annual report 2015

mauritius telecom

be your best

OUR VISION

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

OUR AMBITION

Our Ambition is to offer an unmatched
customer experience

OUR CORE VALUES

Passion
Professionalism
Creativity & Innovation
Agility & Speed
Respect & Responsibility

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group financial highlights

for year ended 31 december 2015

Operating Revenue
For the group progressed by 8% during the year, to reach Rs 9.8 billion.

Gross Profit
is at Rs 7.7 billion, an increase by 9.3% compared to previous year.

Profit
for the year stands at Rs 1.02 billion, as compared to 0.99 billion last year .

Capital Expenditure
has been at 2.4 billion, that is 24.3% of operating revenue.

Earnings per Share
is at Rs 5.39 as compared to 5.22 in 2014.

Return on Equity
Maintained at 16 % as compared with last year.

+8.1%

GROWTH IN REVENUE

+9.3%

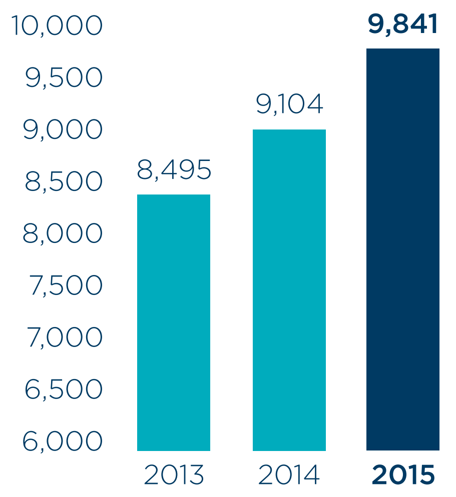
GROWTH IN GROSS PROFIT

16%

RETURN ON EQUITY

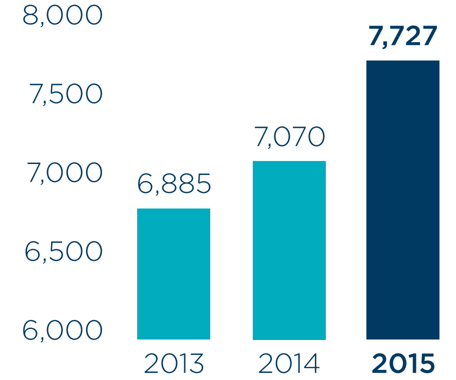
Operating Revenue

Rs Million



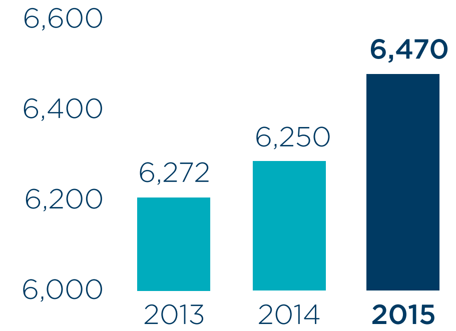
Gross Profit

Rs Million



Shareholders Equity

Rs Million



key financial figures

for the group

	2015 (Million Rs)	2014 (Million Rs)
Income Statement		
Operating Revenue	9,841	9,104
Gross Profit	7,727	7,070
Net Profit	1,024	991
Earnings Per share	**5.39**	**5.22**
Balance Sheet		
Total Assets	16,115	14,424
Total Liabilities	9,645	8,173
Shareholders' Funds	6,470	6,250
Capital Expenditure	2,387	2,291
Return on equity	16%	16%
Net Asset Value per Share	**54.85**	**50.44**

certificate by company secretary

CERTIFICATE BY SECRETARY REQUIRED BY THE COMPANIES ACT 2001

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 as at 31 December 2015.

P.C. COLIMALAY
Company Secretary

29 April 2016


IT'S NOT JUST
OUR LOOKS
but our way of
seeing things...

corporate profile

Mauritius Telecom (MT), as the leading telecommunications operator and service provider in Mauritius with 1.3 million subscribers, offers a full spectrum of technological services and solutions to homes as well as businesses.

Incorporated in 1988 as Mauritius Telecommunication Services, the company acquired the assets of Overseas Telecommunications Services (previously British private company Cable & Wireless) in 1992 and was renamed Mauritius Telecom. The strategic partnership with Orange in November 2000 as well as its associations with international players, has enabled Mauritius Telecom to grow into one of the top companies in the country with a revenue of Rs 9.8 billion in 2015.

Mauritius Telecom has acted as the engine of growth of the ICT sector in Mauritius, supporting the country's efforts in moving to the next level of its development. Since early 2015, the company has geared its efforts as an infrastructure provider to support the Government's Vision 2030 for Smart Mauritius.

The accelerated deployment of fibre with a large investment shall make the whole island fully fibred by end 2017, which would enable ultra high-speed Internet access to both businesses and home users. Mauritius Telecom is also pursuing the expansion of its 4G mobile network coverage allowing download speeds of up to 100 Mbps on smartphones and tablets.

Mauritius Telecom has opened new employment opportunities for the Mauritian citizens, enhanced the attractiveness of Mauritius as a global ICT destination for foreign investors by giving an impetus to the ICT/BPO sector. Above all Mauritius Telecom has contributed to create the conducive environment giving rise to a new generation of techno-entrepreneurs in Mauritius.

In parallel, through the successive waves of innovation that Mauritius Telecom spurred during 2015, Mauritians are already reaping the benefits of the latest technological advancements that have made their lives smarter.

Vision

Constantly on the move for innovative ideas and creating new uses and applications through partnerships with global companies, Mauritius Telecom believes that in a constantly evolving world, the best tool to adapt to change is by being the change itself.

Mauritius Telecom's recent rebranding is a step further into its team's commitment to be the best and act as the technological stepping stone which will allow its customers to offer the best in their respective fields.

Products and Services

Mauritius Telecom provides a large range of voice and data services using fixed-line, mobile and internet platforms and also offers convergent services through My.T, its multiplay-IPTV service.

Over and above the usual internet and mobile applications, Mauritius Telecom's mobile users have access to TV services, mobile banking and Orange Money.

For businesses, Mauritius Telecom is a one-stop solution, providing IP-based services, virtual private networks, high-speed internet access and application services along with Fibre to the Home (FTTH), Fibre to the Business (FTTB), Gigabit Passive Optical Network (GPON), ADSL and SHDSL technologies, TelePresence and Cloud Computing solutions.

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

corporate profile (cont'd)

the company. 1% of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share-participation scheme. The remaining 40% are held by Orange, through its investment vehicle, RIMCOM.

Investment

Mauritius Telecom has invested in Orange Madagascar and since July 2015 holds 100% share in Telecom Vanuatu Limited (TVL) through its investment vehicle Mauritius Telecom International Ventures Ltd PCC.

As Virtual Reality and Augmented Reality becomes the next big computing platform, Mauritius Telecom's partnership with EON Reality, the world leader in VR-based knowledge transfer for industry, education and edutainment and the creation of EON Mauritius Interactive Digital Center (IDC) in Ebene, aims at bringing Augmented and Virtual Reality based knowledge transfer to mobile subscribers in Mauritius and across Africa.

Subsidiaries

Mauritius Telecom has the following fully owned subsidiaries: Cellplus Mobile Communications Ltd, Telecom Plus Ltd, Teleservices (Mauritius) Ltd, Call Services Ltd, MT Properties Ltd, the Mauritius Telecom Foundation, MT International Ventures Ltd PCC, MT Services Ltd, Telecom Vanuatu Ltd (TVL) and CSL Madagascar. It is also in a joint venture with Blanche Birger & Continuity South Africa, and has setup a disaster recovery/business continuity entity Continuity Mauritius.

Network

In this Digital and the Internet of Everything era, where an expected 3 billion people would be connected by the next decade, Mauritius Telecom has geared its focus towards creating as well as consolidating its foundations so as to position Mauritius as the role model in technological services for the region.

The accelerated deployment of rolling out fibre over the island with a Rs 5.1 billion investment by 2017, will allow for internet speed up to 1 Gbps.

Mauritius Telecom has also given the kick-off for a Tier 4 level Data Centre, for a reliable, flexible and scalable infrastructure so as to consolidate its capacities to attend to the increasing number of computer systems and high volume of data that will be generated by different systems.

Mauritius Telecom's international network being by satellite as well as with fibre, the increase in its capacity on the SAFE submarine cable as well as its investment on other submarine fibre-optic cable projects such as the Europe-India Gateway (EIG) and the West Africa Cable System (WACS), will allow for the growing demand in high broadband speeds and provide high quality experience.

Corporate Social Responsibility (CSR)

Mauritius Telecom understands that technological growth can only be achieved along with socio-economic growth. In this context, Mauritius Telecom, through the Mauritius Telecom Foundation's fund, works with several NGOs to help promote technology as a whole as well as cater for other social issues among the vulnerable groups.

Digital technology being a formidable driver for education, training and professional integration, Mauritius Telecom provides free access to the internet and basic training in ICT to 60,000 people monthly by financing 289 of the National Computer Board's (NCB) computer clubs.

Mauritius Telecom is also financing the installation of 350 Wi-Fi Hotspots under the aegis of the Ministry of Technology, Communication and Innovation (TCI), to provide free internet connection to the citizens of Mauritius.

Environment

Being very environment conscious, Mauritius Telecom is engaged in several activities such as reducing its power consumption as well as its carbon footprint in order to minimise any impact its operations might have on the environment.

Mauritius Telecom is also involved in various national campaigns to create awareness on this issue.

Risk Management

While consolidating its capacities, Mauritius Telecom also remains focused on business security and has therefore, through its Risk Management Division, devised a risk management approach which facilitates appropriate identification, assessment and control of risks to operations and corporate strategy.

The Risk Management Division provides the framework for various activities to enhance their ability to achieve financial, customer and people goals and meets legal and compliance responsibilities while protecting and increasing value for shareholders. Incident management plans have also been developed to mitigate the impact of business continuity threats.

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board of directors

Mr Sateeaved SEEBALUCK, GOSK
Secretary to the Cabinet and Head of the Civil Service

Mr Seebaluck attended the Royal College Port Louis before proceeding to Delhi University for higher studies, where he obtained a BA (Hons) Economics. He also holds a Diploma in Public Administration and Management from the University of Mauritius.

He joined the Civil Service in January 1976 as Economist at the Ministry of Economic Planning and Development and shortly afterwards, was part of the Administrative Cadre at the Ministry of Finance. Promoted to the position of Principal Assistant Secretary in 1990, he was later in 2000 appointed Permanent Secretary and served, during his career, various Ministries as well as being Chairman and Director of many Boards and Statutory Committees.

During his years at the Ministry of Environment, Mr Seebaluck pioneered Sustainable Development and organised the International Conference on Small Islands Developing States in 2005. He obtained several International Awards on the environment and was present on many environmental summits and conferences, which led him to act as main negotiator for Mauritius on various Multilateral Environmental Agreements.

In 2010, he was promoted Senior Chief Executive and took charge of the Ministry of Civil Service and Administrative Reforms.

In his quest to modernise the Civil Service through new technologies and innovative strategies, Sateeaved Seebaluck spearheaded the introduction of the Human Resource Management Information System. While emphasising the need to professionalise further the service through *Training in the age of the Learner*, he initiated the setting up of the Civil Service College, Mauritius.

Mr Seebaluck was appointed Secretary to Cabinet and Head of the Civil Service in January 2015. He was decorated Grand Officer of the Order of the Star and Key of the Indian Ocean (GOSK), by the President of the Republic, on 12 March 2015, for his contribution in the Public Service and for his initiatives in the protection of the environment.

Mr Jean-Paul COTTET

Mr Jean-Paul Cottet is currently the Senior Executive Vice-President Group Marketing & Innovation and Personal Advisor of Stephane Richard, Chairman and CEO of Orange. Jean-Paul Cottet started his career in France Telecom in 1980 in Network Operations and Marketing/Sales in Marseille, South of France.

After a 3 year period as special advisor for Telecom Policy in the French Government, he was appointed Head of France Telecom Operations for the Paris East Area. From 1992 to 1996, he was in charge of the Sales Division in France, then the Soho and Professional Division.

In 1996-1997, he was responsible for France Telecom IPO. From 1998 to 2002, he was appointed Executive Vice-President in charge of Paris. He joined the Executive Committee in 2002 first as Head of Public Relations, Regulation and Communication, and then in 2003 Head of IT and International Division. From 2006 to 2008, he was in charge of Network and Field Operations Division in France. From September 2008 to March 2010, he was in charge of the French Enterprise Market Division.

In April 2010, he was appointed to France Telecom Group Executive Committee, as Senior Executive Vice-President for Marketing, Products and Innovation. In July 2013, he became Personal Advisor of Stephane Richard, Chairman and CEO of Orange. Among others, he is Chairman of Orange Madagascar.

Jean-Paul Cottet is a graduate from Ecole Polytechnique and École Nationale Supérieure des Télécommunications. He is "Chevalier de l'Ordre National du Mérite".

board of directors (cont'd)

Mr Dharam Dev MANRAJ, GOSK (Financial Secretary)

Dharam Dev Manraj holds a Diploma in International Management from the International Institute for Management Development (IMD) Switzerland and is a Fellow of the Association of Chartered Certified Accountants (FCCA).

During his career, predominantly within the public and semi-governmental spheres in Mauritius, Mr Manraj occupied various positions between 1974 and 1998 in the Ministry of Finance. He was appointed Financial Secretary in 1990 and participated in the drafting of several Budget Speeches, formulation of Capital and Recurrent budgets and fiscal policies. In 2000 he was able to put to service his extensive experience by acting as Advisor to the Prime Minister and as Senior Advisor in 2012.

Mr Manraj contributed in the negotiations leading to the acquisition of Double Taxation Avoidance Agreements with several countries. He was part of the World Bank Loan Negotiations in Washington and has been involved in various Road Shows and International Conferences on regional cooperation.

Mr Manraj has also been very active in major projects in Mauritius, including the Ebene Cyber city and helped in the setting up of the Financial Services Commission and the State Investment Corporation, amongst others.

At different intervals in his career, he was appointed Director of the Board of Investment (BOI), the Mauritius Sugar Authority and the Mauritius Broadcasting Corporation. He served as Chairman of the State Bank of Mauritius (SBM), the State Insurance Corporation of Mauritius Ltd (SICOM), the Mauritius Offshore Business Activities Authority (MOBAA), Airports of Mauritius Co. Ltd and the Business Parks of Mauritius Ltd (BPML).

Mr Manraj lives in Vacoas, is married and has two children.

Mr Daniel DELESTRE

During year 2015, Mr Daniel Delestre was Senior Vice-President in charge of Orange's Africa, Pacific and Indian Ocean operation including Kenya, Mauritius, Madagascar, Vanuatu and Wallis and Futuna.

In 2008, he was appointed Senior Vice President of Global Sales, Marketing & External Communications for Orange Business and reported to Mr Vivek Badrinath, Senior Executive Vice-President of Enterprise Communication Services.

In 2003, Mr Delestre was Senior Vice-President of French large accounts within Orange Business Services. In this position, he was responsible for all sales activities concerning the five large accounts agencies/business units.

His overall mission was to increase revenue of French large accounts both in France and abroad.

Mr Delestre was previously regional director within the Group's Enterprise Communication Services (ECS) division and held a number of management positions in technical and IT domains. He has pursued his entire career within the France Telecom-Orange Group since he joined the National Centre of Telecoms R&D (CNET) in 1979. Mr Delestre was awarded a diploma by the Ecole Polytechnique and by the superior National School of Telecoms in Paris (ENST).

board of directors (cont'd)

Mr Dheerendra Kumar DABEE, GOSK, SC

Mr D.K. Dabee, Solicitor-General in the Attorney General's Office, a Senior Counsel, and a former Laureate (Economics Side) is a graduate in Law and Political Science from Birmingham University and was called to the bar in UK in 1981 at the Middle Temple.

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.

Besides his over 34 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. Mr Dabee was also a Board Director of Air Mauritius Ltd, SBM Ltd and a board member of the Mauritius Revenue Authority.

He has acted as Chairman of the Stock Exchange Commission and the MOBAA (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.

Mr Dabee is the Chairperson of the Control and Arbitration Committee of the Mauritius Cane Industry Authority and also represents the Attorney General's Office on the Boards of the Gambling Regulatory Authority and the Independent Broadcasting Authority.

He was appointed Vice-Chairman of the Financial Services Commission in February 2016.

Mr Hugues FOULON

Mr Hugues Foulon is a graduate of the École Polytechnique and ENSTA and began his career with the Veolia group, where he was Assistant Director, then Director of drinking water production plants.

Appointed Deputy General Manager of Monaco Telecom in September 2000, for five years he was in charge of the functional departments (Finance, Legal, HR, and Communication), with 55 persons under his responsibility.

He joined Orange in November 2005 as Commercial Finance Director, then for two years worked for Maroc Telecom as Head of controlling. Back with Orange in October 2009, he was appointed Head of controlling of the "Groupe Marketing Innovation" division.

From October 2010 to March 2012, he was chief of staff with the CEO delegate of Orange, in charge of the Secretariat of the Group Investment Committee, among other responsibilities.

Since April 2012, he is the Chief Financial Officer of AMEA region and Board member of other companies associated with Orange in Senegal, Democratic Republic of Congo or Ivory Coast.

board of directors (cont'd)

Mr Jugdish Dev PHOKEER

Jugdish Dev Phokeer is currently the Permanent Secretary at the Ministry of Financial Services, Good Governance and Institutional Reform.

He holds a Master in Business Administration, a Postgraduate Diploma in Management, a Bachelor's Degree in Commerce and a Diploma in Public Administration.

Mr Phokeer started his career in the Civil Service in 1986 and has since held the positions of Administrative Secretary, Director of the Mauritius Handicraft Centre and Principal Assistant Secretary and Administrator at the Office of the President.

In 2005, he became Permanent Secretary and consequently served several Ministries including Ministry of Commerce and Industry, Ministry of Health and Quality of Life, Ministry of Arts and Culture, the National Development Unit, Ministry of Youth and Sports and the Ministry of Technology, Communication and Innovation.

He has also represented the Government on various Boards and Committees.

Mrs Valérie THEROND

Mrs Valérie Thérond, born in 1965, has been the Deputy General Secretary at Orange S.A since 2013 and with the company since 2009.

In her role as the Deputy General Secretary, she is responsible for sourcing & supply chain and for the coordination of the operational efficiency program (Chrysalid) at the Orange Group level, both of which responsibilities she has been assuming since April 2012.

She is also responsible for overhead management and supervises real estate and insurance. Prior to these functions, she was the Group Chief Accounting Officer.

Before joining Orange in 2009 she worked in positions of increasing responsibilities and scope (also internationally, including several years in London and Hong Kong) for Andersen Consulting, Bull and Thomson, most notably in the domains of finance, sourcing, process reengineering and internal audit.

She is a graduate of the Ecole Supérieure de Commerce de Paris (ESCP) where she specialised in corporate finance.

company secretary

Conrad COLIMALAY
Company Secretary

Mr Conrad Colimalay is qualified as a Barrister-at-Law. He holds a Master 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 in MT Group.

chairman's statement

On behalf of the Board of Mauritius Telecom Group, I am pleased to present the 2015 Annual Report.
My appreciation goes to Board members, to the Chief Executive Officer and all MT employees, to our stakeholders and to our customers, for enabling Mauritius Telecom to achieve appreciable growth.
Along with investment in new technologies, our aim is also to ensure that skills, talent and commitment are used to their best to enable us to excel in our customer service standards.

9.3%

MAURITIUS TELECOM GROUP'S GROSS PROFIT GREW IN 2015

Financial Review

The Mauritius Telecom Group's gross profit grew by 9.3% in 2015. Earnings per share stood at Rs 5.39 compared to Rs 5.22 in 2014. An interim dividend of Rs 3.47 per share was paid in 2015. Capital and reserves amounted to Rs 6.47 billion as compared to Rs 6.25 billion for 2014. Capital investment totalled Rs 2.4 billion as compared to Rs 2.3 billion in the previous year.

Corporate Governance

Mauritius Telecom believes in good governance and considers that maintaining best practices throughout the Group is the key to a successful company. Our strategies, in line with good Corporate Governance practices, ensures that high ethical standards are reflected in our business behaviour and culture. Transparency, integrity, professionalism, sustainability and ethics are our core principles while providing fair working conditions, encouraging personal growth and promoting environmental and community projects.

Corporate Social Responsibility

Corporate Social Responsibility is an integral part of Mauritius Telecom culture. We believe that social and business growth are linked. This is demonstrated in the involvement of the Mauritius Telecom Foundation (MTF) in various educational, social and environmental projects.

Rs 35.5 million were injected in 34 projects through 26 NGO's and institutions, including nine in Rodrigues, which benefitted 151,000 people.

As education remains a major tool to empower people and lead to the economic, social and personal well-being of all citizens, MTF is involved in various educational projects such as the financing of 289 of the National Computer Board's (NCB) computer clubs which allows more than 60,000 people each month to have free access to the internet and basic training in ICT.

The Mauritius Telecom Foundation's ongoing support for the running costs of day-care centres and pre-primary schools in identified areas, provide a valuable and safe environment for children while enabling their parents to work or attend training. 2000 school bags and 130,000 copybooks were also distributed to children from vulnerable groups.

