Interest Bearing		3,345	4,745,780	602,410	1,517	5,353,052
	Fixed interest Rate	3%-9%	-	-	237,108	78,632	315,740
	Variable Interest Rate Instruments	2.13%-7.5%	-	-	196,856	229,718	426,574
			3,345	**4,745,780**	**1,036,374**	**309,867**	**6,095,366**

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

Maturities of Financial Assets and Financial Liabilities (Non derivatives) (cont'd)

THE COMPANY

2017	ITEM	Weighted average effective Interest rate %	Less than 1 month Rs 000s	1-3 months Rs 000s	3 Months to 1 year Rs 000s	1-5 years Rs 000s	5+ years Rs 000s	Total Rs 000s
FINANCIAL ASSETS	Fixed Interest Rate Instruments	1.6%-9.0%	111,210	-	139,912	101,705	84,794	437,621
	Fixed Interest Rate Instruments	10.0%	-	36,464	-	-	-	36,464
	Non Interest Bearing	-	428,981	405,965	218,501	11,107	-	1,064,554
	Variable Interest Rate Instruments	2.16%-7.05%	599,141	-	-	-	-	599,141
			1,139,332	**442,429**	**358,413**	**112,812**	**84,794**	**2,137,780**
FINANCIAL LIABILITIES	Non Interest Bearing	-	-	2,586,373	583,491	-	-	3,169,864
	Variable Interest Rate Instruments	2.57%-2.99%	-	-	1,092,030	-	-	1,092,030
	Variable Interest Rate Instruments	2.13%-7.5%	2,494,132	16,749	200,205	142,085	-	2,853,171
			2,494,132	**2,603,122**	**1,875,726**	**142,085**	**-**	**7,115,065**

THE COMPANY

2016	ITEM	Weighted average effective Interest rate %	Less than 1 month Rs 000s	1-3 months Rs 000s	3 Months to 1 year Rs 000s	1-5 years Rs 000s	5+ years Rs 000s	Total Rs 000s
FINANCIAL ASSETS	Fixed Interest Rate Instruments	0.01%-2.25%	1,363,955	-	-	-	-	1,363,955
	Fixed Interest Rate Instruments	4.00%-10.00%	-	501,770	-	210,849	113,735	826,354
	Non Interest Bearing	-	548,759	401,204	185,875	10,699	-	1,146,537
	Variable Interest Rate Instruments	7.25%-7.70%	179,553	-	-	-	-	179,553
			2,092,267	**902,974**	**185,875**	**221,548**	**113,735**	**3,516,399**
FINANCIAL LIABILITIES	Non Interest Bearing	-	-	3,306,902	582,707	-	-	3,889,609
	Variable Interest Rate Instruments	2.13%	-	-	100,800	-	-	100,800
	Variable Interest Rate Instruments	7.50%	2,149,191	9,559	96,056	229,718	-	2,484,524
			2,149,191	**3,316,461**	**779,563**	**229,718**	**-**	**6,474,933**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

33. FAIR VALUE MEASUREMENTS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. The basis on which the fair value has been determined is given below.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
2017	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Available for sale investments	4,632	-	-	4,632
2016				
Available for sale investments	4,224	-	-	4,224

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in these financial statements approximate their fair values due to their short term nature (less than 12 months).

	2017		2016	
THE GROUP	Carrying amount	Fair value	Carrying amount	Fair value
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial liabilities				
Financial liabilities held at amortised cost				
Bank Loans	-	-	139,368	132,945

	2017		2016	
THE COMPANY	Carrying amount	Fair value	Carrying amount	Fair value
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial liabilities				
Loans and receivables				
Loans to a subsidiary	206,718	229,556	225,203	253,882

34. RELATED PARTY TRANSACTIONS

The shareholders of the Company are the Government of Mauritius, State Bank of Mauritius, National Pension Fund and Orange SA.

During the year ended 31 December 2017, the Group and the Company entered into the following transactions with related parties.

	THE GROUP		THE COMPANY	
	2017	**2016**	**2017**	**2016**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
(i) Sales of services				
Subsidiaries	**-**	-	**854,055**	1,037,810
Shareholders	**509,671**	543,907	**509,671**	509,490
Associate and related parties	**79,700**	96,104	**967**	32,809
Entities under common shareholding	**134,920**	278,463	**16,944**	4,380
(ii) Purchases of services				
Subsidiaries	**-**	-	**814,240**	781,830
Associate	**-**	2,148	**-**	2,148
Shareholders	**120,953**	198,909	**120,953**	198,909
Entities under common shareholding	**432,860**	598,112	**173,882**	204,256
(iii) Dividend income				
Related parties	**6,268**	7,346	**13,443**	7,346
(iv) Other income and management fees				
Subsidiaries	**-**	-	**504,709**	517,998
Associate	**-**	2,391	**-**	2,391
Related Party	**223**	2,674	**223**	2,674
(v) Interest expense				
Subsidiaries	**-**	-	**182,213**	118,484
On loan from subsidiary	**-**	-	**11,182**	-
(vi) Interest income				
Subsidiaries	**-**	-	**10,225**	20,863
On loan to subsidiary		-	**19,518**	21,103
(vii) Emoluments of Key management personnel				
Short term benefits	**67,170**	63,843	**63,093**	59,875
(viii) Outstanding balances receivable included in Current account				
Subsidiaries	**-**	-	**44,725**	187,198
Associates	**-**	329		329
Related Parties	**8,006**	6,179	**8,006**	6,179
Trade receivables				
Subsidiary	**-**	-	**-**	-
Shareholders	**37,656**	26,278	**37,656**	26,278
(ix) Outstanding balances payable to				
Subsidiaries	**-**	-	**2,510,881**	2,158,750
Shareholders	**57**	49,805	**57**	49,805
Related parties	**29,462**	25,464	**19,441**	9,963
(x) Loan to subsidiaries	**-**	-	**206,718**	225,202
Loan from subsidiary	**-**	-	**1,092,030**	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

35. COMMITMENTS FOR EXPENDITURE

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Commitments for the acquisition of property, plant and equipment	**4,726,088**	1,534,285	**4,502,088**	1,514,258

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. All operating lease contracts contain market rental reviews. The Group and the Company do not have an option to purchase the leased assets at the expiry of the lease periods.

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**104,011**	92,700	**96,123**	82,105
Between two and five years	**302,264**	281,429	**202,783**	192,328
After five years	**419,071**	357,756	**361,554**	394,098
	825,346	731,885	**660,460**	668,531

Payments recognised as an expense

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Minimum lease payments	**95,970**	89,741	**109,346**	72,156

The Company as lessor

Leasing arrangements

Operating leases relate to the properties owned by the company with lease term of 5 to 10 years, with an option for further renewal. All operating lease contracts contain market review clauses in the event that the Lessee exercises its option to renew. The Lessee does not have an option to purchase the properties at the expiry of the lease period.

Operating lease receivables

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**69,130**	90,026	**136,179**	151,610
Between two and five years	**161,724**	189,358	**161,724**	445,957
After five years	**54,762**	71,569	**54,762**	71,569
	285,616	350,953	**352,665**	669,136

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances and 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.

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash and cash equivalents	975,122	1,137,989	874,357	1,034,816
Held to maturity investment	-	858,293	-	858,293
Cash and bank balances included in assets classified as held for sale	-	262,167	-	-
	975,122	2,258,449	874,357	1,893,109

38. OTHER DEPOSITS

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs 000s	Rs 000s
Within one year	30,769	-
Between two and five years	138,462	-
After five years	30,769	-
	200,000	-

Other deposits represent a bank guarantee for a contractual agreement under a payment guarantee relating to the construction of a submarine cable. The bank guarantee shall decrease progressively as and when the related payment is effected. The above represents restricted cash set aside by a contractual agreement.