In order not to exclude anyone from Mauritius Telecom's contribution to better the lives of Mauritian citizens, MTF donated 534 commode wheel chairs to persons with severe physical disabilities and also devoted, with other institutions, to championing an understanding of autism through its project 'Unique comme toi'. Several outings and a cultural programme were also organized for more than 4,180 senior citizens.

Green Initiatives

Mauritius Telecom is engaged in a number of activities to minimise any impact its operations might have on the environment. The ISO14001:2004 standard is used to manage activities centrally and a risk analysis has been conducted and action plans drawn up.

The aim of its strategic plan is to achieve 5% reduction in its power consumption and to reduce its carbon footprint by 10%.

Human Resource Management

In the second semester of 2015, the top management team was reshaped to create the Group Executive Committee (GEC), a fully motivated team of top professionals who are ready to commit to new ways of doing things. The GEC meets on a weekly basis and deliberates on all strategic issues.

To respond to the wish of staff who requested for an early departure, a Voluntary Retirement Scheme (VRS) was set up to ensure that Mauritius Telecom employees have a decent retirement after long years of faithful service. A gradual phasing out of those 25 employees was organised so as to avoid a vacuum and allow Mauritius Telecom to retain its operational efficiency.

Conclusion

Our strategy for profitable growth, our strong ethical values along with a committed and motivated team, has helped turn Mauritius Telecom into the leading company in the telecommunication industry and one of the leading companies in Mauritius.

We remain dedicated to providing customer satisfaction, build a more inclusive society through our investment in social and environmental causes and work in the best interest of our shareholders.

SATEEAVED SEEBALUCK, GOSK

Board Director

acting chairman

June 2016

chief executive officer's review

It is with great pleasure and on a very positive note that I present the 2015 Annual Report. The Telecoms industry worldwide is facing important challenges in terms of falling traditional revenues such as voice, sms and roaming especially with the uptake of Over The Top (OTT) players such as Whats App, Viber, WeChat and Facebook. However, faster internet speeds, more content and the evolving need of customers to be connected all the time, everywhere, is driving an exponential consumption of data.

To better face the challenges of the Industry as well as to be able to meet the growing expectations of customers, last year I set forth 5 key priorities for Mauritius Telecom:

1. Enriched connectivity by accelerating the Fibre to the Home Project (FTTH)
2. World Class Service
3. Diversification and Acquisition
4. Innovation
5. Creation of Value for Customers

The internal structures of the company also needed to be overhauled to gear ourselves towards being a more agile and responsive company. We therefore embarked on a complete restructure of all departments which is still ongoing. The focus on our priorities and the internal initiatives are already bearing their fruit in terms of results and energy within the company.

Revenue grew by a healthy 8.1% and after three years of falling positive net income, last year we managed to reverse this trend despite an aggressive reduction in prices to consumers and to the ICT Industry as well as a very successfully subscribed VRS that impacted on our costs exceptionally.

> *"Mauritius Telecom is confident of facing new challenges because we will always strive to 'be our best'"*

Mauritius Telecom is now well engaged to face future challenges.

Performance of Subsidiaries

This momentum is also reflected in the performance of mobile which continues its growth, increasing its revenue by 3.2% to attain Rs 3.96 billion along with a 7.2% sustained growth of customer base reaching 892,007 in December 2015. This was achieved through a series of actions such as the launch of My.T multi-screen service, which provides access to selected My.T TV channels anywhere on several devices (smartphones, tablets, laptops), the introduction of a range of branded 4G smartphones including the iconic iPhone 6s and the deployment of fifty new LTE sites to extend mobile broadband coverage.

With the enhancing of value-added services such as Premium text-messaging services, Mobile banking and "Fun tones", the unit's turnover knew a 15% growth, reaching Rs 57.3 million. The significant upgrade of online topup, with the integration of Orange Money and data platform as well as a complete redesigning of the website, resulted in an increase of Orange Money customers to 30,000 with more than Rs 70 million of transaction value processed through this service in 2015.

CSL revenue totalled Rs 371 million in 2015 against Rs 339 million in 2014, consolidating its contracts in Madagascar, Rodrigues, Reunion Island, Caraibes and Swaziland.

Teleservices, by diversifying its product range from print directories to online directory as well as providing reliable advertising solutions, showed, for the first time in years, a positive growth of 3.42 %, totalling a revenue of Rs 84 million.

The increase in TV channels targeting specific audience and price cut on packages, enabled My.T TV subscriber base to grow by 26%, attaining 120,000 in December 2015

chief executive officer's review (cont'd)

strengthening its position as the leader in the Pay-TV market. The new partnership with NBC Universal brought a 10% revenue increase in VoD, with Rs 15.3 million compared to Rs 13.9 million in 2014.

Innovations and Initiatives

In this fast moving era, Mauritius Telecom showed that it could set the pace for a major leap forward by being the first to bring virtual reality (VR) to Mauritius. It took just about 6 months to move from concept to the actual launch of the Interactive Digital Center (IDC) in Ebene. This venture with EON Reality, the world leader in VR-based knowledge transfer for industry, education and edutainment, is a testimony of Mauritius Telecom's commitment to making Innovation happen.

Well versed with the impact that internet and connectivity have on our current and future lives, Mauritius Telecom has accelerated its deployment in fibre with a projected complete connection to all households by 2017. With a connectivity speed that could reach 100 mbps or even 1 Gbps, fibre opens a whole new perspective for our young people in the ICT sector, giving them the possibilities to access new types of jobs such as Data Scientists, Cloud Engineers, Cybercrime and Security Specialists as well as offering entrepreneurs a world of opportunities as information, people, technology and markets become more accessible.

Overseas Involvement

Mauritius Telecom reached a new milestone in July 2015 with the acquisition of an additional 10% stake in Telecom Vanuatu Limited (TVL). MT International Ventures (MTIV) Ltd PCC now holds 100% stake in TVL.

International BPO customers confirmed their trust in Mauritius Telecom know-how with the official proclamation of MT as the new call centre partner of Antenne Reunion for the *'Externalisation des activités d'arm et boutik antenne'*, the starting of operations in Madagascar on 13th February 2015 with a 100 seats contact, the launching of Orange Caraibe in August 2015 with an *'Externalisation partielle des activités de service clients'* (inbound) and with Swaziland seeking MT for an ongoing consultancy services for the implementation of its first call centre.

Networks

While the accelerated deployment of rolling out of fibre over the island, with a Rs 5.1 billion investment by 2017, implies a higher connectivity for homes and a growing number of connected devices, Mauritius Telecom has also increased its capacity on the SAFE submarine cable to cater for the growing demand for high broadband speeds and provide high quality experience to match the offering of residential broadband Internet at speeds of 10 Mbps, 20 Mbps and 30 Mbps.

Furthermore, Mauritius Telecom has consolidated its capacities to attend to the increasing number of computer systems and high volume of data that will be generated by different systems, by giving the kick-off for a Tier 4 level Data Centre, for a reliable, flexible and scalable infrastructure.

Tariffs

Very much aware than in its quest to build a conducive environment for an innovation-led society and economy, the aim is not only to connect the country but is also to make these connections accessible to large majority, Mauritius Telecom decreased the tariff of international bandwidth by at least 20%. Its high-speed fibre of 10 Mbps connection at a monthly tariff of only Rs 499, VAT included, is also the most affordable offer in the region.

Over and above, by turning our country into a benchmark BPO on the world map, Mauritius Telecom was able to decrease its tariffs for BPO operators by an average of 60% as well as make them benefit up to 5 times higher speed or a mix of both, according to their specific business requirements.

Business Security

While consolidating its capacities, Mauritius Telecom also remains focused on business security and therefore pursues its project for the ISO22301:2012 Societal Security and Business Continuity certification, on part of its network. In this context, several business continuity plans have been developed and identified risks have been addressed. Twenty major stakeholders have also been trained on the ISO22301:2012 standard.

Over and above, various physical security measures have also been taken to improve Mauritius Telecom's infrastructure security.

Customer Experience

If as a business entity, Mauritius Telecom's first priority is towards its stakeholders and the company, the next one is towards its customers. Along with investigating into new possibilities in terms of technology to better meet future challenges, customer satisfaction remains of vital importance for Mauritius Telecom. Customer feedback is continuously gathered and acted upon keeping in mind the motto be your best to enable the customer to get the best and thus improve customer experience for both consumer and enterprise markets.

chief executive officer's review (cont'd)

As a result, projects such as "Unmatched Customer Experience" has led to a positive trend in both Customer Satisfaction Index and Net Promoter Score, with sustainable improvement as compared to 2014.

CSR Initiatives

While focusing on transforming our country into a cyber-island and meet challenges to be the best in Africa, Mauritius Telecom keeps in mind that this can only be done by contributing to socio-economic integration and poverty alleviation.

Through the Mauritius Telecom Foundation's fund, 151,000 people in Mauritius and Rodrigues have been able to benefit from the Rs 35.5 million injected in 34 projects in 2015.

Bearing in mind that digital technology is a formidable driver for education, training and professional integration, Mauritius Telecom is able to provide free access to internet and basic training in ICT to 60,000 people monthly by financing 289 of the National Computer Board's (NCB) computer clubs.

Mauritius Telecom also financed the installation of 350 WiFi Hotspots under the aegis of the Ministry of Technology, Communication and Innovation (TCI), to provide free internet connection to the citizens of Mauritius.

The Way Forward

Keeping into focus that the industry as a whole is at a turning point in a mature and limited market and facing a very tough challenge concerning the actual business model, Mauritius Telecom's aim is to protect and grow the business by ensuring a solid footage for its activities.

Experience shows that though Mauritius Telecom is investing heavily in infrastructure to provide better connectivity, our customers are using this better connectivity we are providing to use free OTT services such as Whats App, Viber and Facebook.

To face those challenges and keep its hold on the market and its customers Mauritius Telecom will have:

- To be more creative in adding value for its customers through actions such as allowing its customers to follow online the progression of results for the Municipal election, or as done recently, giving information with the traffic watch app for Maha Shivratree.
- To innovate by finding new uses and applications to solve real world issues by attracting global players. EON Reality Mauritius has already launched a VR Innovation Academy with 36 students already enrolled. With EONs technology, solutions relevant to our people and country can be found for education, business and entertainment:
    - In education, for example, with these applications, students can virtually dismantle engines or dissect bodies at a very early age.
    - For our Tourism industry applications could be built whereby potential tourists, from their country, could virtually experience our deep sea diving, or visit the Appravasi Ghat or even take a stroll on an actual Mauritian beach.
- To restructure to become more flexible and responsive, because though Mauritius Telecom is seen as big and strong, it is also sometimes perceived as slow and rigid. In the second semester of 2015, the top management team was reshaped to create the Group Executive Committee (GEC), a fully motivated team of top professionals who are ready to commit to new ways of doing things.
- To aggressively pursue opportunities of regional expansion. Our know-how and competencies are already recognised in the region with international BPO customers confirming their trust in us. If it has taken 20 years for 2 billion people to be connected, the next billion will be connected in only half the time now. Therefore, just like our partnership with EON is an open door to global markets, Mauritius Telecom has the firm intention of developing applications for the mobile world, be it for the local market, African region and why not one day, globally.

Conclusion

The world is changing we have to change too and this change starts with each and every person at Mauritius Telecom. The new Mauritius Telecom logo is not only a cosmetic change but a change to reflect Mauritius Telecom's commitment, passion and professionalism as it is not only the tools that makes the difference but it has also to be coupled with the team that works with it. While Mauritius Telecom is looking for innovation through technology, it will also demonstrate it through its way of proceeding, not only with hard and fast work, but also by striving for efficiency and by adopting new tools and processes. Mauritius Telecom is confident of facing new challenges because we will always strive to 'be our best'.

Sherry Singh
chief executive officer

June 2016

group executive committee

1. **Mr Manvendra (Sherry) SINGH**
   Chief Executive Officer
2. **Mrs Nathalie CLERE**
   Deputy Chief Executive/Chief Operating Officer
3. **Mr Tarkaswar (Raj) COWALOOSUR**
   Chief Human Resources Officer
4. **Mr Kapildeo REESAUL**
   Chief Customer Experience Officer
5. **Mr Leckraj Raja Rai BASGEET**
   Chief Technical Officer
6. **Mr Jerome DE LATTRE**
   Chief Financial Officer
7. **Mr Preetam Kumar (Bobby) RAMSOONDUR**
   Chief Marketing and Consumer Sales Officer
8. **Ms Velamah CATHAPERMAL-NAIR**
   Chief Legal & Regulatory Affairs Officer
9. **Mr Virendra K. BISSOONAUTH**
   Chief Information Officer
10. **Mr Khoymil GOBURDHUN**
    Chief Internal Auditor and Risk Management Officer
11. **Mr Neeraj MOUNIEN**
    Chief B2B Market Officer

group executive committee (cont'd)

group executive committee (cont'd)

1 Mr Manvendra (Sherry) SINGH
Chief Executive Officer

Mr Manvendra (Sherry) SINGH is the Chief Executive Officer of Mauritius Telecom since February 2015.

He is an ICT and Marketing professional with a long career in Telecommunications and Marketing in the private sector, namely as the Marketing and Customer Service Manager in a well-established Mauritian telecom company. Mr Manvendra Singh also gained expertise from leading international companies such as Vodafone UK, Tele2 Sweden, Celltel Sri Lanka and Mobitel Cambodia.

In 2003, Mr Manvendra Singh started his own business and 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 member of the State Investment Corporation, the Mauritius Duty Free Paradise and the State Land Development Company.

2 Mrs Nathalie CLERE
Deputy Chief Executive/Chief Operating Officer

Mrs Nathalie CLERE holds an MBA from the Euromed Business School of Marseille as well as a Master in Economics and Foreign Languages from Grenoble University.

She joined France Telecom/Orange in 1995 and has occupied various key positions in commercial, operations and customer care during her career path of over 18 years in the field of communications. She joined Mauritius Telecom in October 2012 as Deputy Chief Executive and Chief Operating Officer, after having held the position of Vice President Operations in Telecom Polska in Poland. She also held key executive positions in Portugal, was Deputy Chief Officer of the mobile business in Lebanon and Managing Director of mass market and B2B unit of the South East France. Nathalie Clere started her career in Thomson Electronics Goods in Singapore and then worked in a broadcasting company, Telediffusion de France, in Paris until she joined Orange.

She has also been an Advisor to the French Government on International Trade since 2008. She was decorated from the Knight of the National Order of the Merit in Beirut in May 2002.

3 Mr Tarkaswar (Raj) COWALOOSUR
Chief Human Resources Officer

Mr Tarkaswar (Raj) COWALOOSUR is the Chief Human Resources Officer since September 2015. He has been cumulating both the responsibilities of Senior Executive Customer Excellence & Support along with that of Human Resources, since April 2016.

Mr 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 Commonwealth Telecommunications Organisation (CTO) and GSM Association (GSMA).

He has a long career in the Company which spans over 39 years, out of which thirty years in managerial positions. Mr Cowaloosur started his first position as Manager Administration and Supplies in 1986 and subsequently held other senior positions as Station Director, Senior Executive Quality and Support, General Manager Support Services and Executive Director Commercial. He launched Cellplus, the first GSM network operator in Mauritius.

4 Mr Kapildeo REESAUL
Chief Customer Experience Officer

Mr Kapildeo REESAUL is the Chief Customer Experience Officer (CCXO) since 1st September 2015. He holds a Post Graduate Degree (DESS) in Cable Network Engineering and a Master Degree in Electronics, Electro-technique and Automation from Lille University of Sciences & Technology in France. He also holds an MBA General Management from Midrand Milpark Business School in South Africa. He is a registered professional engineer with the Council of Professional Engineer of Mauritius.

Mr Reesaul joined Mauritius Telecom in September 1988 and reckons nearly 28 years of experience as a professional, both at management and engineering level in the telecommunication and ICT field, specialising in fixed, mobile, Internet and TV services for residential and enterprise market.

Prior to his appointment as Chief Customer Experience Officer, Mr Reesaul was heading the commercial (sales & marketing) department as Executive Head Commercial. He also headed the Business Market for 5 years, as Senior Executive. He held key positions for the subsidiaries of MT and was Managing Director for Mauritius Telecom subsidiary in South Africa in 1998; General Manager of Telecom Plus Ltd and General Manager of Call Services Ltd.

5 Mr Leckraj Raja Rai BASGEET
Chief Technical Officer

Mr Leckraj Raja Rai BASGEET, Chief Technical Officer, is also responsible for International Business Development and Innovation at Mauritius Telecom. He holds a Bachelor of Technology (Hons) in Electrical & Electronics Engineering and a Master's in Business Administration specialising in Marketing.

Mr Basgeet has over 20 years experience in 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, where he was responsible for Planning and Implementation of Fixed, Mobile, Broadband and Converged services.

6 Mr Jerome DE LATTRE
Chief Financial Officer

Mr Jerome DE LATTRE is the Chief Financial Officer of Mauritius Telecom since 15 August 2015. He studied in France and graduated from a French Business School in 1994.

Mr De Lattre started his career in 1996 with Ernst & Young in Paris where he worked for 4 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, Mr De Lattre was appointed CFO of w-HA, a payment solution provider wholly owned by Orange Group and in 2006 he was appointed Deputy CFO of Orange Jordan.

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

group executive committee (cont'd)

group executive committee (cont'd)

7 Mr Preetam Kumar (Bobby) RAMSOONDUR
Chief Marketing and Consumer Sales Officer

Mr Bobby RAMSOONDUR is the Chief Marketing and Consumer Sales Officer of Mauritius Telecom and has been actively involved in the major transformational projects of Mauritius Telecom Group.

After completing his Masters in Electrical and Electronics Engineering from The Institut des Sciences de L'Ingénieur (Polytech) Clermont-Ferrand France, he joined in 1997, Telecom Plus, a subsidiary of Mauritius Telecom, which pioneered Internet access in Mauritius.

He started his career as Systems Engineer before moving up the hierarchy.

Four years later, he was promoted to Manager of Content & Application Development before becoming, in 2005, the Sales Manager of Telecom Plus, promoting the deployment of broadband service for both business and consumer market segments.

Mr Ramsoondur is a strong advocate of continuous learning and multi-skilling. He successfully undertook an MBA in 2006 at the Institut d'Administration des Entreprises of Poitiers (France) and then, in 2009, an Executive MBA was awarded to him jointly by the Ecole de Management de Lyon, France & The Cranfield School of Management, UK.

He has geared his career towards Sales and Marketing while leveraging on his strong engineering background coupled with his hands-on experience of the different functional areas of the Mauritius Telecom Group.

In 2007, he was appointed as Sales Manager looking after the Business Market of Mauritius Telecom. He also held the key position of Senior Executive Marketing from 2011 to 2015.

Since 1st September of 2015, he has been entrusted with the responsibility of driving the Marketing and Sales of Mauritius Telecom as Chief Marketing and Consumer Sales Officer.

8 Ms Velamah CATHAPERMAL-NAIR
Chief Legal & Regulatory Affairs Officer

Ms Velamah CATHAPERMAL-NAIR is a member of the Canadian Bar and Mauritian Bar and an accredited mediator. She started her career as a State Law Counsel for the government of Québec in Montréal and afterwards practiced with a private legal firm in Montréal mainly in ICT, Media, Competition and Business law.

At Mauritius Telecom, Ms Velamah Cathapermal-Nair deals with both contentious and transactional issues and advises on strategic and legal issues in managing the products and services portfolio. She provides legal advice and support to MT Group of Companies and regularly appears before the Information and Communication Technologies Authority, the Independent Broadcasting Authority and the Competition Commission of Mauritius for MT commercial operations. She has a strong following in the technology, telecommunications and media fields and is also involved in the policy making in the ICT Legal and Regulatory environment.

9 Mr. Viren K. BISSOONAUTH
Chief Information Officer

Mr 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 Masters in Management International (MMI) from the University of Phoenix, USA.

He was formerly the Head of IT Division in Mauritius Telecom until October 2006, after which, he joined the private sector and worked in France, Djibouti and Algeria. A commercially focused, results-oriented technology industry leader, pioneering and managing complex IT solution designs including cloud-based applications, Mr Bissoonauth is a service oriented professional with over 25 years of experience in the ICT sector and has held various top positions in the private sector, locally and internationally. He has also acted as consultant for various projects worldwide.

10 Mr Khoymil GOBURDHUN
Chief Internal Auditor and Risk Management Officer

Mr Khoymil GOBURDHUN is the Chief Internal Auditor 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 he also holds a Master in Business Administration, specialising in Marketing.

With more than 25 years' experience in the telecommunication sector, Mr Goburdhun served in different management positions within the group and was the Finance and Administration Manager of Telecom Plus from 1996 to 2001.

He is the immediate past president of the Institute of Internal Auditors of Mauritius and a member of the Audit Committee Forum, set up to help Audit Committees in Mauritius improve their effectiveness.

11 Mr Neeraj MOUNIEN
Chief B2B Market Officer

Mr Neeraj MOUNIEN joined Mauritius Telecom on 12 November 2015 as the Chief B2B Market Officer. He holds a Post Graduate Degree in Computer Science from London Guildhall University and an MBA from Poitiers University, France. He has more than 15 years of 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 B2B Market Officer, Mr Mounien worked during eight years at Microsoft Indian Ocean Islands and French Pacific where he cumulated different functions, namely as Business Development Manager, Senior Account Manager, Public Sector Manager and Channel Manager.