39. CONTINGENT LIABILITIES

There are contingent liabilities not provided for in the financial statements in respect of bank guarantees amounting to Rs 000s 794,465 (2016: Rs 000s 57,423) for the Group and Rs 000s 772,648 (2016: Rs 000s 46,268) for the Company respectively. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

40. DISPOSAL OF A SUBSIDIARY

On 21 March 2017, the Group disposed of Telecom Vanuatu Limited.

40.1 Consideration Received

	THE GROUP
	2017
	Rs 000s
Consideration Received in cash and cash equivalent	779,750

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

40. DISPOSAL OF A SUBSIDIARY (CONT)

40.2 Analysis of asset and liabilities over which control was lost

	THE GROUP 2017 Rs 000s
CURRENT ASSETS	
Trade receivables and other receivable	107,096
Cash and bank balances	169,067
Inventories	43,857
NON CURRENT ASSETS	
Property plant and equipment	608,743
CURRENT LIABILITIES	
Payables	(197,647)
NON-CURRENT LIABILITIES	
Borrowings	(396,324)
Net assets disposed of	334,792

40.3 Gain on disposal of a subsidiary.

	THE GROUP 2017 Rs 000s
Consideration received	779,750
Net asset disposed of	(334,792)
Gain on disposal	444,958

40.4 Net proceeds from disposal of a subsidiary

	THE GROUP 2017 Rs 000s
Consideration received	779,750
Bank balance disposed	(169,067)
Net proceeds	610,683

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

LOANS	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Additions	-	-	1,077,879	-
Repayments	(12,769)	(50,669)	-	-
Loan settlement on disposal of subsidiary	277,187	-	-	-
Non cash change:				
Revaluation	(7,462)	-	14,151	-
At end of year	256,956	(50,669)	1,092,030	-

42. ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP
	2016
	Rs 000s
Assets classified as held for sale	988,408
Liabilities directly associated with assets classified as held for sale	417,459

The major classes of assets and liabilities at the year end are as follows:

	THE GROUP
	2016
	Rs 000s
Property plant and equipment	577,185
Stocks	40,863
Trade receivables	103,307
Cash and bank balances	262,167
Other receivables	4,886
	988,408

Liabilities directly associated with assets classified as held for sale

	THE GROUP
	2016
	Rs 000s
Loans	139,368
Trade payables	127,756
Other payables	110,196
Provisions	40,139
	417,459

The related cash flows are as follows:

	THE GROUP	
	2017	2016
	Rs 000s	Rs 000s
Net cash (used in)/generated from operating activities	(25,259)	499,225
Net cash used in investing activities	(68,796)	(283,901)
Net cash used in financing activities	(15,385)	(59,904)
Net cash inflows	(109,440)	155,420

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(CONT'D)

43. PRIOR YEAR ADJUSTMENT

The Company has a defined benefit plan for their employees (the Plan). In accordance with the plan, the Company makes annual contributions to SICOM Ltd to its liabilities under the Plan. The contributions are made based on actuarial valuation which is done annually by the independent actuary. The contribution made by the Company is invested by SICOM Ltd in different assets.

IAS 19 - Employee benefits requires the plan assets to be fair valued for the purpose of calculating the net defined benefit liability/(asset). During the year ended 31 December 2017, the Company discovered that a certain percent of the plan assets are invested by SICOM Ltd in investments that are carried at amortised cost. For the purpose of determining the defined benefit liability/(asset) as at 31 December 2017, these held to maturity investments were not fair valued as required by the Standard. Consequently, the Company has fair valued these investments and the resulting fair value gains have been accounted for retrospectively in accordance with IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors. The effects of this restatement on the financial statements is summarised below:

(a) The Group

The impact of the adjustment is as follow:

	As previously reported	Effect of Restatement	As Restated
	Rs 000s	Rs 000s	Rs 000s
Effect on statement of profit and loss and other comprehensive income			
At 31 December 2016			
Operating expenses	(6,344,536)	11,121	(6,333,415)
Retirement benefit obligation	(522,728)	35,307	(487,421)
Deferred tax on the above	138,946	(6,002)	132,944
Total effect on statement of profit and loss and other comprehensive income		40,426	
Effect on statement of financial position			
At 1 January 2016			
Deferred tax asset	238,219	(27,010)	211,209
Retirement benefit obligations	3,586,709	(158,881)	3,427,828
Total effect on retained earnings		(131,871)	
At 31 December 2016			
Deferred tax asset	439,482	(33,012)	406,470
Retirement benefit obligations	4,392,569	(205,309)	4,187,260
Total effect on retained earnings		(172,297)	
	Rs	Rs	Rs
Effect on Earnings per share			
At 31 December 2016	6.27	0.06	6.33

(b) The Company

The impact of the adjustment is as follow:

	As previously reported Rs 000s	Effect of Restatement Rs 000s	As Restated Rs 000s
Effect on statement of profit and loss and other comprehensive income			
At 31 December 2016			
Operating expenses	(5,117,674)	11,121	(5,106,553)
Retirement benefit obligation	(439,461)	35,307	(404,154)
Deferred tax on the above	129,928	(6,002)	123,926
Total effect on statement of profit and loss and other comprehensive income		40,426	
Effect on statement of financial position			
At 1 January 2016			
Deferred tax asset	237,366	(27,010)	210,356
Retirement benefit obligations	3,471,840	(158,881)	3,312,959
Total effect on retained earnings		(131,871)	
At 31 December 2016			
Deferred tax asset	402,862	(33,012)	369,850
Retirement benefit obligations	4,168,952	(205,309)	3,963,643
Total effect on retained earnings		(172,297)	

GLOSSARY OF TERMS

CCTV	CCTV is a TV system in which signals are not publicly distributed but are monitored, primarily for surveillance and security purposes. CCTV relies on strategic placement of cameras, and observation of the cameras' input on monitors somewhere
FTTH (Fibre-To-The-Home)	Includes fibre-optic access solutions designed for residential deployments
FTTX	Fibre to the x is a generic term for any broadband network architecture using optical fiber to provide all or part of the local loop used for last mile telecommunications
Gbps	Gigabit per second
ICT	Information and Communication Technology (ICT) is an extended term for Information Technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, transmit, and manipulate information
ICTA	Information and Communication Technologies Authority
LTE	Long-Term Evolution is a standard for high-speed wireless communication for mobile devices and data terminals
Mbps	Short for megabits per second, it is a measure of data transfer speed (a megabit is equal to one million bits). Network transmissions, for example, are generally measured in Mbps
MUGA	Multi-Use Games Area
OTT	OTT stands for "over-the-top," the term used for delivery of film and TV content via the internet, without requiring users to subscribe to a traditional cable or satellite pay-TV service
SAFE	South Africa Far East Submarine cable System.
SMBs	Small and medium businesses

my.t mobile

- Fully 4G
- Mobile Internet
- Mobile Voice & SMS
- Prepay & Postpay Abundance
- Love Pack
- Gift Pack
- Gift data
- Mobile Money
- Roaming Services
- Deezer & Funtones
- SMS Info
- Smartphones & Tablets
- my.t Apps

my.t home

- Fibre-To-The-Home (FTTH)
- Fibre Broadband
- Fibre Voice
- my.t triple play
- 100Mbps
- TV Packs
- Video on Demand
- Smart Box
- Dual Room
- Catch-Up TV
- Multi-screen
- Flybox
- Fixed Telephones
- WiFi Extenders

my.t business

- Mobility
- High Speed Internet
- Data Centre and Cloud
- Local Connectivity
- Security
- Productivity
- International Connectivity