Mr Mounien is also a seasoned volleyball player and was the Team Captain and gold medalist with the National Volleyball Team in the 2003 Indian Ocean Games.


WE ARE
CHANGING
because we know your
needs have changed...

corporate governance

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.

Substantial Shareholders

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

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

Holding Structure

Mauritius Telecom Ltd

33.49%

GOVERNMENT OF MAURITIUS

19%

SBM HOLDINGS LTD

6.55%

NATIONAL PENSION FUND

0.96%

EXISTING AND RETIRED EMPLOYEES

40%

RIMCOM LTD*

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

corporate governance (cont'd)

Dividends

Having regard *inter alia* to net results, general financial performance, capital requirements and investment needs, the Company distributes regular yearly dividends, the level of which are expected to remain sustainable in the medium and long term in 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. Induction program for newly appointed directors, assessment and appraisal of directors are performed annually at shareholders' level.

corporate governance (cont'd)

Board of Directors

The detailed composition of the Board of Directors can be found on pages 13 to 17 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.

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 the MT's strategic partner.

The duties and responsibilities of the Chief Executive Officer are set out hereunder:

- 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 from pages 24 to 29 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 35 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 Agreements

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.

corporate governance (cont'd)

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 General 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 Ctommittees

Board committees are as follows:

Remuneration Committee

In 2015, the Remuneration Committee was composed of the following Board members:

Messrs: Sateeaved Seebaluck, GOSK - Acting Chairman

Dheerendra Kumar Dabee, GOSK, SC

Jugdish Dev Phokeer

Daniel Delestre

Jean Paul Cottet

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 2015, the Audit Committee was composed of the following Board members:

Messrs: Hugues Foulon - Chairman

Daniel Delestre

Dharam Dev Manraj, GOSK

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.

corporate governance (cont'd)

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 2015, the Risk Committee was composed of the following Board members:

Messrs: Hugues Foulon - Chairman
Daniel Delestre
Dharam Dev Manraj, GOSK

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.

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 Internal 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, 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 is pursuing its project for the ISO22301:2012 Societal Security and Business Continuity certification on part of its network. In this context several business continuity plans have been developed and identified risks have been addressed. Also twenty major stakeholders have been provided training on the ISO22301:2012 standard.

Physical Security

a) Intruder alarms have been installed at 27 remote exchanges and 28 mobile sites, with monitoring and rapid intervention in order to improve MT asset and infrastructure security.

b) Additional biometric readers have been installed at MT sites and Orange Tower.

c) The access control system server has been upgraded and secured in order to achieve zero downtime.

d) New contracts for security services with more stringent security measures have been awarded to improve security of MT assets.

corporate governance (cont'd)

Conflicts of Interest

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

Charter for Ethical Business

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 have been delivered by a team of trainers so as to sensitise all staff to the Charter. Videos used during the courses have been 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 CSR 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 Shareholder Meeting

The Company is not currently listed. It does not set, therefore, 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, 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

29 April 2016

board and board committee

attendance during 2015

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**	**3**	**3**	**-**
Directors				
S. Seebaluck GOSK (Acting Chairman)	7	3	n/a	n/a
D K Dabee, GOSK, SC	6	3	n/a	n/a
D D Manraj, GOSK	4 in person + 2 by alternate	n/a	1 + 1 by alternate	-
J.D. Phokeer	7	3	n/a	n/a
D. Delestre	7	3	3	-
H Foulon	4 in person + 3 by alternate	n/a	3	-
J P Cottet	6	3	n/a	n/a
V Thérond	6 in person + 1 by alternate	n/a	n/a	n/a

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 2015.

Nature of Business

The Group's main activity is the provision of telecommunications and related services. Mauritius Telecom provides fixed telecommunication services, products and related 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
- 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 Ltd PCC holds MT's investments in other entities
- MT Services Ltd recruits employees for the Mauritius Telecom Group
- Telecom Vanuatu Ltd (TVL) (100% owned by MT International Ventures Ltd PCC, a wholly owned subsidiary of Mauritius Telecom) offers fixed, mobile and internet services in Vanuatu
- CSL Madagascar (97% owned by MT International Ventures Ltd 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 after tax, attributable to equity holders, for the financial year were [figures hereinafter in Rs 000's]: 1,024,313 (2014: 991,231) and 965,442 (2014: 912,943) respectively.

Earnings per share for the year were Rs 5.39 (2014 restated: Rs 5.22 per share).

The audited financial statements of the Group and Company for the year ended 31 December 2015 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 2015:

<u>Mauritius Telecom</u>

Messrs
Sateeaved Seebaluck, GOSK - Acting Chairman
Dheerendra Kumar Dabee, GOSK, SC
Dharam Dev Manraj, GOSK
Jugdish Dev Phokeer
Hugues Foulon
Daniel Delestre **
Jean Paul Cottet
Mrs Valerie Thérond

** Mr Delestre resigned as Director in April 2016 and has been replaced by Mr Bruno Mettling.

<u>Cellplus Mobile Communications Ltd</u>

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere

<u>Telecom Plus Ltd</u>

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere

Messrs
Rai Basgeet
Davendra Utchanah (to 30 April 2015)
Kapildeo Reesaul (from 4 June 2015)
Daniel Delestre (to 29 June 2015)
Peter Conrad Colimalay (from 23 July 2015)

<u>Call Services Ltd</u>

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere
Mr Tarkaswar Cowaloosur

<u>Teleservices (Mauritius) Ltd</u>

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere
Mr Tarkaswar Cowaloosur

<u>MT Properties Ltd</u>

Messrs
Manvendra Singh - Chairman
Tarkaswar Cowaloosur
Louis Celier (to 29 June 2015)
Daniel Delestre (to 29 June 2015)
Jerome De Lattre (from 10 September 2015)

directors' annual report (cont'd)

Mauritius Telecom Foundation

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere

MT International Ventures Ltd PCC

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere
Mr Rai Basgeet

MT Services Ltd

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere

Telecom Vanuatu Ltd

Mr Manvendra Singh - Chairman
Mrs Nathalie Clere
Mr Rai Basgeet
Regent Ltd (local director in Vanuatu)

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 such as, in cases where such benefits are applicable, provision of 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 2015 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, maintained adequate accounting records and an effective system of internal control and risk management

Declaration of Interest

- 45,000 FTTH connections
- Purchase of 40k optical network terminals for FTTH connections

At the 152nd Board of Directors' Meeting held on 14 December 2015, Mr Seebaluck, Acting Chairman, declared his interest and did not participate in the deliberations and decision on the above items.

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.

directors' annual report (cont'd)

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 reasons adequately explained for areas of non-compliance).

Dividends

Total dividends of [figures hereinafter in Rs 000's]: 659,300 were declared during the year (2014: 782,800), detailed as follows:

	THE GROUP AND THE COMPANY	
	2015 Rs 000	2014 Rs 000
Interim dividend	659,300	782,800

*Figures rounded up to the nearest rupee

Donations

Donations of Rs 49,000 were made by the Group during the year (2014: Rs 15,000).

There were no political donations during the year.

Auditors

The fees payable to the auditors for audit services in 2015 were:

	GROUP		COMPANY	
	2015 Rs 000	2014 Rs 000	2015 Rs 000	2014 Rs 000
Audit services	5,519	3,909	2,625	1,560
Non audit services	600	-	600	-

Non-audit fees relate to reporting on 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.

S Seebaluck, GOSK
Director

29 April 2016

Dharam Dev Manraj, GOSK
Director

29 April 2016

highlights 2015

February

39 NGOs were identified to receive Rs 23 m from Mauritius Telecom Foundation to finance various projects. The 11th Cheque Presentation Ceremony was held at Hennessy Park Hotel in Ebène. On this occasion, the revamped MTF website, which is more user -friendly for those with visual disabilities, was launched in the presence of the former Minister of Technology, Communication and Innovation, Hon. Pravind Jugnauth, and the CEO of Mauritius Telecom, Mr Sherry Singh.

March

Mauritius Telecom Orange Money customers were able to benefit from an e-ticketing service for the first time while buying their concert tickets online via their mobile for the famous Indian singer Arijit Singh's concert, held at SVICC, Pailles. Orange Money customers paid their tickets at a discounted rate. The concert was attended by various VIPs and was a huge success.

April

To broaden its panoply of channels, MyT introduced a new bouquet Bindass, comprising of three Bollywood channels brought by Disney India, namely UTV Movies, Bindass and Bindass Play. This bouquet targets the young with entertainment, sport, reality series, livewire gaming zones and a 24-hour Hindi movie channel from oldies to recent blockbusters with enhanced English sub-titles.

May

First press conference for the CEO on 15 May 2015 where he presented his 5 priorities and unveiled his plans for the forthcoming year:

1. An accelerated deployment of Fibre to the Home project in 3 years instead of 7-8 years, with an investment of Rs 5.1 bn
2. A price decrease of 30% of ADSL tariff for 512 kbps customers from Rs 699 to Rs 499 VAT included, while broadband speed was increased by up to 10 times without any additional charge
3. Restructuring of Mauritius Telecom
4. Diversification and overseas acquisition
5. Innovation – creation of a Business Development and innovation unit to focus on practical issues such as smart cities project

Another major measure announced was free Facebook for mobile customers.

The CEO also gave an exclusive interview in Business Magazine of 27 May 2015 where he elaborated on his vision for the telecommunications sector and plans for Mauritius Telecom for the coming years. He also commented on the previous financial position and some forthcoming investment strategies.

The Mauritius Telecom Foundation allocated Rs 3 million to 11 NGOs in Rodrigues. The 5th Cheque Presentation Ceremony was held on 30 May 2015 at Cotton Bay Hotel in Rodrigues, in the presence of the CEO of Mauritius Telecom Mr Sherry Singh, the Chief Commissioner of Rodrigues Regional Assembly (RRA), Mr Serge Clair, GCSK and other eminent personalities of Rodrigues.

In line with the regulation to ban plastic bags as from January 2016, the Mauritius Telecom Foundation donated 10,000 ecobags to the RRA to be distributed among Rodriguan families. This ceremony was held at Mon Plaisir Complex.

highlights 2015

June

Orange Lor Baz events were organised by Marketing Department as an initiative to go towards customers in various regions across the country. The events rolled out from 9 May-25 July 2015 in St Pierre, Bambous, Rivière des Anguilles, Flacq, Rivière du Rempart and Mahebourg respectively.

Mauritius Telecom Foundation was awarded the first prize by the Ministry of Environment, Sustainable Development, and Disaster and Beach Management in the private organisation category, for its initiative "Je recycle les mobiles et les piles". The award ceremony was held during the opening of Le Salon de l'Environnement at Rivière du Rempart Youth Centre on 5 June 2015.

The CEO met key players of the ICT/ BPO sector as well as representatives of their associations (OTAM, MITIA) and some 70 ICT/BPO stakeholders for a breakfast meet on 10 June 2015. Discussions revolved around the sector's needs and demands so as to make the industry more competitive.

July

Mauritius Telecom organised an Eid cocktail followed by an exclusive preview of the film Bajrangi Bhaijaan at Mcine Trianon on 16 July 2015 for its My.T premium customers. Online contests were held through Orange Facebook for the maximum selfie likes.

August

As promised in his Breakfast Meet in June, the CEO announced new offers and an average of 60% decrease in tariffs for the ICT/ BPO sector during a press conference on 28 August 2015, to enhance this sector's competitivity and boost its capacity. In the evening, the CEO invited the ICT/BPO stakeholders and members of OTAM, MITIA and others, to a cocktail at L'Aventure du Sucre.

September

Mauritius Telecom announced its partnership venture with EON Reality Inc. (world leader in Virtual Reality based knowledge transfer for industry, education and edutainment) and State Informatics Ltd. to form EON Reality Mauritius, a new company focused on Augmented Reality and Virtual Reality knowledge transfer in Mauritius and the African continent. The ceremony was held on 4 September 2015 at Hennessy Park Hotel.

highlights 2015

October

An Orange Campus session entitled 'Becoming a manager of managers' was carried out from 6 to 9 October 2015 at Voila Bagatelle with the participation of 14 delegates; 8 from Orange Business Services and 6 from Mauritius Telecom. The training, focusing on human capital development, was facilitated by Mr Patrick Kouliche and was entirely funded by Orange Campus France.

Mauritius Telecom Foundation distributed 27 commode wheel chairs to persons with reduced mobility as well as 500 wheelchairs worth Rs 1.5 m on 22 October 2015. 400 of these chairs were handed over to the Government for distribution.

November

Mauritius Telecom Foundation organised a Cultural Programme and an inter-generation event on 26 November 2015 for more than 2,000 senior citizens at MGI, Moka in recognition and appreciation towards the elderly for their contribution in our nation-building.

December

Mauritius Telecom sponsored the 50th anniversary of the University of Mauritius. The CEO was the guest of honour and the official ceremony was held on 10 December 2015 at the Paul Octave Wiehé Auditorium, Réduit, in the presence of the Right Hon. Sir Anerood Jugnauth, Prime Minister, and Hon. Leela Devi Dookhun-Luchoomun, Minister of Education and Human Resources, Tertiary Education and Scientific Research and other eminent personalities. This was followed by the UOM Convocation Gala Dinner at L'Aventure du Sucre.

Following numerous requests from staff who wished to avail themselves of a voluntary retirement proposal, a Voluntary Retirement Scheme (VRS) was offered. This one-off scheme ensured that MT employees have a decent retirement after long years of faithful service.

The Mauritius Telecom Foundation continues its cheque distributions to NGOs in Rodrigues with a 6th Cheque Presentation Ceremony held at Les Cocotiers Hotel on 21 December 2015 in the presence of CEO, the Chief Commissioner of the Rodrigues Regional Assembly, Mr Serge Clair, GCSK as well as other eminent personalities of Rodrigues.


WE STRIVE
TO ENHANCE
YOUR EXPERIENCE
of our products and services...

business review

Commercial Division

Mauritius Telecom's Commercial Division initiatives during the year 2015 created the momentum that contributed to transform Mauritius into a leading cyber island while greatly enhancing the lifestyle of Mauritians through a series of first-ever launches of products and services.

Through Fibre deployment, Mauritius Telecom revolutionised the Internet market in June 2015, increasing the speed of broadband by up to 10 times without any additional charge, for its customers.

By 2017, Rs 5.1 billion will be invested into the accelerated rolling out of fibre all over the island to complete the ambitious undertaking of providing all households with broadband connectivity, thus playing a crucial role in positioning Mauritius as a role model for the African continent.

Furthermore, so that no one is left aside in this era of information highways, Mauritius Telecom has been providing, since May 2015, to residential customers not eligible to ADSL or fibre, fast wireless broadband through Flybox. These customers will be gradually switched to Fibre ToThe Home (FTTH) as the fibre network spreads throughout Mauritius. MT can thus pride itself to have launched the most affordable high-speed fibre offer in the region, a 10 Mbps connection at a monthly tariff of only Rs 499, VAT included.

Another first-up was the introduction, by Mauritius Telecom, in June, of free unlimited access to Facebook to all MT's 850 000 mobile customers followed by the 30% price decrease, which dropped from Rs 699 to Rs 499 VAT included, of monthly ADSL tariff for 512 kbps customers.

In August, Mauritius Telecom brought the ICT industry to new heights, turning our country into a benchmark BPO on the world map, by carrying out a comparative analysis of tariffs of competing BPO destinations throughout the world. This led to a 60% decrease in MT's tariffs for BPO operators. They could also benefit up to 5 times higher speed or a mix of both, according to their specific business requirements. This tailor-made approach was warmly welcomed by companies in the Mauritius BPO sector and their representative associations.

In September, Mauritius Telecom set the pace for a major leap forward in the innovative capacity of our country, by being the first to bring virtual reality (VR) to Mauritius, through its partnership with EON Reality, the world leader in VR-based knowledge transfer for industry, education and edutainment.

In August and September 2015 My.T subscribers were given access to all channels without any additional charge. This marketing strategy contributed to boost customer satisfaction as well as subscriptions to other bouquets.

In October, the My.T Intense & Integral bouquets were launched with an array of new channels such as TF1, NT1, Ushuaia TV, Liverpool FC TV, which enriched and enhanced the attractiveness of the contents of My.T bouquets.

MT's points of sale were also the first in Mauritius to commercialise flagships smartphones such as the iconic iPhone 6s and Samsung S6 Edge, thus, reinforcing public perception that Mauritius Telecom outlets are a reference in the distribution channels.

Furthermore, MT's special promotion targeting students on the Nextbook, a laptop convertible into a tablet, was a resounding success, as well as senior citizens' special half-price offer on a mobile phone with large buttons that enhanced their visual convenience.

Last but not least, during 2015, the Mauritius Telecom Commercial Division organised and participated actively in various events such as Orange Lor Baz, Infotech and animations.

The year under review culminated with MT's end of year campaign *'Les plus beaux des cadeaux sont chez Mauritius Telecom'* (The most beautiful gifts are at Mauritius Telecom). An opportunity seized by thousands of Mauritians to benefit from attractive promotions on a wide range of MT's products and services (Smartphones, tablets, My.T Broadband and TV, Orange mobile services…).

Cellplus Mobile Communications

Cellplus Mobile Communications Ltd, a fully owned subsidiary of Mauritius Telecom, stands out as the leader in the mobile telephony sector of Mauritius. Our mobile products and services are commercialised under the Orange brand since 2008. This partnership has enabled Cellplus to constantly innovate and further enrich the diversity of its offerings.

Our mobile customer base sustained its growth by 7.2% during the year under review, exceeding 800 000 by the end of December 2015, while our revenue continued to increase to attain Rs 3.96 billion.

In 2015 all our mobile customers were able to benefit from unlimited and free access to Facebook, a step further in our efforts to make mobile internet accessible to all. Cellplus also introduced highly affordable daily, weekly and monthly internet packages, with a daily package offering at the attractive price of only Rs 10.

business review (cont'd)

With an increasing number of on the move internet users and in order to meet our subscribers demand, our range of smartphones and tablets was broadened, as well as the development of useful mobile applications. Cellplus is also proud to have been the first to launch the iconic iPhone 6S and the Samsung S6 Edge on the Mauritian market in 2015.

Our 4G coverage has been extended to most of the Plaines Wilhems area in Mauritius while Rodrigues only recently benefitted from it. Cellplus mobile network has continuously been upgraded in a proactive approach to always exceed customers' usage requirements.

Telecom Plus

Telecom Plus, set up in 1996, is a fully-owned MT subsidiary enjoying a market leadership position in internet and value-added services. 2015 proved to be an eventful year with the conclusion of agreements with some established content providers and the launch of new offers.

Telecom Plus also enforced its image as an enabler of broadband internet which grew by 8.2%, from 169,363 (Dec 2014) to 183,248 (Dec 2015) subscribers.

TV Channel Offers

Telecom Plus continues to strengthen its position in the Pay-TV market with its My.T subscribers attaining 120,000 in December 2015.

To target the youth segment, three channels, namely, **UTV Movies**, **Bindass** and **Bindass Play** were included in the new bouquet Bindass launched in April 2015, adding more value over and above the already well-performing Bollywood bouquet.

To cater for the growing requirements of the market, 14 new channels were launched in the third quarter of 2015. These included channels such as **TF1**, **NT1**, **TMC**, **Action**, **Ushuaia TV**, **Liverpool TV** and **My Zen TV**, bridging the gap of premium contents in existing bouquets with TV series, movies, sports, documentary and wellness programmes. At the same time, the **AMC** channel was introduced to enhance the Emotion bouquet.

With the above new channels, a new TV Package, **"My.T Intense"** priced as Rs.400 (Inc. VAT) was launched, resulting in a total offer of more than 90 TV channels including all MBC channels thus further strengthening the position of My.T as the leader in the content market.

These actions resulted in a 26% growth of the My.T TV subscriber base from around 90,500 in December 2014 to reach 114,400 in December 2015, while the Bollywood bouquet experienced an exceptional subscriber growth rate of 55%.

Video on Demand (VOD)

The new partnership with **NBC Universal** in March 2015 brought a 10% revenue increase in VOD, from Rs 15.3 million compared to Rs 13.9 million in 2014. The VOD catalogue grew from 2,000 to more than 3,000 contents in 2015 and was continuously enriched with new releases from Sony Pictures, Gaumont, Walt Disney, NBC Universal, Mont Ida Films and Eros. Local contents captured an interesting 20% viewership.

Value Added Services

In 2015, with the enhancing of value-added services such as Premium text-messaging services, Mobile banking and "Fun tones", the unit's turnover knew a 15% growth, reaching Rs 57.3 million. Mobile banking revenue had an 84% increase while Fun Tones revenue grew by 10% compared to negative growth of -15% over preceding year.

Web Portal and Web Development Services

Orange.mu portal, hosted and operated by Telecom Plus, maintained its position as one of the leading Mauritian portals, with an average of 370,000 unique visitors. The new partnership with ATOL allowed for visitors to have real-time flight schedules. A dedicated classified advert section for vehicles, was also launched and the integration of Google AdSense on orange.mu website generated a new revenue stream.

The Web Development team played a key role as support centre for MT Group activities for all on-line digital marketing of products and services through orange.mu portal, banners, digital signage and other social media campaigns. Over and above, the unit generated Rs 1.6m in web development projects compared to Rs 960,000 in 2014.

Teleservices

Teleservices Ltd has established itself as the leader in the directory business in Mauritius.

During the financial year under review, the Company recorded a turnover of Rs 72 million (2014: Rs 69 million), representing an increase of 4.6%.

Products & Services

Even if Teleservices' core activities lie in the production of print publications, the main ones being the MT Phonebook (residential and business listings) and the MT Yellow Pages (classified businesses) produced yearly and distributed free, throughout the island, it has, over the years, diversified its product range from Print directories to Online Directory (www.mtyellowpages.mu/www.teleservices.mu), and recently to the Mobile application, hence making directory information available on mobile through OrangeCare, an app downloadable from Play Store.

business review (cont'd)

Flip Directory

To reinforce its range of directories, Teleservices created the flip directory available online @ www.mtyellowpages.mu; this new e-directory concept enables businesses and consumers to browse business listings exactly as if they were flicking through a hardcopy book.

Data

Teleservices has positioned its business to best suit its consumers by coming forward with specialised directories targeted to niche markets.

Over the past year, Teleservices made inroads to widen its delivery channels and extended same onto additional delivery platforms: Telecom Shops, Post Offices and Community Centres, to name a few.

In an economy where a company's business network of suppliers, distributors, partners, and customers is an increasingly important source of competitive advantage, the ability to coordinate their functioning based on a shared understanding of the data that flows among them, is a major economic enabler. Hence Teleservices efforts to ensure updated and reliable data is available at all times.

Advertising Agency

Teleservices being also a registered advertising agency, handles several corporate as well as small and medium-size companies' advertising programmes, providing a whole range of services from designing artwork to detailed media planning and booking on various media platforms.

Teleservices billboard network allows customers to benefit from island-wide visibility, providing reliable media solutions as well as attractive advertising and booking offers which have proved to be very enticing to all customers, be it a low or high-budget one.

CSL

CSL, a wholly-owned subsidiary of Mauritius Telecom Group, pioneered the development of the contact-centre and Business Process Outsourcing (BPO) industry in Mauritius.

With 795 full time employees, 500 positions in Mauritius and 100 positions in Madagascar, CSL operates on a 24 hrs/7 days basis.

Its activities cover both the voice and the non-voice segments of the BPO sector. CSL call centre segment handles both inbound and outbound calls while its non-voice department caters for industry-specific back-office, corporate service and data-management tasks.

Financial and Operational Achievements

In 2015, revenue totalled Rs 370.8 million against Rs 339.1 million in 2014, handling an average of approximately 1 million inbound calls and 200,000 outbound calls per month.

Business Process Outsourcing (BPO) and Other Services

CSL handles the helpdesk of the MT Group's fixed line, mobile and internet services. The call centre also provides the Group with services such as telephone surveys, appointment setting, debt chasing and recovery, and data capture and maintenance.

Whilst Mauritius Telecom remains one of CSL's major customers, the Company has grown organically with customers in sectors such as telecom, telephone-betting operators, utility companies, financial institutions, market research companies and government bodies.

Major external BPO customers include the Central Electricity Board (CEB), the Central Water Authority (CWA), the Mauritius Union Group (MUA), Airport Terminal Operations Ltd (ATOL), Barclays Bank Mauritius Ltd, Call Eat Solutions Ltd, Contentia Ltd and the Tourism Authority. International clients include Orange Reunion, Orange Madagascar, Orange Caraibe, ClicRDV, Digicall and the Swaziland Posts and Telecommunications Corporation (SPTC).

Other than BPO services, CSL handles the '150' service (the national telephone directory service), as well as the Telmet service, an automated service providing information on cyclones and natural disasters.

The '152' service, a telephone business directory service, is operated on a 24-hour basis, providing contact details for Mauritian and Rodrigues businesses, as well as cinema programme details, foreign exchange rates, flight schedules and horoscope predictions.

Projects

1. **Launch of operation in CSL Madagascar**

   CSL Madagascar, now a 100-seats contact centre in Antananarivo, started its operations with its very first client Orange Madagascar with 30 positions for the outbound activities, on 13th February 2015. CSL Madagascar offers a wide range of B2B and B2C contact centre and BPO services to the Malagasy and international markets.

2. **Setting of a call centre in Rodrigues**

   CSL is in the process of setting up and implementing the call centre in the DBM complex in Rodrigues, following a tender exercise issued by the Rodrigues Regional Assembly in 2014.

business review (cont'd)

3. **Provision of consultancy services to Swaziland Posts and Telecommunication Corporation**

   CSL is providing consultancy services for the implementation of the first call centre in Swaziland for the Swaziland Posts and Telecommunication Corporation (SPTC), housed at the Innovation Park.

   The scope of the work being conducted by CSL is as follows:

   - Technical implementation,
   - Quality and training,
   - Supervision and monitoring of operations.

4. **Launch of collections & recovery services for Barclays Bank**

   CSL started the operation of Barclays Bank's Contact Centre in Mauritius, which was launched in December 2014, followed by the collections and recovery activity in March 2015.

5. **Launch of inbound services for Orange Caraibe**

   CSL started the project for 'Externalisation partielle des activités de service clients' (inbound) for Orange Caraibe in August 2015 with 16 seating capacity.

6. **Call centre partner for Antenne Reunion**

   CSL participated in the tender exercise of Antenne Reunion for the Externalisation des activités d'arm et boutik antenne in August 2015. CSL's offer was retained and the company was officially proclaimed to be the new call centre partner of Antenne Reunion in November 2015. Operations are due to start on 18th January 2016 for Boutik Antenne and 25th January 2016 for Antenne Réunion Mobile.

7. **Set up of Planning, Forecasting and Performance department**

   CSL set up a Planning, Forecasting and Performance department in 2015 which is responsible for the optimisation of the workforce planning in view to reduce cost, increase productivity and revenue while enhancing customer experience. The department is also responsible to provide a better insight of the KPI's of various departments.

Human Resources

In order to match the emerging business needs of existing and potential clients and promote growth as well as job creation in the call centre industry in Mauritius, CSL has participated in the following job fairs with a view to recruit skilled tele agents to cater for new projects and attrition in the year under review.

1. **Technology, Communication & Innovation (TCI) Job Fair 2015**

   CSL participated in the Technology, Communication & Innovation (TCI) Job Fair 2015 organised by BPML in collaboration with OTAM, CCIFM and MITIA on 27th and 28th March 2015 at the Cyber Tower 1, Ebene.

2. **Salon de l'Emploi et de la Formation 2015**

   CSL participated in the Salon de l'Emploi et de la Formation 2015 organised by DLR Marketing And Management Co. Ltd in collaboration with the Ministry of Labour, Ministry of Education and the Trianon Shopping Park from 6th to 8th August 2015.

3. **Infotech 22nd Edition 2015**

   CSL participated in Infotech 2015 organised by the National Computer Board from 1st to 4th October 2015 at the Swami Vivekananda International Convention Centre, Pailles.

4. **Journée de Recrutement 2015**

   CSL organized a Journée de Recrutement 2015 on the 4th & 5th December 2015 at the Orange Tower, with a view to recruit 100 agents to cater for forthcoming campaigns and attrition. The event was a successful one and attracted more than three hundred job seekers.

Corporate Social Responsibility (CSR) Initiatives

CSL has been practising Corporate Social Responsibility since its creation to make a positive impact on the working environment and stakeholders including employees, clients and the society at large.

CSL has taken the following initiative during the year 2015 to increase employee engagement by caring for their health, wellness and satisfaction.

1. **Yoga classes and meditation sessions**

   CSL organises yoga classes for its employees since March 2015.

2. **Free blood testing**

   CSL organised free fasting blood sugar test on the 19th & 20th March 2015.

3. **Free osteoporosis test**

   CSL organised a free osteoporosis test on the 24th & 25th September 2015.

business review (cont'd)

IT Dtevelopment

1. **CSL Madagascar IT Infrastructure**

   CSL has setup a new IT infrastructure for CSL Madagascar in February 2015 to cater for the services to be offered to existing and potential clients.

   The infrastructure includes the following:

   - Fully equipped 100 seating capacity
   - Installation of Contact Centre Management System (CCMS) for inbound and outbound services
   - Dedicated and Secured Network System

2. **Access Control System**

   CSL has deployed a new biometry system on the 5th/6th/7th floor to enhance the security access. It consists of a two-factor authentication combining fingerprint and ID Cards.

3. **Business Continuity**

   CSL successfully conducted a BCM Exercise at the Disaster Recovery site at Candos in March 2015. The exercise aimed at testing the work area recovery, in line with the Business Continuity Management policy, to ensure continuity of critical services for CSL.

4. **Restructuring of the seating capacity in CSL premises**

   Following the expansion of CSL activities, an additional 33 seats have been deployed to accommodate the company's clientele.

   CSL now has a total capacity of 500 seats, inclusive of national and international services.

Quality

Customer Operations Performance Centre (COPC) Certification

The company embarked on the process of becoming the first contact centre in Mauritius and in the region to receive the Customer Operations Performance Centre (COPC) certification for Customer Service Providers (CSP). CSL is now COPC Certified after successfully going through the Certification Audit in November 2015.

Future Key Projects

1. **Acquisition of ground floor at Orange Tower**

   In view of business expansion and to cater for the demands of existing and potential clients, CSL will be investing in the acquisition of the ground floor in the Orange Tower building at Ebene. This floor will accommodate approximately 85 positions with all the necessary facilities required for the smooth running of operations.

2. **Set up of a Search Engine Optimization (SEO) team**

   CSL is planning to set up a SEO (Search Engine Optimisation) team with ICT competencies and advanced knowledge of social media, to develop and offer this service to potential clients as well as enhancing CSL's digital presence on the web.

3. **Strategy to tap Canadian & Australian markets**

   A market development strategy is envisaged by CSL in order to increase its geographical coverage to the Canadian and Australian markets with its existing call centre / BPO service offering.

4. **Development of a web help centre**

   CSL also intends to provide a web help centre, a tool which will enable clients to chat with CSL's consultants via internet and obtain an immediate response to their queries. Telephone communication will still be available, as many clients find it an indispensable channel for expert advice.

5. **Reorganising human resource department and its processes**

   With a view to aligning CSL and MT group objectives, CSL shall reorganise its Human Resource Department and processes. This shall include, amongst others:

   i) Reviewing the payroll processes to ensure optimisation of resources;

   ii) Reviewing wellness policy with the aim to have happy and motivated staff;

   iii) Reviewing disciplinary procedures to ensure consistency in application of sanctions, based on gravity of offence, while ensuring that remedial actions are taken;

   iv) Implementation of a new leave policy to lower absenteeism.

Networks

In 2015, Mauritius Telecom embarked on a number of ambitious projects aiming at the betterment of the everyday lives of the Mauritian citizens as well as acting as an enabler for the country's next development phase.

MT has laid the foundations to transform Mauritius into a smart island through the accelerated Fibre-to-the-Home (FTTH) project initiated in 2015, which will ensure that all households are eligible for fibre, by end of 2017. With MT offering residential broadband Internet at speeds of 10 Mbps, 20 Mbps and 30 Mbps, international bandwidth is critical in order to provide high quality experience. To cater for this, Mauritius Telecom has heavily invested in the increase of its capacity on the SAFE submarine cable and is collaborating with other stakeholders for the third submarine cable to become a reality.

business review (cont'd)

In line with the Government's policy to provide free and high quality internet to the population, Mauritius Telecom has started the deployment of free Wi-Fi service in 350 locations around the island. This project, financed through the CSR fund, positions MT as a key stakeholder in the socio-economic development of Mauritius.

We understand that the transformation of the island depends on a number of factors such as connectivity as well as the availability of necessary infrastructure to help house the increasing number of computer systems and high volume of data that are being generated by different systems. To accommodate a reliable, flexible and scalable infrastructure, MT has kicked off, in 2015, the project to build a Tier 4 level Data Centre in Rose Belle Business Park, which will be among one of the very few, of this stature, in the southern hemisphere.

International Business Division

The International Business Division, dedicated to bringing inorganic growth to Mauritius Telecom through international development and expansion, reached a new milestone in July 2015 with the acquisition of an additional 10% stake in Telecom Vanuatu Limited ("TVL"). Mauritius Telecom International Ventures (MTIV) now holds 100% stake in TVL.

In March 2015, despite the category 5 cyclone named Pam which stormed through the archipelago of Vanuatu causing enormous damage, TVL managed to achieve its predefined targets with the dedication and commitment of TVL staff and the support from the different MT teams.

To enable Mauritius Telecom to establish a firm footprint internationally as part of its long-term strategy, the International Business Division will follow through with its future plans to focus and concentrate its development in the Indian Ocean Region as well as in the African Region.

Business Development & Innovation

The Business Development and Innovation Division has been at the root of innovative projects over the past years and works in close collaboration with other business units to give life to ideas that require out of the box thinking.

In line with the company's vision to promote Innovation, the Business Development & Innovation Team has developed a mobile app which allowed the follow up of the Municipal Elections in June 2015.

To improve customer experience, Orange Money and data package sale were integrated to the online Topup service platform. The website, which is used by premium customers, was completely redesigned to make it simpler, more elegant and user-friendly. Over and above the existing panoply of services such as Bill Payment, Merchant Payment, e-voucher for retailers, Online Payment and Top-Up, Orange Money introduced e-ticketing in 2015, allowing customers to buy their concert tickets via their mobile.

As Mauritius Telecom is aligning its business strategies with the Government's 2030 vision which focusses on everything going Digital and on high end activities in the ICT value chain, such as software and animation development, big data analytics, disaster recovery and cloud computing, the Business Development & Innovation Team will continue to work on projects that will contribute to achieve this vision.

In 2015, Mauritius Telecom together with EON Reality Inc., amongst the world leader in Virtual Reality, and State Informatics Limited (SIL) inaugurated, EON Reality Mauritius Interactive Digital Center (IDC) in Ebene. This has been a key achievement for the development of Virtual Reality and Augmented Reality of innovative people centered solutions.

The IDC will also serve as a spring board for Augmented Reality and Virtual Reality technology takeup in Africa as well as to address local industry and educational needs.

Customer Experience

As part of its main strategic objective on "Unmatched Customer Experience" for 2015-2018, Mauritius Telecom maintains its endeavour to improve upon the customer journey and experience at all touchpoints. The "Unmatched Customer Experience" strategic objective is based on four pillars:

1) The customer's voice

2) Review and simplify customer's journey

3) Business intelligence to track and take corrective proactive action on services and offers.

4) Continuous training and upscaling of front liners at all touchpoints.

Those actions have led to a positive trend in both Customer Satisfaction Index and Net Promoter Score, with sustainable improvement as compared to 2014.

Several projects are implemented yearly with respect to improvement of customer journeys, simplification of processes both for customers and employees, empowerment of employees, quality monitoring and partner management. 16 priority projects to improve upon customer experience were also set-up across Mauritius Telecom, which gradually had a positive impact on the overall service.

In 2015, the focus was on fibre and mobile services, with a better online resolution of faults. MT also reinforced its partner management, leading to an improvement in quality delivery by main suppliers.

business review (cont'd)

Since standards remain the basics of operational excellence, MT successfully completed its surveillance audit by SGS in June 2015. The company is at its fourth ISO Certification. Mauritius Telecom also completed the main steps towards Customer Operations Performance Centre (COPC) certification and is aiming for certification in early 2016. The company shall be gearing towards new international certifications and standards to place itself among the leading companies in service delivery and customer experience.

Improvement in customer service is a never ending process and remains the main aim of Mauritius Telecom for 2016 under 'Unmatched Customer Experience' focus.

Carbon Reduction Commitment and Green Actions

Mauritius Telecom being very environment conscious, all related policies and activities are handled at corporate level.

Environmental Management System

Mauritius Telecom has initiated a number of actions so as to minimise the impact of its operations on the environment. The ISO14001:2004 standard is used to manage activities centrally and a risk analysis has been conducted and action plans drawn up.

Green Activities

Ongoing Mauritius Telecom environment related activities:

- Collection of used batteries and mobiles
- Recycling of old modems, telephone sets and set-top boxes
- Collection of waste paper for recycling
- Action to decrease energy consumption on all sites through the installation of motion detectors, solar panels, the optimisation of equipment rooms so as to decrease air-conditioning usage and the use of free-cooling air-conditioning systems in exchanges
- Use of energy-efficient equipment

Objectives that Mauritius Telecom has set for itself in its Strategic plan 2012-2016

1. To achieve 5% reduction in its power consumption.
2. To reduce by 10% its carbon footprint.

MT's various initiatives or ongoing actions in 2015 to meet these strategic objectives included the implementation of the following measures:

1. In order to have a real-time visibility of energy usage and optimise consumption on its various locations, MT has implemented a centrally managed energy metering solution (electricity and fuel) which has already been installed on 100 sites.
2. The gradual replacement of incandescent light bulbs by energy-saving type on its sites with 75 of them already attended to.
3. The procurement and utilisation of sleep mode rectifier modules on 15 sites which saves energy during low peak periods.
4. The procurement and utilisation of digital scroll compressors for precision type air conditioning units as they are more energy efficient and provide flexible cooling capacity for electronic telecom equipment.
5. The use of heat resistant paint on 20 sites which provides insulation from the sun and reduces the ambient temperature inside technical equipment rooms leading to a lesser cooling requirement and saving energy.
6. The installation of 300 mobile base stations which goes in sleep mode when there is low traffic and thereby reducing energy consumption.
7. The use of free cooling systems coupled with air-conditioning as standby on 20 sites, allowing MT to save energy.
8. The implementation of a solar energy system with generator as back up in Agalega. An initiative which decreases the burden in shipment of fuel for the generator allowing a constant energy supply to the telecom equipment there in the absence of electricity.
9. The implementation of a solar energy system with electricity grid as back up on 10 outdoor mobile sites in Mauritius leading to a reduction in electricity consumption.
10. The feasibility study of setting up a solar farm on Built, Operate, Owned and transfer basis which will allow MT to achieve its cooperate green objective in a 2 year time frame.
11. Technical rooms are partitioned to separate equipment with higher power consumption from lower power consumption on 25 sites allowing an efficient cooling of equipment rooms. Openings in walls have also been closed on these sites, preventing cool air from escaping, hence reducing unnecessary power loss from air conditioning units.
12. The initiation of a server consolidation where applications running on stand-alone servers are being migrated to blade servers. 120 standalone servers have already been consolidated onto 21 blade servers, thus contributing to energy savings.

business review (cont'd)

All these actions have allowed MT to decrease its electricity consumption by 289,000 kWh; fuel savings of 5,000 litres per year in Agalega, amounting to a total costs savings of Rs 1.9 M.

Risk Management

Identifying and managing risks with the potential to affect our objectives is an essential part of our governance framework. Our risk management approach facilitates appropriate identification, assessment and control of risks to our operations and corporate strategy. It provides the framework for various activities to enhance our ability to achieve our financial, customer and people goals and meet our legal and compliance responsibilities so as to protect and enhance value for our shareholders.

Throughout the year we continued to refine our risk management approach. Risks are regularly reviewed and monitored, new risks especially those internal and external risks that could have a material impact on our objectives, are identified and assessed with respect to likelihood and severity of impact.

The Board is responsible for not only determining the risks that the Group is willing and able to take to achieve its strategic objectives, but also ensuring that all the risks are properly identified, evaluated and managed. It is the responsibility of management to establish and maintain appropriate systems that function effectively to manage risks and reduce them to an acceptable level.

The group is exposed, by the nature of its business, to a variety of risks.

Material Business Risks

There are a number of risks, both specific to MT Group and of a more general nature, that individually or together could have an adverse effect on achieving our objectives.

The following section summarises those material business risks that could adversely affect our financial performance and growth potential for future years, including any material exposure to economic, environmental or social risks and how we seek to mitigate or manage them.

Financial Risks

These are outlined in notes 33 of the Financial Statements.

Business Disruption

A high dependency on technology and increased integration of customer services means outages can significantly impact the continuity of our business operations and delivery of services to our customers. We are prone to human error, asset breakdown and natural calamities that can disrupt our operations. We have a response capability to address business disruption events, with incident management and emergency management capability. We continually review and improve this capability through assessments of our business' core activities.

Information Security

Protecting the security and privacy of our customer data and company data is a critical focus for the Group. In order to counter cyber security risks and improve the protection of our networks and information from external threats, we have provided for numerous security controls for our networks, based on our understanding of known threats and best practice industry knowledge.

Innovation and Agility

Effective innovation is fundamental in securing revenue streams and withstanding challenges from a changing competitor and industry landscape. Our capacity and ability to respond to the innovation challenge and disruptive business model are related to the agility of our internal process and the capability and flexibility of our people. To manage this risk, we are focused on enhancing the skills of our people and committed to identify innovative products and services that could deliver long-term earnings growth. We are also simplifying our processes, IT and network infrastructure, reviewing our operating cost as we aim to deliver them at more affordable cost that can respond quickly to the disruptive innovations.

Regulatory Environment

We operate in a highly regulated environment. The Government and its regulatory agencies, Information and Telecomunication Authority and Competition Commission of Mauritius have broad powers to impose obligations on certain parts of our business.

We work actively with government, regulators and the community to minimise and mitigate the risk of inefficient or inappropriate regulation for a small market, like ours.

People

The skills and experience of our people have an influence on our ability to deliver against our growth strategy. One factor that influences our exposure to this risk is our demand for a limited number of technical, sales and leadership capability skills within key growth areas. Key mitigation strategies intended to further enhance our people capability and competitive advantage include: succession planning, recruitment and retention processes, talent management and perpetual upgrading of the competencies of our people in the growth areas.

business review (cont'd)

business review (cont'd)

Reputational Risk

Reputation is key to our business and we are continuously working on promoting our corporate image as well of that of our brand, which could be easily tarnished in the era digitalisation and wide spread use social media.

Regulatory and Policy Developments

In line with Government's objective to transform Mauritius into an innovative country with modern infrastructure, global connectivity, high skills and technology, several developments in the Technology, Communication and Innovation (TCI) sector were implemented or considered during the year under review.

Decrease in Tariffs and Network Deployment

With a view to build a conducive environment for an innovation-led economy and society, Mauritius Telecom decreased the tariff of international bandwidth by at least 20%. At the same time, the tariffs for broadband packages were reduced to democratise access to the Internet.

MT accelerated its fibre-to-the-home (FTTH) deployment plan in order to connect the whole-island by 2017. Some fifty (50) LTE mobile base stations were deployed.

MT is also working in close collaboration with the Ministry of Technology, Communication & Innovation to deploy 350 free and more accessible Wi-Fi hotspots for broadband internet connectivity through Wi-Fi in public places and in educational institutions.

Amendment to Independent Broadcasting Authority (IBA) Act 2000

The IBA Act 2000 was amended to provide for the licensing of Internet Protocol Television service (IPTS) and cater for television programming offered over a public network.

Connectivity to Rodrigues

To enhance connectivity to Rodrigues, the Government increased the total bandwidth capacity from 118Mbps to 163Mbps, allowing Rodrigues inhabitants to benefit from a higher broadband speed. The Government also launched an Expression of Interest for the implementation of a third international gateway linking Mauritius to Rodrigues.

Supreme Court Decision (Court of Civil Appeal) on Fraud Tracking

In 2010, the ICT Authority established a fraud tracking mechanism to address the declining termination rate in the incoming international market. International Long Distance (ILD) operators were required to contribute $0.02/min into a fraud tracking account.

On 20th May 2015, this Regulator's decision was challenged in Court. The Court of Civil Appeal held that "ILD operators are not required to contribute into the fraud tracking account", thus confirming the decision of the Supreme Court.

Renewal of Commercial Licences for MT, Telecom Plus, and Cellplus

The ICT Authority renewed the commercial licences for MT Group to provide fixed and mobile voice, broadband and international long distance services.

Human Resources

As a key support function, the Human Resource Department contributed significantly in creating a harmonious relationship with stakeholders through healthy communication with the Unions and the staff in general. This was achieved through Open Door policy, listening to staff concerns, frequent consultations with Unions in all major decisions, quicker feedback, follow up on requests, rapid processing of benefits, correction of anomalies and also by providing learning and people development opportunities to our staff.

Re-structuration

In the Second semester of 2015, a full-fledged restructuring of the MT organisation was undertaken. The top management team was reshaped with a new and invigorated Group Executive Committee (GEC) replacing the Strategic Executive Committee. The GEC Committee meets on a weekly basis and deliberates on all strategic issues. The management team was revamped to provide the impetus for scaling new heights as the challenges called for a dynamic and fully motivated team of top professionals who are ready to commit to new ways of doing things.

Voluntary Retirement Scheme (VRS)

Requests from many staff who wished to avail of an early departure from the company for their own personal reasons, led the company to respond with a Voluntary Retirement Scheme (VRS).

This scheme ensured that MT employees have a decent retirement after long years of faithful service while MT retained its operational efficiency and avoided creating a vacuum or a situation whereby it would be unable to function properly due to lack of proper resources.

As at end December 2015, 25 employees availed of the VRS Scheme which would run up to mid-January 2016.

Training

As part of the Customer Experience transformation, a training program on grooming, hospitality and culture change was held in 5 MT Orange shops. The training was followed by a mystery shopper to compare performance of employees who had received the training to untrained staff. It was noted that the trained staff showed a marked improvement. A control system has thus been set-up to ensure constant follow up of trained employees.

In collaboration with Orange Campus, a 4-day intensive course, 'Les fondamentaux du management I & II' focusing on relationship and motivation, coaching, team development and empowerment, was carried out, involving 173 managers and team leaders.

Pensioners

MT is proud to be associated with its former employees and is prompt to respond to the demands of its pensioners, who still keep an affinity with the company.

Safety and Health

The following safety and health measures were taken during the year 2015 in order to ensure employee wellness, safety and health:

1. **Safety Awareness**

   A safety awareness campaign was organised from 27 April to 21 May 2015 to promote a positive safety culture within Mauritius Telecom.

2. **Eye Check-up for MT Group Drivers**

   302 employees, mainly drivers, have undergone eye check ups. This activity was organised with the support of Dr Agarwal Eye Hospital and targetted mainly the technical staff.

3. **Medical Examination (blood test, ECG, etc.) for employees performing High Risk tasks**

   50 employees from Power, AirCon and Environment (PACE) section have undergone ECG, blood tests and medical examination as they regularly perform high risk activities.

4. **Training in First Aid**

   75 employees across the group have been trained in First Aid in order to have qualified staff to deal with emergencies.

5. **Training in response to armed robbery for Staff working in MT Orange Shops**

   26 senior staff from MT Orange Shops have been trained on how to respond to armed robbery.

6. **Blood Donation Campaign**

   A Blood Donation campaign was organised in collaboration with Blood Bank of the Ministry of Health & Quality of Life. 125 pints of blood were collected at Mauritius Telecom.

7. **Screening of Employees**

   An exercise was carried out in order to identify employees having abnormal behaviour at work due to non-communicable diseases adversely affecting their performance at work. Appropriate actions were afterwards taken through counselling.

the Mauritius Telecom Foundation

committed to creating a better life in the Republic of Mauritius

26

NGOs SUPPORTED

35.5

MILLION RUPEE CSR FUND

Through the Mauritius Telecom Foundation, 151,000 people in Mauritius and Rodrigues were able to benefit from the Rs 35.5 million injected in 34 projects initiated in 2015, when the Foundation worked with 26 NGOs and institutions, including nine in Rodrigues.

Mauritius Telecom Foundation, in collaboration with the Rodrigues Regional Assembly and NEF Rodrigues, financed 11 NGO projects in Rodrigues for a total amount of Rs 3 million.

Mauritius Telecom Foundation also financed Breast Cancer Care for the purchase of 500 breast prostheses donated to women who had undergone mastectomy.

Making Digital Technology accessible

Fully conscious that digital technology is a formidable driver for education, training and professional integration, the Foundation provides free access to the internet and basic training in ICT, by financing 289 of the National Computer Board's (NCB) computer clubs, with a total of 867 work stations, which benefits more than 60,000 people in Mauritius each month.

The Foundation also financed the installation of 350 Wi-Fi Hotspots under the aegis of the Ministry of Technology, Communication and Innovation (TCI), to provide free Internet connection to the citizens of Mauritius.

Education for all

As education remains a major tool to empower people and lead to the economic, social, and personal well-being of all citizens, the Mauritius Telecom Foundation saw to it that no citizen is left behind and distributed 2,000 school bags and 130,000 copybooks to children from the vulnerable groups.

The Mauritius Telecom Foundation's ongoing support for the running costs of day-care centres and pre-primary schools for La Maison de L'Enfance in St Croix, Les Abeilles in Vallée Pitot, La Valette in Terre de Paix, Solidarité Mamans in Quatre Bornes and Le Flamboyant in Cité Richelieu, provide a valuable and safe environment for children while enabling their parents to work or attend training.

Facilitating the everyday integration of people with disabilities

Unique comme toi, is a Mauritius Telecom Foundation's initiative and a battle alongside other institutions, to champion an understanding of autism by creating awareness and appropriate structures to help families.

Committed to enhance everyday life for those with disabilities, Mauritius Telecom Foundation donated 534 commode wheel chairs to persons with severe physical

the Mauritius Telecom Foundation (cont'd)

committed to creating a better life in the Republic of Mauritius

disabilities. The commode wheel chairs enable patients who have limited mobility, due to an accident or any physical disabilities, to use the toilet with ease as it is easily converted back into a normal wheel chair afterwards.

A better environment for a better tomorrow

Firmly committed to respecting the environment and contributing to the battle to limit climate change, Mauritius Telecom Foundation aims to optimise waste management and find responsible solutions to environmental issues in our island and in Rodrigues.

Through its ongoing scheme, Je recycle les mobiles et les piles, 6 tons of used batteries and 12,500 used mobile telephones were collected for recycling. For this initiative, the Foundation was awarded 1st prize for its valuable contribution in the protection of the environment in the private sector category, by the Ministry of Environment, Sustainable Development, Disaster and Beach Management at the 2015 World Environment Day Expo.

The Mauritius Telecom Foundation continuously supports the Mauritius Wildlife Foundation to save the endemic skinks on Round Island, Gunner's Quoin and Ile aux Aigrettes.

In line with the Government's policy to eliminate plastic bags, 50,000 long-lasting/reusable bags were distributed to the general public.

Caring for Senior Citizens

To pay tribute to the seniors for their contribution to our society, Mauritius Telecom Foundation organised several outings and a cultural programme for more than 4,180 senior citizens. The aim was to create inter-generation connection for young people to meet, greet and care for the seniors and thus brighten the lives of lonely, low-income senior citizens, as most of them came from the socially vulnerable group.

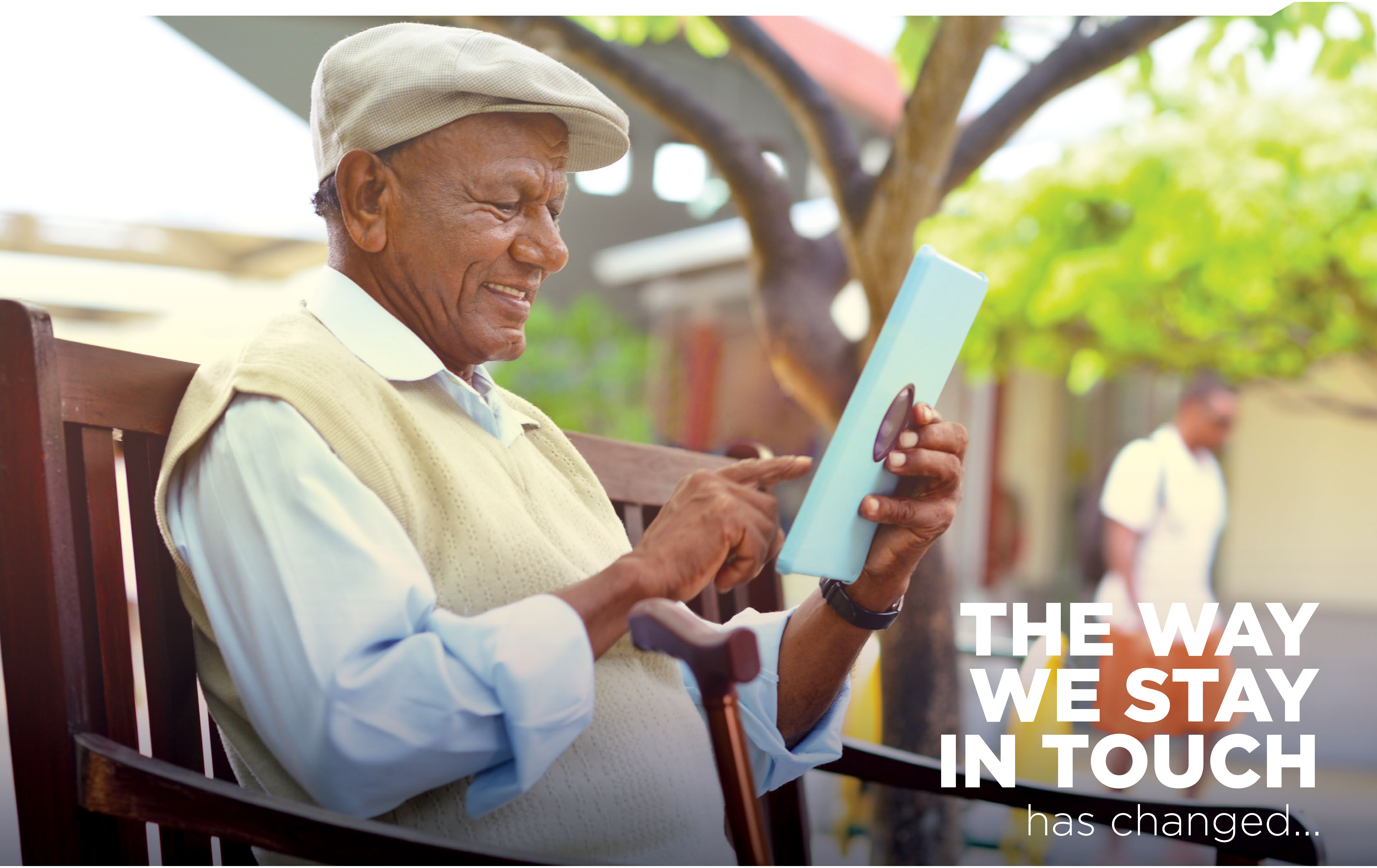
mauritius telecom FOUNDATION

34

PROJECTS

151,000

BENEFICIARIES


THE WAY
WE STAY
IN TOUCH
has changed...

independent auditors' report to the shareholders of Mauritius Telecom Ltd

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Mauritius Telecom Ltd (the "company") and of its subsidiaries (collectively referred to as the "group") on pages 67 to 122 which comprise the statements of financial position at 31 December 2015 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 67 to 122 give a true and fair view of the financial position of the group and of the company as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Report on other Legal Requirements

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

- we have no relationship with, or interests in, the company or any of its subsidiaries, other than in our capacity as auditors;
- 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.

Deloitte

DELOITTE
Chartered Accountants

TWALEB BUTONKEE, FCA
Licensed by FRC

29 April 2016

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statements of financial position

at 31 december 2015

	Notes	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
ASSETS					
Non-current assets					
Property, plant and equipment	5	10,289,942	9,753,908	7,574,854	6,815,269
Intangible assets	6	353,147	444,955	304,866	384,066
Investments in subsidiaries	7	-	-	842,408	422,408
Investments in associates	8	422,590	329,654	112,245	40,935
Available-for-sale investments	9	9,332	9,341	9,332	9,341
Loan to a subsidiary	10	-	-	225,203	357,611
Deferred tax asset	18	135,159	-	237,366	8,441
Total non-current assets		11,210,170	10,537,858	9,306,274	8,038,071
Current assets					
Inventories	11	415,889	572,549	318,272	380,686
Trade receivables	12	1,528,696	1,201,626	953,994	889,993
Other receivables	13	578,188	447,143	650,638	843,031
Held to maturity investments	14	1,245,171	-	1,245,171	-
Loan to a subsidiary	10	-	-	16,899	27,333
Cash and cash equivalents		1,137,054	1,664,904	942,866	1,586,274
Total current assets		4,904,998	3,886,222	4,127,840	3,727,317
Total assets		16,115,168	14,424,080	13,434,114	11,765,388
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	190,000	190,000	190,000	190,000
Fair value reserve	16	2,857	2,866	2,857	2,866
Translation reserve		48,640	(2,272)	-	-
Retained earnings		6,228,289	6,063,771	4,816,130	4,701,459
Equity attributable to owners of the Company		6,469,786	6,254,365	5,008,987	4,894,325
Non-controlling interest		-	(4,233)	-	-
Total Equity		6,469,786	6,250,132	5,008,987	4,894,325
Non-current liabilities					
Loans	17	142,173	193,613	-	-
Deferred tax liabilities	18	-	100,817	-	-
Retirement benefit obligations	19	3,586,709	3,038,113	3,471,840	2,936,007
Other payables	21	223,179	-	223,179	-
Total non-current liabilities		3,952,061	3,332,543	3,695,019	2,936,007
Current liabilities					
Loans	17	47,864	31,424	-	-
Trade payables	20	2,452,029	1,936,901	1,537,354	1,253,800
Other payables and accrued expenses	21	1,557,244	1,240,419	1,963,719	1,335,359
Deferred revenue	22	307,436	331,529	194,794	204,764
Dividends	23	659,300	782,800	659,300	782,800
Current tax liabilities		306,724	158,459	85,557	62,472
Provisions	24	362,724	359,873	289,384	295,861
Total current liabilities		5,693,321	4,841,405	4,730,108	3,935,056
Total liabilities		9,645,382	8,173,948	8,425,127	6,871,063
Total equity and liabilities		16,115,168	14,424,080	13,434,114	11,765,388

Approved by the Board of Directors and authorised for issue on 29 April 2016.

) Name of Director signing
) DIRECTORS
S Seebaluck, GOSK)

) Name of Director signing
) DIRECTORS
D D Manraj, GOSK)

statements of profit or loss and other comprehensive income

for the year ended 31 december 2015

	Notes	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Revenue	25	9,840,744	9,103,813	6,075,207	5,487,270
Cost of sales		(2,114,227)	(2,033,722)	(1,168,794)	(1,068,890)
Gross profit		7,726,517	7,070,091	4,906,413	4,418,380
Operating expenses		(6,477,876)	(5,744,017)	(5,016,282)	(4,449,426)
Profit/(loss) from operations	26	1,248,641	1,326,074	(109,869)	(31,046)
Other income	27	156,975	99,399	534,396	538,816
Other gains/(losses)	28	51,530	(12,966)	72,694	(79,505)
Investment income	29	46,182	43,159	730,173	757,351
Finance costs	30	(20,441)	(19,432)	(72,309)	(40,456)
Share of profits from associates	8	28,812	53,611	-	-
Profit before tax		1,511,699	1,489,845	1,155,085	1,145,160
Income tax expense	18	(487,386)	(498,614)	(189,643)	(232,217)
PROFIT FOR THE YEAR		1,024,313	991,231	965,442	912,943
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit obligation		(191,359)	(241,335)	(191,471)	(243,053)
Fair value gain on available-for-sale-investments		(9)	370	(9)	370
Exchange difference on translating foreign operations		50,906	10,552	-	-
Other comprehensive loss for the year, net of tax		(140,462)	(230,413)	(191,480)	(242,683)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		883,851	760,818	773,962	670,260
Profit for the year attributable to:					
Owners of the Company		1,023,923	992,460	965,442	912,943
Non-controlling interest		390	(1,229)	-	-
		1,024,313	991,231	965,442	912,943
Total comprehensive income for the year attributable to:					
Owners of the company		883,461	762,047	773,962	670,260
Non-controlling interest		390	(1,229)	-	-
		883,851	760,818	773,962	670,260
Earnings Per Share	31	5.39	5.22		

statement of changes in equity

for the year ended 31 december 2015

	Notes	Stated capital Rs 000s	Fair value reserve Rs 000s	Translation reserve Rs 000s	Retained earnings Rs 000s	Attributable to Owners of the Company Rs 000s	Non-controlling Interest Rs 000s	Total Rs 000s
GROUP								
At 1 January 2014		190,000	2,496	(12,824)	6,095,446	6,275,118	(3,004)	6,272,114
Profit for the year		-	-	-	992,460	992,460	(1,229)	991,231
Other comprehensive income for the year, net of income tax		-	370	10,552	(241,335)	(230,413)	-	(230,413)
Total comprehensive income for the year		-	370	10,552	751,125	762,047	(1,229)	760,818
Dividends	23	-	-	-	(782,800)	(782,800)	-	(782,800)
At 31 December 2014		190,000	2,866	(2,272)	6,063,771	6,254,365	(4,233)	6,250,132
Profit for the year		-	-	-	1,023,923	1,023,923	390	1,024,313
Other comprehensive income for the year, net of income tax		-	(9)	50,912	(191,365)	(140,462)	-	(140,462)
Total comprehensive income for the year		-	(9)	50,912	832,558	883,461	390	883,851
Acquisition of Non -Controlling Interest	32	-	-	-	(8,740)	(8,740)	3,843	(4,897)
Dividends	23	-	-	-	(659,300)	(659,300)	-	(659,300)
At 31 December 2015		190,000	2,857	48,640	6,228,289	6,469,786	-	6,469,786

	Notes	Stated capital Rs 000s	Fair value reserve Rs 000s	Retained earnings Rs 000s	Total Rs 000s
COMPANY					
At 1 January 2014		190,000	2,496	4,814,369	5,006,865
Profit for the year		-	-	912,943	912,943
Other comprehensive loss for the year, net of income tax		-	370	(243,053)	(242,683)
Total comprehensive income for the year		-	370	669,890	670,260
Dividends	23	-	-	(782,800)	(782,800)
At 31 December 2014		190,000	2,866	4,701,459	4,894,325
Profit for the year		-	-	965,442	965,442
Other comprehensive loss for the year, net of income tax		-	(9)	(191,471)	(191,480)
Total comprehensive income for the year		-	(9)	773,971	773,962
Dividends	23	-	-	(659,300)	(659,300)
At 31 December 2015		190,000	2,857	4,816,130	5,008,987

The notes on pages 71 to 122 form an integral part of these financial statements.

statements of cash flows

for the year ended 31 december 2015

	Notes	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,511,699	1,489,845	1,155,085	1,145,160
Adjustments for:-					
Profit on disposal of property, plant and equipment		(16,260)	(3,345)	(11,574)	(3,230)
Interest expense		19,148	18,349	72,157	40,252
Interest income		(39,764)	(38,442)	(86,568)	(98,577)
Dividend income		(6,418)	(4,717)	(643,605)	(658,774)
Retirement benefit obligations		333,030	96,699	310,572	82,625
Termination benefits		223,179	-	223,179	-
Share of profits of associates		(28,812)	(53,611)	-	-
Depreciation and amortisation		1,899,124	1,757,848	1,346,270	1,209,974
Goodwill write off		-	80,980	-	-
Impairment loss/ write off property, plant and equipment		81,957	9,638	8,366	6,128
Impairment loss on intangible asset		-	513	-	513
Provision for impairment of subsidiary		-	-	-	127,500
Provision for obsolete stock		(30,311)	6,212	(41,818)	5,349
Provision for bad debts		(29,645)	(4,029)	8,774	(9,220)
Unrealised finance cost		1,293	1,083	152	204
Unrealised exchange (gain)/loss		(32,141)	3,775	(62,990)	(35,350)
Operating profit before working capital changes		3,886,079	3,360,798	2,278,000	1,812,554
(Increase)/decrease in trade receivables		(285,489)	200,268	(60,842)	122,209
(Increase)/decrease in other receivables		(8,966)	(9,167)	636,129	828,537
Decrease/(increase) in inventories		186,971	(134,673)	104,232	(102,358)
Increase/(decrease) in trade payables		489,642	(526,714)	274,818	(310,030)
Increase/(decrease) in other payables and accrued expenses		111,822	(43,346)	405,096	(247,448)
(Decrease)/increase in deferred revenue		(24,092)	9,905	(9,970)	(13,441)
Increase/(decrease) in provisions		1,558	35,997	(6,629)	28,625
Cash generated from operations		4,357,525	2,893,068	3,620,834	2,118,648
Interest paid		(19,148)	(18,349)	-	-
Taxation paid		(666,171)	(448,745)	(404,788)	(235,569)
Net cash flows generated from operating activities		3,672,206	2,425,974	3,216,046	1,883,079
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in an associate		(49,917)	-	(49,917)	-
Purchase of property, plant and equipment		(2,178,357)	(2,077,084)	(1,889,911)	(1,569,385)
Purchase of intangible assets		(34,792)	(175,257)	(16,055)	(140,130)
Proceeds from sale of property, plant and equipment		18,091	3,767	12,233	3,330
Net cash outflow on acquisition of non-controlling interest in a subsidiary	32	(4,897)	-	-	-
Interest received		39,764	38,442	38,769	48,158
Dividend received		13,605	18,774	13,605	18,774
Net cash used in investing activities		(2,196,503)	(2,191,358)	(1,891,276)	(1,639,253)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bank loan by a subsidiary		(34,999)	(17,499)	-	-
Dividend paid		(782,800)	(2,002,600)	(782,800)	(2,002,600)
Net cash used in financing activities		(817,799)	(2,020,099)	(782,800)	(2,002,600)
Net increase/(decrease) in cash and cash equivalents		657,904	(1,785,483)	541,970	(1,758,774)
Cash and cash equivalents at beginning of the year		1,664,904	3,417,352	1,586,274	3,312,872
Effect of exchange rate changes on the balance of cash held in foreign currencies		59,417	33,035	59,793	32,176
Cash and cash equivalents at end of the year		2,382,225	1,664,904	2,188,037	1,586,274
Represented by:					
Held to maturity investments		1,245,171	-	1,245,171	-
Cash and cash equivalents		1,137,054	1,664,904	942,866	1,586,274
		2,382,225	1,664,904	2,188,037	1,586,274

The notes on pages 71 to 122 form an integral part of these financial statements.

notes to the financial statements

for the year ended 31 december 2015

1. General Information

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

2. 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 2015.

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 16 Property, Plant and Equipment – Amendments resulting from Annual Improvements 2010-2012 cycle (proportionate restatement of accumulated depreciation on revaluation)

IAS 19 Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service

IAS 24 Related Party Disclosures – Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)

IAS 38 Intangible Assets – Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)

IAS 40 Investment Property – Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)

IFRS 12 Disclosure of Interests in Other Entities – Amendments for investment entities

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables)

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)

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 1 Presentation of Financial Statements – Amendments resulting from the disclosure initiative (effective 1 January 2016)

IAS 7 Statement of Cash Flows – Amendments as result of the Disclosure initiative (effective 1 January 2017)

IAS 12 Income Taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)

IAS 16 Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

IAS 16 Property, Plant and Equipment – Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)

IAS 19 Employee Benefits – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception (effective 1 January 2016)

notes to the financial statements (cont'd)

for the year ended 31 december 2015

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (cont'd)

2.2 New and revised IFRSs and IFRICs in issue but not yet effective (cont'd)

IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)

IAS 38 Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

IAS 39 Financial Instruments: Recognition and Measurement – 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)

IFRS 7 Financial Instruments: Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

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: Disclosures – 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 derecognition (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements – Amendments regarding the application of the consolidation exception (effective 1 January 2016)

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 Interests in Other Entities – Amendments regarding the application of the consolidation exception (effective 1 January 2016)

IFRS 15 Revenue from Contracts with Customers – Original issue (Applies to an entity's first annual IFRS financial statements) (effective 1 January 2018)

IFRS 16 Leases – Original issue (Applies to an entity's first annual IFRS financial statements) (effective 1 January 2019)

The directors anticipate that these amendments will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the application of these amendments.

3. Significant Accounting Policies

(a) Statement of compliance

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

(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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(b) Basis of preparation (cont'd)

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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(c) Basis of consolidation (cont'd)

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 and 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(e) Investments in associates (cont'd)

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 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 Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(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 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(f) Business combinations (cont'd)

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) 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.

<u>Sales of goods and services rendered</u>

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.

<u>Commission</u>

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

These revenues and costs are stated gross in the financial statements.

<u>Deferred revenue</u>

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 usage basis and a deferred revenue liability is recorded for the remaining balance.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(g) Revenue recognition (cont'd)

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.

(h) Property, plant and equipment

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

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

Plant and equipment	- 2 to 20 years
Buildings	- 5 to 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.

(i) Intangible assets

- Goodwill

  Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

  Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(i) Intangible assets (cont'd)

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

- 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.

(j) Impairment of tangible and intangible assets other than goodwill

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(j) 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 other comprehensive income and reclassified from equity to 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 operation (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 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 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 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(k) Taxation

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

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit 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 profit or loss, except when they relate to items that are recognised in 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(l) Cash and cash equivalents

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

(m) Retirement benefit 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 Anglo Mauritius Assurance Society Ltd.

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.

(n) Financial assets

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 profit or loss.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(n) Financial assets (cont'd)

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 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 investments revaluation 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 the statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(n) Financial assets (cont'd)

(iv) 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 asset, 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(n) Financial assets (cont'd)

(v) 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.

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.

(o) 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(o) Financial liabilities and equity instruments (cont'd)

(iv) Financial liabilities at FVTPL (cont'd)

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.

(p) Derivatives

The Group and the company enter into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(q) 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

3. Significant Accounting Policies (cont'd)

(q) Provisions (cont'd)

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.

(r) 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.

(s) 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.

(t) Comparative figures

Comparative figures have been regrouped, 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

4. Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

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

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

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

(ii) Revenue recognition - Use of estimates

Revenue and expenses recognised in the statement of profit or loss and other 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

5. Property, Plant and Equipment

(a) THE GROUP

	Land Rs 000s	Plant and equipment Rs 000s	Plant and equipment in progress Rs 000s	Buildings on leasehold land Rs 000s	Furniture, fittings and equipment Rs 000s	Motor vehicles Rs 000s	Total Rs 000s
COST							
At 1 January 2014	48,955	26,473,100	817,536	1,099,078	1,459,357	61,471	29,959,497
Additions	53,825	1,492,414	449,297	28,520	20,319	60,627	2,105,002
Disposals	-	(119,896)	-	-	-	(19,273)	(139,169)
Transfer	-	320,001	(320,001)	-	-	-	-
Reclassification from intangible assets to tangible assets	-	-	-	-	118	-	118
Adjustments	-	-	-	-	(3,023)	-	(3,023)
Effect of foreign currency exchange differences	-	(17,023)	-	-	-	-	(17,023)
At 31 December 2014	102,780	28,148,596	946,832	1,127,598	1,476,771	102,825	31,905,402
Additions	-	1,725,606	529,656	26,693	35,637	23,640	2,341,232
Disposals	-	(164,120)	-	(105)	-	(10,497)	(174,722)
Transfer	-	98,739	(98,739)	-	-	-	-
Reclassification from tangible assets to intangible assets	-	1,076	-	-	(9,499)	-	(8,423)
Adjustments	-	(488)	-	-	(250)	-	(738)
Write off	-	(201,371)	-	-	-	-	(201,371)
Effect of foreign currency exchange differences	-	243,614	-	-	(559)	-	243,055
At 31 December 2015	102,780	29,851,652	1,377,749	1,154,186	1,502,100	115,968	34,104,435
DEPRECIATION							
At 1 January 2014	-	19,460,779	-	514,652	653,186	54,552	20,683,169
Charge for the year	-	1,512,808	-	64,384	20,024	20,742	1,617,958
Disposals	-	(119,510)	-	-	-	(19,237)	(138,747)
Adjustments	-	-	-	-	(3,023)	-	(3,023)
Impairment loss	-	9,638	-	-	-	-	9,638
Effect of foreign currency exchange differences	-	(17,501)	-	-	-	-	(17,501)
At 31 December 2014	-	20,846,214	-	579,036	670,187	56,057	22,151,494
Charge for the year	-	1,650,102	-	65,651	26,494	14,226	1,756,473
Disposals	-	(163,156)	-	(105)	-	(10,484)	(173,745)
Reclassification from tangible assets to intangible assets	-	789	-	-	(3,799)	-	(3,010)
Impairment loss	-	29,205	-	-	-	-	29,205
Write off	-	(148,619)	-	-	-	-	(148,619)
Effect of foreign currency exchange differences	-	202,761	-	-	(66)	-	202,695
At 31 December 2015	-	22,417,296	-	644,582	692,816	59,799	23,814,493
NET BOOK VALUE							
At 31 December 2015	102,780	7,434,356	1,377,749	509,604	809,284	56,169	10,289,942
At 31 December 2014	102,780	7,302,382	946,832	548,562	806,584	46,768	9,753,908

During the year the group performed an impairment review of the assets which required the recognition of an impairment loss of Rs 000s 29,205 (2014: Rs 000s 9,638). The impairment is recognised within operating expenses as per note 26. 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 financial statements (cont'd)

for the year ended 31 december 2015

5. Property, Plant and Equipment

(b) THE COMPANY

	Land Rs 000s	Plant and equipment Rs 000s	Plant and equipment in progress Rs 000s	Buildings on leasehold land Rs 000s	Furniture, fittings and equipment Rs 000s	Motor vehicles Rs 000s	Total Rs 000s
COST							
At 1 January 2014	23,749	18,231,599	817,536	645,357	1,271,765	55,960	21,045,966
Additions	-	1,029,122	449,297	14,240	10,412	60,575	1,563,646
Disposals	-	(102,963)	-	-	-	(19,273)	(122,236)
Transfer	-	320,001	(320,001)	-	-	-	-
At 31 December 2014	23,749	19,477,759	946,832	659,597	1,282,177	97,262	22,487,376
Additions	-	1,442,275	529,656	1,148	13,195	23,640	2,009,914
Disposals	-	(158,484)	-	(105)	-	(10,497)	(169,086)
Transfer	-	98,739	(98,739)	-	-	-	-
Transfer from intangibles	-	1,076	-	-	-	-	1,076
At 31 December 2015	23,749	20,861,365	1,377,749	660,640	1,295,372	110,405	24,329,280
DEPRECIATION							
At 1 January 2014	-	13,603,530	-	457,839	556,872	49,042	14,667,283
Charge for the year	-	1,061,367	-	35,296	3,480	20,689	1,120,832
Disposals	-	(102,899)	-	-	-	(19,237)	(122,136)
Impairment	-	6,128	-	-	-	-	6,128
At 31 December 2014	-	14,568,126	-	493,135	560,352	50,494	15,672,107
Charge for the year	-	1,185,954	-	33,989	7,422	14,226	1,241,591
Disposals	-	(157,838)	-	(105)	-	(10,484)	(168,427)
Transfer from intangibles	-	789	-	-	-	-	789
Impairment	-	8,366	-	-	-	-	8,366
At 31 December 2015	-	15,605,397	-	527,019	567,774	54,236	16,754,426
NET BOOK VALUE							
At 31 December 2015	23,749	5,255,968	1,377,749	133,621	727,598	56,169	7,574,854
At 31 December 2014	23,749	4,909,633	946,832	166,462	721,825	46,768	6,815,269

During the year the company performed an impairment review of the assets which required the recognition of an impairment loss of Rs 000s 8,366 (2014: Rs 000s 6,128). The Directors are of the opinion that no further impairment is required. The impairment was recognised within operating expenses as per note 26.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

6. Intangible Assets

	THE GROUP	THE COMPANY
	Computer software	
	Rs 000s	Rs 000s
COST		
At 1 January 2014	1,484,922	977,386
Reclassification from intangible assets to tangible assets	(118)	-
Additions	186,522	139,403
At 31 December 2014	1,671,326	1,116,789
Reclassification from tangible assets to intangible assets	8,423	(1,076)
Additions	46,437	25,766
Disposal	(1,897)	-
Exchange difference	(165)	-
At 31 December 2015	1,724,124	1,141,479
AMORTISATION		
At 1 January 2014	1,085,968	643,068
Charge for the year	139,890	89,142
Impairment loss	513	513
At 31 December 2014	1,226,371	732,723
Reclassification from tangible assets to intangible assets	3,010	(789)
Charge for the year	146,448	104,679
Disposal	(1,043)	-
Exchange difference	(10)	-
At 31 December 2015	1,370,977	836,613
NET BOOK VALUE		
At 31 December 2015	353,147	304,866
At 31 December 2014	444,955	384,066

Intangible asset pertains to computer software used in the group's and the company's operations and financial information systems.

During the year the group and the company did not recognise any impairment (2014: Rs 000s 513).

7. Investments In Subsidiaries

	THE COMPANY	
	2015 Rs 000s	2014 Rs 000s
At cost, unquoted		
At beginning of year	422,408	270,961
Amount due from subsidiary converted into equity	48,722	111,883
Loan converted into equity	371,278	167,064
Impairment during the year	-	(127,500)
At end of year	842,408	422,408

During the year, following a Board resolution dated 15 October 2015, part of the loan including interest and the amount due from MT Properties Ltd were converted into equity (refer to note 10).

notes to the financial statements (cont'd)

for the year ended 31 december 2015

7. Investments in Subsidiaries (cont'd)

The directors have assessed at 31 December 2015 that there has been no indication that investment in subsidiaries should be impaired.

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2015	2014		Principal activity
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%	90%	Indirect	Fixed & mobile phone operator
CSL Madagascar	Madagascar	Ordinary	100%	100%	Indirect	Call centre services

On 16 June 2015, the Company exercised its option to acquire the remaining 10% equity in Telecom Vanuatu Ltd such that at 31 December 2015 it was a wholly owned subsidiary.

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 Ltd.

8. Investments in Associates

THE GROUP

	2015 Rs 000s	2014 Rs 000s
Cost of investment in associates	85,346	85,346
Addition	71,310	-
Impairment loss	(44,411)	(44,411)
Share of post-acquisition profits, net of dividend received	288,719	249,164
Share of profit during the year	28,812	53,611
Dividend received	(7,186)	(14,056)
	310,345	288,719
	422,590	329,654

THE COMPANY

	2015 Rs 000s	2014 Rs 000s
Cost of investment in associates	85,346	85,346
Addition	71,310	-
Impairment loss	(44,411)	(44,411)
	112,245	40,935

notes to the financial statements (cont'd)

for the year ended 31 december 2015

8. Investments in Associates (cont'd)

During the year the Company made an investment of 25% in the shareholding of Eon Reality (Mauritius) Ltd out of which Rs 000s 21,393 was still payable at 31 December 2015. The directors have assessed at 31 December 2015 whether there has been any indication that investment in associates should be impaired. Following the results of this assessment, the directors have noted that there are no indications of impairment.

(a) The material associate of the group is as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2015	2014		Principal activity
Telsea Investment Ltd	Mauritius	Ordinary	24.50%	24.50%	Direct	Investment holding

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

	2015 Rs 000s	2014 Rs 000s
Current assets	865,067	645,849
Non-current assets	2,424,985	2,189,360
Current liabilities	(1,178,129)	(1,263,538)
Non-current liabilities	(991,298)	(383,647)
Net assets	1,120,625	1,188,024
Group's share of associate's net assets	335,138	310,852
Revenue	2,979,269	3,101,027
Profit for the year	104,535	211,832
Other comprehensive income for the year	-	-
Total comprehensive income for the year	104,535	211,832
Dividend received	7,187	14,057
Group's share of profit of associate for the year	25,611	51,898

notes to the financial statements (cont'd)

for the year ended 31 december 2015

8. Investments in Associates (cont'd)

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

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2015	2014		Principal activity
HDM Interactive Ltd	Mauritius	Ordinary	30.00%	30.00%	Direct	Internet Kiosks
Continuity Mauritius Co Ltd	Mauritius	Ordinary	50.00%	50.00%	Direct	Business Continuity Services
Eon Reality (Mauritius) Ltd	Mauritius	Ordinary	25.00%	-	Direct	Interactive digital centre hub

Aggregate information of associates that are not individually material:

	2015 Rs 000s	2014 Rs 000s
Total assets	335,963	47,950
Total liabilities	(26,254)	(29,882)
Net assets	309,709	18,068
Group's share of associates' net assets	87,452	18,802
Revenue	25,062	25,246
Profit for the year	6,402	2,154
Group's share of profit of associates for the year	3,201	1,713

9. Available-for-Sale Investments

	THE GROUP AND THE COMPANY 2015 Rs 000s	2014 Rs 000s
(a) At cost		
At beginning and end of year	60,270	60,270
Impairment		
At beginning and end of year	55,795	55,795
Carrying amount		
At beginning 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

9. Available-for-Sale Investments (cont'd)

	THE GROUP AND THE COMPANY 2015 Rs 000s	2014 Rs 000s
(a) At fair value		
At beginning of year	4,866	4,496
Change in fair value	(9)	370
At end of year	4,857	4,866
Total	9,332	9,341

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 2015 Rs 000s	2014 Rs 000s
(a) At fair value		
At beginning of year	384,944	167,064
Addition	250,000	410,000
Repayment	(21,564)	(25,056)
Conversion into equity	(371,278)	(167,064)
At end of year	242,102	384,944
Analysed as:		
Current	16,899	27,333
Non-current	225,203	357,611
	242,102	384,944

During the year, the Board approved the conversion of part of the loan between Mauritius Telecom Ltd and MT Properties Ltd into equity.

The loan is unsecured, repayable on a monthly basis and bears interest at 9% per annum (2014: 7%)

notes to the financial statements (cont'd)

for the year ended 31 december 2015

11. Inventories

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Trading inventories at cost	157,906	250,179	43,528	54,320
Provision for obsolete stock	(30,039)	(22,786)	(10,842)	(15,096)
	127,867	227,393	32,686	39,224
Non -trading inventories at cost	288,022	382,720	285,586	379,026
Provision for obsolete stock	-	(37,564)	-	(37,564)
	288,022	345,156	285,586	341,462
	415,889	572,549	318,272	380,686

Non-trading inventories pertain to items held for use in the maintenance of network infrastructure.

12. Trade Receivables

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Trade receivables	2,392,165	2,094,740	1,603,141	1,530,366
Provision for doubtful debts	(863,469)	(893,114)	(649,147)	(640,373)
	1,528,696	1,201,626	953,994	889,993

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 362,082 (2014: Rs 000s 422,637) and Rs 000s 280,411 (2014: Rs 000s 302,942) 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 as per approved policy.

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 35.

More information on credit risk management is provided in note 33.8.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

12. Trade Receivables (cont'd)

Movement in provision for doubtful debts

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
At beginning of year	893,114	897,143	640,373	649,593
Impairment losses recognised on trade receivables	48,319	12,118	48,319	12,118
Amounts written off	(64,214)	(33,525)	(39,545)	(21,338)
(Decrease)/increase in allowance recognised during the year	(13,750)	17,378	-	-
At end of year	863,469	893,114	649,147	640,373

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 16m (2014: Rs 24m) 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	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Under 180 days	96,265	123,396	78,605	105,864
181 to 360 days	66,990	53,382	49,671	39,911
> 360 days	700,214	716,336	520,871	494,598
Total	863,469	893,114	649,147	640,373

Trade receivables past due but not impaired

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
31 to 180 days	179,877	300,845	134,086	234,065
181 to 360 days	125,386	119,171	89,506	66,256
> 360 days	56,819	2,621	56,819	2,621
Total	362,082	422,637	280,411	302,942

notes to the financial statements (cont'd)

for the year ended 31 december 2015

13. Other Receivables

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Outside parties	573,895	444,253	365,461	340,131
Forward exchange contracts	-	293	-	293
Subsidiaries	-	-	280,884	500,010
Associates	671	1,987	671	1,987
Related parties	3,622	610	3,622	610
	578,188	447,143	650,638	843,031

The unsecured amounts due from subsidiaries bear interest which varied between 7.70% and 8.15% per annum (2014: 8.15% 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.

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

14. Held to Maturity Investments

	THE GROUP AND THE COMPANY	
	2015 Rs 000s	2014 Rs 000s
At beginning of year	-	-
Additions	1,895,440	-
Interest income	2,606	-
Proceeds on maturity	(652,875)	-
At end of year	1,245,171	-

The Held to Maturity investments relate to Treasury Bills with maturity date ranging from one to three months and bearing interest at an average rate of 1.63%.

15. Stated Capital

	THE GROUP AND THE COMPANY	
	2015 Rs 000s	2014 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	
	2015 Rs 000s	2014 Rs 000s
At beginning of year	2,866	2,496
Movement for the year	(9)	370
At end of year	2,857	2,866

17. Loans

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

	THE GROUP	
	2015 Rs 000s	2014 Rs 000s
Bank loan	190,037	190,517
Other loan	-	4,823
Shareholder's loan	-	29,697
	190,037	225,037
Analysed as:		
Current	47,864	31,424
Non-current	142,173	193,613
	190,037	225,037

(a) The bank loan is denominated in Vatu and carries interest at 8.99% per annum payable for the first year in quarterly instalments. The term of the loan is 5 years and is secured against the property of the subsidiary, Telecom Vanuatu Ltd.

(b) The other loan is an unsecured Euro loan which carries interest at 3% per annum and was repaid during the year.

(c) The shareholder loan carries interest at Euribor 6 month rate + 4.63% per annum and was repaid during the year.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

18. Income Taxes

Income tax

The group and the company are subject to income tax at the statutory rate of 15% (2014: 15%) on the profit for the year as adjusted for tax purposes. Income is not subject to tax in the Republic of Vanuatu.

18.1 Income tax recognised in profit or loss

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Current tax	290,832	208,230	67,695	73,988
Additional tax assessment	146,928	-	146,928	-
Deferred tax (income)/expense	(17,130)	10,948	(11,391)	(639)
Under provision of deferred tax asset	(47,782)	(2,150)	(43,681)	(2,150)
Under provision of deferred tax asset arising on payments to retirement benefit plan	(140,064)	-	(140,064)	-
(Over)/under provision of tax in previous year	(34,790)	15,894	-	-
	197,994	232,922	19,487	71,199
Solidarity levy	289,392	265,692	170,156	161,018
Tax expense	487,386	498,614	189,643	232,217

18.2 Tax reconciliation

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Profit before tax	1,511,699	1,489,845	1,155,085	1,145,160
Tax at the rate of 15% (2014: 15%)	226,755	223,477	173,263	171,774
Tax effect of:				
- Non allowable expenses	22,840	11,608	8,134	6,074
- Expenses eligible for 200% deduction	(4,773)	(5,198)	(4,773)	(5,198)
Expenses deductible for tax purposes				
- Exempt income	(25,387)	(16,542)	(120,320)	(99,301)
- Under provision of deferred tax	(47,782)	(2,150)	(43,681)	(2,150)
- Under provision of deferred tax asset arising on payment to retirement benefit plan	(140,064)	-	(140,064)	-
- (Over)/under provision of tax in previous year	(34,790)	15,894	-	-
- Additional tax assessment	146,928	-	146,928	-
- Tax loss of a subsidiary	54,267	5,833	-	-
	(28,761)	9,445	(153,776)	(100,575)
	197,994	232,922	19,487	71,199

notes to the financial statements (cont'd)

for the year ended 31 december 2015

18. Income Taxes

18.3 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Deferred tax				
Arising on income and expenses recognised in other comprehensive income				
Re-measurement of defined benefit obligation	33,354	42,588	33,789	42,892
Reversal of deferred tax	(2,354)	-	-	-
	31,000	42,588	33,789	42,892

18.4 Deferred tax liabilities/(assets)

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
At beginning of year	100,817	134,607	(8,441)	37,240
Under provision of deferred tax asset	(47,782)	(2,150)	(43,681)	(2,150)
Under provision of deferred tax asset arising on payment to retirement benefit plan	(140,064)	-	(140,064)	-
(Reversed) /Charge to profit or loss	(17,130)	10,948	(11,391)	(639)
Reversed to other comprehensive income	(31,000)	(42,588)	(33,789)	(42,892)
At end of year	(135,159)	100,817	(237,366)	(8,441)

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

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Temporary differences				
Property, plant and equipment	705,139	733,047	559,754	573,213
Other temporary differences	(314,319)	(177,533)	(276,344)	(141,253)
Retirement benefit obligation	(525,979)	(454,697)	(520,776)	(440,401)
	(135,159)	100,817	(237,366)	(8,441)

notes to the financial statements (cont'd)

for the year ended 31 december 2015

19. Retirement Benefit Plans

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:

	Note	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Defined benefit plans					
Retirement benefits in respect of Employment Rights Act 2008 gratuities	19(a)	3,579,041	3,031,314	3,471,840	2,936.007
Present Value of unfunded obligation	19(b)	7,668	6,799	-	-
		3,586,709	3,038,113	3,471,840	2,936,007

(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 3,579,041 and Rs 000s 3,471,840 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 2015.

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 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Present value of funded obligations	7,759,076	7,041,328	7,583,149	6,883,818
Fair value of plan assets	(4,180,035)	(4,010,014)	(4,111,309)	(3,947,811)
	3,579,041	3,031,314	3,471,840	2,936,007

notes to the financial statements (cont'd)

for the year ended 31 december 2015

19. Retirement Benefit Plans (cont'd)

(a) Defined Benefit Plans (cont'd)

Reconciliation of Net Defined Benefit Liability

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Opening Balance	3,031,314	2,650,692	2,936,007	2,567,437
Amount Recognised in profit or loss	577,696	385,091	557,664	366,458
Amount Recognised in other comprehensive income	222,359	283,923	225,261	285,945
Less Employer Contributions	(252,328)	(288,392)	(247,092)	(283,833)
Closing Balance	3,579,041	3,031,314	3,471,840	2,936,007

Reconciliation of Fair Value of Plan Assets

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Opening balance	4,010,014	3,600,263	3,947,811	3,545,670
Interest income	304,224	275,350	299,377	271,101
Employer contributions	252,328	288,392	247,092	283,833
Employee contributions	8,219	7,735	8,219	7,735
Benefits paid	(166,231)	(151,359)	(165,929)	(151,013)
Return on plan assets excluding interest income	(228,519)	(10,367)	(225,261)	(9,515)
Closing Balance	4,180,035	4,010,014	4,111,309	3,947,811

Reconciliation of Present Value of Defined Benefit Obligation

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Opening balance	7,041,328	6,250,955	6,883,818	6,113,107
Current service cost	213,961	197,193	201,707	184,637
Employee contributions	8,219	7,735	8,219	7,735
Interest expense	522,037	463,248	510,177	452,922
Other benefits paid	(166,231)	(151,359)	(165,929)	(151,013)
Liability gain due to change in demographic assumptions	-	(531,149)	-	(516,730)
Liability gain due to change in financial assumptions	483	-	-	-
Liability experience loss	(6,643)	804,705	-	793,160
Past service cost	145,922	-	145,157	-
Closing balance	7,759,076	7,041,328	7,583,149	6,883,818

notes to the financial statements (cont'd)

for the year ended 31 december 2015

19. Retirement Benefit Obligations (cont'd)

(a) Defined Benefit Plans (cont'd)

Components of amount recognised in Profit or Loss:

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Current service cost	213,961	197,193	201,707	184,637
Past service cost	145,922	-	145,157	-
Settlement (gain)/loss	-	-	-	-
Service cost	359,883	197,193	346,864	184,637
Net interest on net defined benefit liability	217,813	187,898	210,800	181,821
Components of defined benefit costs recognised in profit or loss	577,696	385,091	557,664	366,458

Components of amount recognised in Other Comprehensive Income:

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s	THE COMPANY 2015 Rs 000s	THE COMPANY 2014 Rs 000s
Return on plan assets (above)/ below interest income	228,519	10,367	225,261	9,515
Liability experience loss	(6,643)	804,705	-	793,160
Liability gain due to change in demographic assumptions	-	(531,149)	-	(516,730)
Liability loss due to change in financial assumptions	483	-	-	-
Components of defined benefit costs recognised in other comprehensive income	222,359	283,923	225,261	285,945

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

	2015 %	2014 %
Equity - Local quoted	17	20
Equity - Local unquoted	1	1
Debt - Local quoted	1	1
Debt - Local unquoted	41	64
Property Local	1	1
Investment Funds	17	13
Cash and other	22	-
Total	100	100

notes to the financial statements (cont'd)

for the year ended 31 december 2015

19. Retirement Benefit Obligations (cont'd)

(a) Defined Benefit Plans (cont'd)

Principal Assumptions Used at End of Period

	2015 %	2014 %
Discount rate	7.0	7.5
Rate of salary increases	7.0	7.5
Rate of pension increases	4.5	5.0
Average retirement age	63 Yrs	63 Yrs
Average life expectancy for :		
Male at ARA	17.3 Yrs	17.3 Yrs
Female at ARA	21.7 Yrs	21.7 Yrs

Sensitivity Analysis on Defined Benefit Obligation at End of Period

	2015 Rs 000s	2014 Rs 000s
Increase due to 1% decrease in discount rate	1,471,729	1,384,362
Decrease due to 1% increase in discount rate	1,151,196	949,002

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 140,709 to its pension plan in 2016 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 14 January 2016.

(b) Retirement gratuities obligation

Reconciliation of present value of unfunded obligations

	THE GROUP 2015 Rs 000s	THE GROUP 2014 Rs 000s
Opening Balance	6,799	6,081
Amount Recognised in profit or loss	869	718
Closing Balance	7,668	6,799

notes to the financial statements (cont'd)

for the year ended 31 december 2015

19. Retirement Benefit Obligations (cont'd)

(b) Retirement gratuities obligation (cont'd)

Reconciliation of Present Value of unfunded obligations

	THE GROUP	
	2015 Rs 000s	2014 Rs 000s
Opening balance	6,799	6,081
Current service cost	393	292
Interest expense	476	426
Closing balance	7,668	6,799

Components of amount recognised in Profit or Loss

	THE GROUP	
	2015 Rs 000s	2014 Rs 000s
Current service cost	393	292
Past service cost	-	-
Settlement (gain)/loss	-	-
Service cost	393	292
Net interest on present value of unfunded obligation	476	426
Components of present value of unfunded obligation recognised in profit or loss	869	718

Principal Assumptions Used at End of Period

	2015 %	2014 %
Discount rate	7.0	7.0
Rate of salary increases	5.5	5.5
Average retirement age	63 Yrs	63 Yrs

Sensitivity Analysis on present value of unfunded obligation

	2015 Rs 000s
Increase due to 1% decrease in discount rate	2,143
Decrease due to 1% increase in discount rate	1,606

20. Trade Payables

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Outside parties	2,447,299	1,935,357	1,532,624	1,252,256
Shareholders	306	68	306	68
Associate	183	-	183	-
Related parties	4,241	1,476	4,241	1,476
	2,452,029	1,936,901	1,537,354	1,253,800

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

notes to the financial statements (cont'd)

for the year ended 31 december 2015

20. Trade Payables (cont'd)

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 outside parties are refundable security deposits of Rs 000s 414,151 (2014: Rs 000s 393,092) for the group and the company. The group and the company do not expect the security deposits to be refundable within one year.

21. Other Payables and Accrued Expenses

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Operating taxes accrued	64,917	56,963	30,777	44,598
Subsidiaries	-	-	965,192	396,701
Related parties	51,555	9,354	9,077	9,286
Other payables and accrued expenses	1,166,378	1,129,707	692,957	841,342
Termination benefits	295,536	-	295,536	-
Forward exchange contracts	-	1,180	-	1,180
Work in progress	202,037	43,215	193,359	42,252
	1,780,423	1,240,419	2,186,898	1,335,359
Analysed as:				
Current	1,557,244	1,240,419	1,963,719	1,335,359
Non-current	223,179	-	223,179	-
	1,780,423	1,240,419	2,186,898	1,335,359

The amounts due to subsidiaries are unsecured, bear interest which varied between 7.70% and 8.15% per annum (2014:8.15% 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.

A Voluntary Retirement Scheme (VRS) plan has been introduced during the year and this has resulted in a past service cost of Rs'000 145,157 included in profit or loss charge for the pension plan for the year and an accrual of Rs'000 295,536 for termination benefits payable to beneficiaries over the next five years.

22. Deferred Revenue

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
At beginning of year	331,529	321,624	204,764	218,205
Movement for the year for prepaid cards and deferred rental	(29,489)	28,936	(15,366)	(20,879)
Amount received on ICT equipment	18,387	13,577	18,387	13,577
Revenue recognised on ICT equipment	(12,991)	(32,608)	(12,991)	(6,139)
At end of year	307,436	331,529	194,794	204,764

notes to the financial statements (cont'd)

for the year ended 31 december 2015

23. Dividends

	THE GROUP AND THE COMPANY	
	2015 Rs 000s	2014 Rs 000s
Interim dividend of Rs 4.12 per share for 2014	-	782,800
Interim dividend of Rs 3.47 per share for 2015	659,300	-
	659,300	782,800

Interim dividend of Rs 3.47 per share amounting to Rs 000s 659,300 pertaining to current year was declared by the directors on 29 December 2015 and accrued in the financial statements for the year ended 31 December 2015.

24. Provisions

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 00
Employee benefits	328,095	328,500	283,503	290,132
Dismantling costs	34,629	31,373	5,881	5,729
	362,724	359,873	289,384	295,861

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

	THE GROUP		THE COMPANY	
	Employee Benefits Rs 000s	Dismantling Costs Rs 000s	Employee Benefits Rs 000s	Dismantling Costs Rs 000s
At 1 January 2014	292,503	28,523	261,507	5,525
Additional provisions recognised	98,539	1,767	85,288	-
Finance Cost	-	1,083	-	204
Utilised in current year	(62,542)	-	(56,663)	-
At 31 December 2014	328,500	31,373	290,132	5,729
Additional provisions recognised	86,014	1,962	73,955	-
Finance Cost	-	1,294	-	152
Utilised in current year	(86,419)	-	(80,584)	-
At 31 December 2015	328,095	34,629	283,503	5,881

(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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

25. Revenue

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Sale of goods	756,828	623,789	156,789	96,583
Rendering of services	9,083,916	8,480,024	5,918,418	5,390,687
	9,840,744	9,103,813	6,075,207	5,487,270

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 26,664 (2014: Rs 000s 22,751) and has been included in cost of sales.

The volume of incoming international minutes terminated by Mauritius Telecom in 2015 was 22.5 million minutes (2014: 28.4 million minutes).

26. Profit/(Loss) From Operations

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

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
- Depreciation of property, plant and equipment	1,756,473	1,617,958	1,241,591	1,120,832
- Impairment loss on property, plant and equipment	29,205	9,638	8,366	6,128
- Staff costs (a)	2,844,548	2,476,579	2,438,824	2,065,145
- Costs of inventories recognised as expense	766,551	740,642	119,452	104,491
- Amortisation and impairment of intangible assets	146,448	140,403	104,679	89,655
- Reversal/provision for slow moving stock	(41,818)	6,212	(41,818)	5,349
- Impairment of investment in subsidiary	-	-	-	127,500
- Impairment loss net of reversal recognised on trade receivables	31,954	12,118	48,319	12,118
- Directors' emoluments (part time)	5,004	4,342	5,004	4,342
- ***Auditors' remuneration:***				
- Audit fees	5,519	3,909	2,625	1,560
- Non Audit Fees	600	-	600	-
- Donation	49	15	49	15

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

notes to the financial statements (cont'd)

for the year ended 31 december 2015

26. Profit/(Loss) From Operations (cont'd)

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

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Post employment benefits				
- Defined benefit plan	579,623	385,091	557,664	366,458
- Termination benefits	276,248	9,782	276,018	7,149
	855,871	394,873	833,682	373,607

27. Other Income

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Rental income	71,931	57,550	70,640	70,640
Management fees	-	-	441,047	439,744
Other income	85,044	41,849	22,709	28,432
	156,975	99,399	534,396	538,816

28. Other Gains/(Losses)

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Net exchange gains	35,270	64,669	61,120	44,765
Profit on disposal of property, plant and equipment	16,260	3,345	11,574	3,230
Goodwill Write off	-	(80,980)	-	-
Impairment of investment in a subsidiary	-	-	-	(127,500)
	51,530	(12,966)	72,694	(79,505)

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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

29. Investment Income

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Dividend income	6,418	4,717	643,605	658,774
Interest income				
- Bank deposits	31,688	34,462	30,725	44,206
- Held to maturity investments	5,006	-	5,006	-
- Current accounts with subsidiaries	-	-	23,422	34,998
- Loan to subsidiaries	-	-	24,377	15,421
- Others	3,070	3,980	3,038	3,952
	46,182	43,159	730,173	757,351

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

	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Non-financial investments	6,418	4,717	691,404	658,774
Loans and receivables (including cash and bank balances)	34,758	38,442	33,763	98,577
Held to maturity investments	5,006	-	5,006	-
	46,182	43,159	730,173	757,351

30. Finance Costs

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Interest expense				
- Bank borrowings	19,148	18,349	-	-
- Current accounts with subsidiaries	-	-	72,157	40,252
- Others	1,293	1,083	152	204
	20,441	19,432	72,309	40,456

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 1,023,923 (2014: Rs 000s 992,460) and on 190,000,001 shares in issue for the two years ended 31 December 2015.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

32. Acquisition of Non Controlling Interest

During the year the group acquired an additional 10% equity interest in Telecom Vanuatu Ltd such that at 31 December 2015 it was wholly owned subsidiary.

	2015 Rs 000s
Cash Consideration	4,897
Value of Non- Controlling Interest	3,843
	8,740

33. Financial Instruments

33.1 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 2014.

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.

33.2 Significant accounting policies

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

33.3 Categories of financial instruments

Financial assets

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Loans and receivables (including cash and cash equivalents)	2,928,605	3,139,465	2,605,633	3,558,253
Available for sale financial assets	9,332	9,341	9,332	9,341
Held to maturity financial assets	1,245,171	-	1,245,171	-
At FVTPL	-	293	-	293
	4,183,108	3,149,099	3,860,136	3,567,887

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.3 Categories of financial instruments (cont'd)

Financial Liabilities

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Amortised cost	5,043,780	4,360,355	4,447,287	3,576,140
At FVTPL	-	1,180	-	1,180
	5,043,780	4,361,535	4,447,287	3,577,320

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

33.4 Financial risk management

The 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.

33.5 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

33.6 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.

It is the policy of the group and the company to enter into forward foreign exchange contracts to cover specific foreign currency payments. The group and the company also enter into forward foreign exchange contracts to manage the foreign currency risk associated with anticipated purchase transactions.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.6 Currency risk management (cont'd)

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

THE GROUP

Currency profile

Currency	2015 Financial Assets Rs 000s	2015 Financial liabilities Rs 000s	2014 Financial assets Rs 000s	2014 Financial liabilities Rs 000s
EUR	453,778	443,502	420,811	163,973
MUR	3,436,312	3,881,694	2,310,875	3,596,782
USD	119,336	673,914	321,554	326,891
Others	173,682	44,670	95,859	273,889
	4,183,108	5,043,780	3,149,099	4,361,535

THE COMPANY

Currency profile

Currency	2015 Financial Assets Rs 000s	2015 Financial liabilities Rs 000s	2014 Financial assets Rs 000s	2014 Financial liabilities Rs 000s
EUR	77,248	31,083	390,943	23,828
MUR	3,392,260	4,203,834	2,857,697	3,468,975
USD	382,580	208,639	308,917	79,056
Others	8,048	3,731	10,330	5,461
	3,860,136	4,447,287	3,567,887	3,577,320

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 2015 Rs 000s	Euro Impact 2014 Rs 000s	USD Impact 2015 Rs 000s	USD Impact 2014 Rs 000s
Profit or loss on equity	1,028	25,684	55,458	534

THE COMPANY

	Euro Impact 2015 Rs 000s	Euro Impact 2014 Rs 000s	USD Impact 2015 Rs 000s	USD Impact 2014 Rs 000s
Profit or loss on equity	4,617	36,712	17,394	22,986

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.6.1 Forward foreign exchange contracts

It is the policy of the company to enter into forward foreign exchange contracts to cover foreign currency payments.

The following table details the forward contracts outstanding as at 31 December 2014:

Foreign Exchange Contract	Average Exchange Rate Rs	Foreign Currency Value EUR 000s	Contract Value Rs 000s	Fair Value Liability Rs 000s
Buy Euro				
Less than 3 months	39,730	4,950	196,122	887

These forward contracts have been classified as Level 2 based on forward exchange rates and forward contract rates.

33.7 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	2015 % Interest Rate p.a.	2014 % Interest Rate p.a.
MUR	1.55-3.80	3.00-4.05
USD	0.05-0.20	0.01-0.35
EUR	0.01-0.15	0.01-5.00

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 Rs0.11M (2014: Rs0.13M).

The group is subject to interest rate risk on the loans. Any variation in future interest rate by 50 basis points will impact profit by Rs 000s 950 (2014: Rs 000s 952).

33.8 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.8 Credit risk management (cont'd)

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 6.4% (2014: 4.3%) and 25% (2014: 32%) 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 since 2008.

Total trade receivables (net of allowances) held by the group and the company at 31 December 2015 amounted to Rs 000s 1,575,211 (2014: Rs 000s 1,201,626) and Rs 000s 953,994 (2014: Rs 000s 889,993) respectively. An ageing of the trade receivables at end of 2015 and movement in provision for bad debts during 2015 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 5.2m (2014: Rs 4.8m), Rs 3.9m (2014: Rs 3.7m) respectively.

33.9 Liquidity risk management

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

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

The following table details the group's 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.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.9 Liquidity risk management (cont'd)

Maturities of Financial Assets and Financial Liabilities (Non derivatives)

GROUP

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	Total Rs 000s
2015						
FINANCIAL ASSETS						
Fixed Interest Rate Instruments	0.08% - 2.67%	1,615,608	-	231,712	-	1,847,320
Fixed Interest Rate Instruments	2% - 10%	1,807	482,309	110,408	-	594,524
Non Interest Bearing	-	376,710	773,456	233,895	9,332	1,393,393
Variable Interest Rate Instruments	2.13%	308,909	-	38,962	-	347,871
		2,303,034	1,255,765	614,977	9,332	4,183,108
FINANCIAL LIABILITIES						
Non Interest Bearing	-	659,300	3,021,427	603,768	-	4,284,495
Fixed interest Rate	3% - 9%	-	-	197,497	142,173	339,670
Variable Interest Rate Instruments	2.13% - 7.93%	-	-	196,436	223,179	419,615
		659,300	3,021,427	997,701	365,352	5,043,780
2014						
FINANCIAL ASSETS						
Fixed Interest Rate Instruments	0.30% - 3.45%	666,068	-	89,156	-	755,224
Fixed Interest Rate Instruments	7.5% - 10%	2,272	7,745	106,832	-	116,849
Non Interest Bearing	-	272,598	998,819	216,645	7,800	1,495,862
Variable Interest Rate Instruments	3.5% - 4.10%	770,684	8,892	-	-	779,576
Variable Interest Rate Instruments	8.15% - 10%	1,588	-	-	-	1,588
		1,713,210	1,015,456	412,633	7,800	3,149,099
FINANCIAL LIABILITIES						
Non Interest Bearing	-	772,622	2,529,901	733,196	1,323	4,037,042
Fixed interest Rate	3% - 9%	-	-	-	193,613	193,613
Variable Interest Rate Instruments	3.15% - 10%	-	-	130,880	-	130,880
		772,622	2,529,901	864,076	194,936	4,361,535

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

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.9 Liquidity risk management (cont'd)

Maturities of Financial Assets and Financial Liabilities (Non Derivatives cont'd)

COMPANY

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
2015							
FINANCIAL ASSETS							
Fixed Interest Rate Instruments	0.08 % - 2.67 %	1,613,008	-	-	-	-	1,613,008
Fixed Interest Rate Instruments	7.5 % - 10 %	-	455,720	108,006	60,819	164,384	788,929
Non Interest Bearing	-	303,738	395,365	236,737	9,332	-	945,172
Variable Interest Rate Instruments	7.92 %	232,374	-	-	-	-	232,374
Variable Interest Rate Instruments	2.13 %	280,653	-	-	-	-	280,653
		2,429,773	851,085	344,743	70,151	164,384	3,860,136
FINANCIAL LIABILITIES							
Non Interest Bearing	-	659,300	1,819,148	584,032	-	-	3,062,480
Variable Interest Rate Instruments	2.13 % - 7.93 %	954,900	10,292	196,436	223,179	-	1,384,807
		1,614,200	1,829,440	780,468	223,179	-	4,447,287
2014							
FINANCIAL ASSETS							
Fixed Interest Rate Instruments	0.18 % - 3.53 %	666,068	-	-	-	-	666,068
Fixed Interest Rate Instruments	7.00 % - 10.00 %	-	458,985	113,719	109,333	248,278	930,315
Non Interest Bearing	-	204,167	341,017	205,534	9,341	-	760,059
Variable Interest Rate Instruments	3.25 %	721,300	-	-	-	-	721,300
Variable Interest Rate Instruments	8.15 %	490,145	-	-	-	-	490,145
		2,081,680	800,002	319,253	118,674	248,278	3,567,887
FINANCIAL LIABILITIES							
Non Interest Bearing	-	783,980	1,703,108	562,650	-	-	3,049,738
Variable Interest Rate Instruments	3.15 % - 8.27 %	385,343	11,358	130,881	-	-	527,582
		1,169,323	1,714,466	693,531	-	-	3,577,320

notes to the financial statements (cont'd)

for the year ended 31 december 2015

33. Financial Instruments (cont'd)

33.9 Liquidity risk management (cont'd)

Maturities of Financial Assets and Financial Liabilities (derivatives)

The following table details the group's and company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

THE GROUP AND THE COMPANY

ITEM	1-3 months Rs 000s
2014	
Financial assets	
Gross settled	
- Foreign exchange forward contracts	147,667
Financial liabilities	
Gross settled	
- Foreign exchange forward contracts	48,455

34. 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.

THE GROUP AND THE COMPANY

	Level 1 Rs 000s	Level 2 Rs 000s	Level 3 Rs 000s	Total Rs 000s
2015				
Available for sale investments	-	4,857	4,475	9,332
2014				
Available for sale investments	-	4,866	4,475	9,341

The reconciliation of Level 3 fair value measurement is provided in note 9(b) to the financial statements.

notes to the financial statements (cont'd)

for the year ended 31 december 2015

34. Fair Value Measurements (cont'd)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except for the financial instruments classified under Level 2 detailed in the following table, 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). These financial assets and financial liabilities would have been classified as Level 3 in fair value hierarchy.

THE GROUP

	2015		2014	
	Carrying amount Rs 000s	Fair value Rs 000s	Carrying amount Rs 000s	Fair value Rs 000s
Financial liabilities				
Financial liabilities held at amortised cost				
Bank loans	190,037	178,298	225,037	207,869

THE COMPANY

	Carrying amount Rs 000s	Fair value Rs 000s	Carrying amount Rs 000s	Fair value Rs 000s
Financial liabilities				
Loans and receivables				
Loan to a subsidiary	242,102	223,507	384,944	379,349

35. Related Party Transactions

The shareholders of the company are the Government of Mauritius, State Bank of Mauritius, National Pension Fund and France Telecom.

During the year ended 31 December 2015, the group and the company entered into the following transactions with related parties.

		THE GROUP		THE COMPANY	
		2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
(i)	Sales of services				
	- Subsidiaries	-	-	1,514,310	1,426,563
	- Shareholders	417,961	382,121	383,230	323,500
	- Associate and related parties	2,648	5,340	2,440	5,340
	- Entities under common shareholding	5,325	2,973	5,325	2,973
(ii)	Purchases of services				
	- Subsidiaries	-	-	743,268	732,614
	- Associate	3,023	3,122	3,023	3,122
	- Shareholders	259,479	306,558	156,395	180,825
	- Entities under common shareholding	95,788	125,188	95,788	125,188

notes to the financial statements (cont'd)

for the year ended 31 december 2015

35. Related Party Transactions (cont'd)

		THE GROUP		THE COMPANY	
		2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
(iii)	Dividend income				
	- Subsidiaries	-	-	630,000	640,000
	- Associates and related parties	6,418	4,717	13,605	18,774
(iv)	Other income and management fees				
	- Subsidiaries	-	-	513,670	520,331
	- Associate	2,391	2,391	2,391	2,391
	- Related Party	2,674	5,254	2,674	5,254
(v)	Interest expense				
	- Subsidiaries	-	-	72,157	40,252
(vi)	Interest income				
	- Subsidiaries	-	-	23,422	34,998
	- On loan to subsidiary	-	-	24,377	15,421
(vii)	Emoluments of Key management personnel				
	- Short term benefits	79,007	51,761	76,124	49,505
(viii)	Outstanding balances receivable included in				
	Current account				
	- Subsidiaries	-	-	280,884	500,010
	- Associates	671	1,987	671	1,987
	- Related Parties	3,622	5,397	3,622	5,397
	Trade receivables				
	- Subsidiary	-	-	15,384	3,220
	- Shareholders	37,826	40,224	37,826	40,224
(ix)	Outstanding balances payable to				
	- Subsidiaries	-	-	965,192	396,701
	- Shareholders	35,338	6,492	7,701	6,492
	- Related parties	16,217	2,862	1,682	2,862
(x)	Loan to subsidiaries	-	-	242,102	384,944
(xi)	Loan from shareholder	-	29,697	-	-

36. Commitments for Expenditure

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Commitments for the acquisition of property, plant and equipment	2,720,682	646,347	2,632,855	531,080

notes to the financial statements (cont'd)

for the year ended 31 december 2015

37. 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	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Within one year	137,246	108,630	91,245	97,585
Between two and five years	451,840	287,871	260,681	171,717
After five years	910,334	507,510	420,386	439,875
	1,499,420	904,011	772,312	709,177

Payments recognised as an expense

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Minimum lease payments	153,425	133,012	109,668	101,072

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.

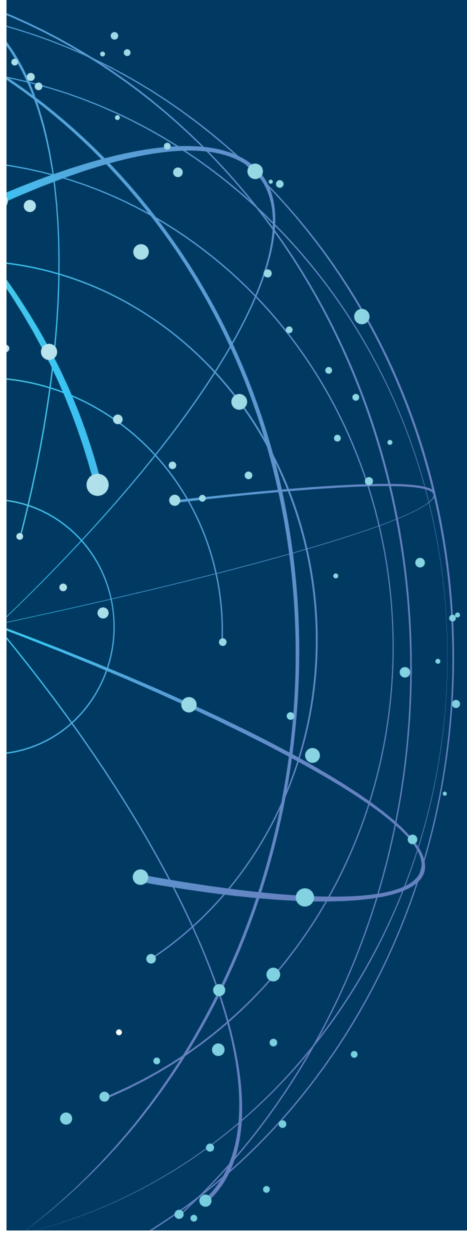
Operating lease receivables

	THE GROUP		THE COMPANY	
	2015 Rs 000s	2014 Rs 000s	2015 Rs 000s	2014 Rs 000s
Within one year	55,105	40,221	60,543	110,860
Between two and five years	110,626	175,984	110,626	181,422
After five years	82,032	105,388	82,031	105,388
	247,763	321,593	253,200	397,670

38. Contingent Liabilities

There are contingent liabilities not provided for in the financial statements in respect of guarantees amounting to Rs 000s 102,115 (2014: Rs 000s 88,925) for the group and Rs 000s 73,000 (2014: Rs 000s 86,220) for the company respectively. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

milestones 2015



1. Internet market transformed in June 2015 increasing the speed of broadband by up to 10 times without any additional charge.
2. Since May 2015, residential customers not yet connected with ADSL or fibre were given flybox – a fast wireless broadband connection.
3. MT can pride itself to have launched the most affordable high-speed fibre offer in the region, a 10 Mbps connection at a monthly tariff of only Rs 499, VAT included.
4. Since June 2015, free unlimited access to Facebook for all MT's mobile customers followed by a 30% price decrease, dropping monthly ADSL tariff for 512 kbps customers from Rs 699 to Rs 499 VAT included.
5. August 2015 - 60% decrease in MT's tariffs for BPO operators coupled with an offer of 5 times higher speed or a mix of both, according to their specific business requirements.
6. September 2015 - Mauritius Telecom set the pace for a major leap forward by being the first to bring virtual reality (VR) to Mauritius, through its partnership with EON Reality, the world leader in VR-based knowledge transfer for industry, education and edutainment.
7. Since August and September 2015, My.T subscribers could access all 90 channels without any additional charge.
8. In October, the My.T Intense & Integral bouquets were launched with an array of new channels such as TF1, NT1, Ushuaia TV and Liverpool FC TV, which enriched and enhanced the attractiveness of the contents of My.T bouquets.
9. The company is at its fourth ISO Certification. Mauritius Telecom also completed the main steps towards Customer Operations Performance Centre (COPC) certification and is aiming for certification in early 2016.
10. In the Second semester of 2015, a full-fledged restructuring of the MT organisation was undertaken. The top management team was reshaped with a new and invigorated Group Executive Committee (GEC) replacing the Strategic Executive Committee.
11. The MTF was awarded 1st prize for its valuable contribution in the protection of the environment in the private sector category, by the Ministry of Environment, Sustainable Development, Disaster and Beach Management at the 2015 World Environment Day Expo.
12. CSL Madagascar, a 100-seats contact centre in Antananarivo, started its operations with its very first client Orange Madagascar with 30 positions for the outbound activities, on 13th February 2015.
13. CSL started the project for 'Externalisation partielle des activités de service clients' (inbound) for Orange Caraibe in August 2015 with 16 seating capacity.

milestones 2015

14. CSL's offer was retained and the company was officially proclaimed to be the new call centre partner of Antenne Reunion in November 2015.

15. Mauritius Telecom decreased the tariff of international bandwidth by at least 20%. At the same time, tariffs for broadband packages were reduced to democratise access to the Internet.

16. MT accelerated its fibre-to-the-home (FTTH) deployment plan in order to connect the whole-island by 2017. Some fifty (50) LTE mobile base stations were deployed.

17. MT is also working in close collaboration with the Ministry of Technology, Communication & Innovation to deploy 350 free and more accessible Wi-Fi hotspots for broadband internet connectivity through Wi-Fi in public places and in educational institutions.

18. To enhance connectivity to Rodrigues, the Government increased the total bandwidth capacity from 118Mbps to 163Mbps, allowing Rodrigues inhabitants to benefit from a higher broadband speed.

19. My.T subscribers attaining 120,000 in December 2015.

20. To cater for the growing requirements of the market, 14 new channels were launched in the third quarter of 2015. These included channels such as TF1, NT1, TMC, Action, Ushuaia TV, Liverpool TV and My Zen TV, bridging the gap of premium contents in existing bouquets with TV series, movies, sports, documentary and wellness programmes.

21. Directory information available on mobile through OrangeCare from Play Store.

22. MT has kicked off the project to build a Tier 4 level Data Centre, which will be among one of the very few in the southern hemisphere.

23. July 2015-Acquisition of an additional 10% stake in Telecom Vanuatu Limited ("TVL"). Mauritius Telecom International Ventures (MTIV) now holds 100% stake in TVL.

24. Introduction of e-ticketing by Orange Money allowing customers to buy their concert tickets via their mobile and accessing the concert hall merely by presenting a QR code at the box office.

25. Mauritius Telecom/Orange partnership with Banque des Mascareignes (BM) to offer the whole range of Orange Money services to their customers.

26. Mauritius Telecom together with EON Reality Inc. (world leader in Virtual Reality based knowledge transfer for industry, education, and edutainment) and State Informatics Limited (SIL) inaugurated EON Mauritius Interactive Digital Center (IDC) in Ebene. EON Mauritius will bring Augmented and Virtual Reality based knowledge transfer to mobile subscribers in Mauritius and across Africa.

glossary of terms

glossary

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

4G (LTE)
The fourth generation of wireless network technology featuring greater bandwidth and faster speeds than previous networks

ACS
Automatic Configuration Server

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

AMS
Access Management System

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

AUGMENTATED REALITY (AR)
Is a live direct or indirect view of a physical, real-world environment whose elements are augmented (or supplemented) by computer-generated sensory input such as sound, video, graphics or GPS data

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

BAS
Broadband Access Servers

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

CAS
Conditional Access System

CDN
Content Delivery Network

DAS
Distributed Antenna System

DLM
Dynamic Line Management consists of line diagnosis and dynamic line management functions installed by MT to proactively monitor and remotely manage customer broadband lines

DSL (DIGITAL SUBSCRIBER LINE)
A technology for bringing high-bandwidth information to homes and small businesses over ordinary copper telephone

EASSy (EASTERN AFRICA SUBMARINE CABLE SYSTEM)
It is an undersea fibre optic cable that will link the countries of East Africa and Madagascar between themselves and to the rest of the world

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortization

EIG
Europe-India Gateway (submarine cable system)

EPG
Electronic Program Guide

FTTB (FIBRE TO THE BUSINESS)
Includes fibre-optic access solutions designed for business deployments

FTTH (FIBRE TO THE HOME)
Includes fibre-optic access solutions designed for residential deployments

GMPLS
Global Multi-Protocol Label-Switching is a protocol suite that extends the basic features of MPLS to TDM circuits and wavelength technologies

GPON
Gigabit Passive Optical Network refers to a point-to-multipoint, fibre to the premises network architecture which supports Gigabit traffic and in which optical splitters are used to enable a single optical fibre to serve multiple premises

GSM (GLOBAL STANDARD FOR MOBILE COMMUNICATIONS)
A digital mobile telephone communications, which uses a variation of time division multiple access. It operates at either the 900 MHz or 1800 MHz frequency band

Home Passed
Fibre deployed to the nearest Distribution Point for Residential connection

HSPA
High Speed Packet Access refers to a set of technologies which supports increased peak data rates of up to 14 Mbit/s in the downlink and 5.76 Mbit/s in the uplink enabling mobile operators to upgrade their data network

glossary of terms (cont'd)

glossary (cont'd)

IMEI
International Mobile Equipment Identity

IP (INTERNET PROTOCOL)
The method by which data is sent between computers on the Internet

IPLC (INTERNATIONAL PRIVATE LEASED CIRCUIT)
Circuits leased from international facilities operators, which cross one or more international boundaries

IPTV
Internet Protocol Television

IP PBX
Internet Protocol Private Branch Exchange

ISP
Internet Service Provider

LION
Lower Indian Ocean Network (submarine cable system connecting Indian Ocean islands)

MPLS
Multi-Protocol Label Switching is a highly scalable, protocol agnostic, data carrying mechanism primarily designed for IP network

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

NetPC
The Net PC (also referred to as the Network PC) is a low-cost personal computer designed as a thin client with centrally managed (cloud) network applications

NGN (NEXT GENERATION NETWORK)
Enables multiple services such as voice, video and data to be integrated and efficiently carried over the network and in which service-related functions are independent from underlying transport related technologies

P2P
Peer to Peer

SAFE
South Africa Far East submarine cable System

SBC
Session Border Controllers

SDH
Synchronous Digital Hierarchy are standardised multiplexing protocols that transfer multiple digital bit streams over optical fibre

SDM
Subscriber Data Management

SHDSL
Single Line High-bit-rate Digital Subscriber Line allows symmetrical data rates in both the upstream and downstream directions over a traditional copper pair

SIP
Session Initiation Protocol

STB
Set-top-box

TEAMS
The East African Marine System

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

VDSL
Very High Speed Digital Subscriber line allows 'fibre-like' applications on traditional copper pair

VIRTUAL REALITY (VR)
Also known as immersive multimedia or computer-simulated reality, it is a computer technology that replicates an environment, real or imagined, and simulates a user's physical presence and environment to allow for user interaction. Virtual realities artificially create sensory experience, which can include sight, touch, hearing, and smell

VoD (VIDEO ON DEMAND)
The ability to stream a movie or other video programme to an individual Web browser or TV Set-Top Box (STB) upon user request

VOIP (VOICE OVER INTERNET PROTOCOL)
The generic name for the transport of voice traffic using Internet Protocol (IP) technology

VAS
Value Added Services

WACS
West Africa Cable System

MOBILE SERVICES

4G - Mobile Internet - Prepay Abundance - Postpay Abundance - Orange Bonis - Orange Money
Roaming Services - Deezer - Orange Funtones - SMS Info - Smartphones & Tablets

HOME SERVICES

Fibre To The Home (FTTH) - My.T Internet - My.T 100 Mbps - My.T TV Channels
My.T Video on Demand (VoD) - Flybox - My.T Multi-Screen - Fixed Telephones - WiFi Extenders

BUSINESS SOLUTIONS

Local & International Connectivity: Fibre based broadband with medium diversity backup solutions
Dedicated bandwidth for inter-networking of sites

Mobility: 4G - Smart Packages with Fleet Management - Mobile Internet - Smartphones & Tablets - Machine-to-Machine

Datacentre Solutions: Tier 4 Datacentre with Premium Hosting - Cloud Solutions Provider (SAAS, PAAS, IAAS)

Security & Defense Solutions: Traffic Watch & Video Surveillance

Unified Collaboration: IP Telephony - Video Conferencing - Smart Solutions

Managed Services: 24X7 Remote Monitoring & Management - Automatic Backup