POWERED BY INNOVATION.

mauritius telecom

ANNUAL REPORT 2019

ENRICHING CONNECTIVITY ENRICHING LIVES

Mauritius Telecom (MT) has been at the forefront of innovation in the field of ICT, breaking new ground and opening up new opportunities for the Mauritian population.

MISSION

Enriching Connectivity, Enriching Lives

SERVICE VISION

To always do our best for our customers

CORE VALUES

Passion

Professionalism

Creativity & Innovation

Agility & Speed

Respect & Responsibility

MOTTO

be your best

ANNUAL REPORT CONTENTS

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Revenue

The Group revenue has been stable at Rs 10.5 bn compared to 2018.

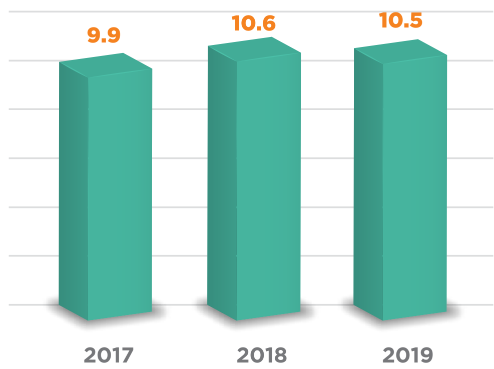
Gross Profit

Gross Profit is at Rs 7.8 bn and experienced a growth of +4.7%.

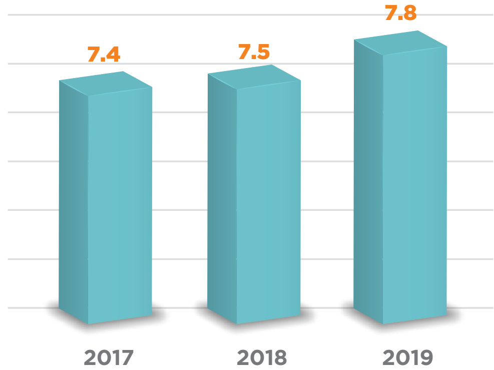
Net Profit

The Group reported a net profit of Rs 643 m. The result was affected by an exceptional voluntary retirement scheme.

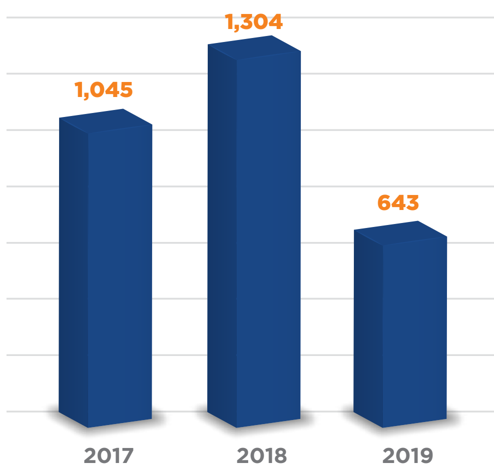
Revenue
in billion Rs



Gross Profit
in billion Rs



Net Profit
in million Rs



KEY FINANCIAL FIGURES

	THE GROUP	
	2019	2018
	Rs Million	Rs Million
Income Statement		
Revenue	10,495	10,567
Gross Profit	7,835	7,483
Net Profit	643	1,304
Earnings per share (Rs)	3.38	6.86

	2019	2018
	Rs Million	Rs Million
Balance Sheet		
Total Assets	23,074	22,291
Total Liabilities	13,803	13,081
Total Equity	9,271	9,210
Capital Expenditure	2,521	5,784

CERTIFICATE BY COMPANY SECRETARY

CERTIFICATE BY SECRETARY REQUIRED UNDER THE COMPANIES ACT 2001

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 as at 31 December 2019.

P.C. Colimalay

COMPANY SECRETARY

20 July 2020

CORPORATE PROFILE

ABOUT US

Mauritius Telecom Ltd (Mauritius Telecom or MT) is the leading provider of ICT services and solutions in Mauritius. It offers an extensive range of services to both residential customers and businesses, including fixed, mobile, internet, TV, mobile money, ICT and digital services.

The Company was incorporated in 1988 as Mauritius Telecommunication Services and in 1992, after merging with Overseas Telecommunications Services (previously Cable & Wireless), it was renamed Mauritius Telecom. In 2000, Mauritius Telecom entered into a strategic partnership with France Telecom (now Orange S.A.), which acquired 40% of its shares in the context of the impending liberalisation of the country's telecommunications sector.

Mauritius Telecom has played a pivotal role in the socio-economic development of Mauritius, by setting up a telecommunication infrastructure connecting Mauritius to the world through sustained investment in international bandwidth and capacity, and the launch of innovative services to meet customers' evolving needs. By the end of 2017, the Company had completed island-wide fibre deployment, thereby enabling Mauritian citizens and businesses to benefit from ultra-high-speed broadband internet.

Through its many initiatives, Mauritius Telecom has paved the way for the growth of the ICT industry, which has become a major pillar of the Mauritian economy.

Innovation is at the core of its strategy. 2019 was a turning point for Mauritius Telecom with the launch of my.t money, a service that is revolutionising the payments industry.

Leading fixed, mobile, TV and broadband network in Mauritius

CORPORATE PROFILE (CONT'D)

392,000 Fixed-line customers

255,000 Households and businesses connected to high-speed broadband

404,000 Number of fibre-ready homes

178,000 IPTV customers

969,000 Mobile customers

99.2%
Percentage of 4G coverage

- Number of 4G sites 501
- Number of 3G sites 523

CORPORATE PROFILE (CONT'D)

MAURITIUS TELECOM'S SHAREHOLDERS

HOLDING STRUCTURE (%)

Rimcom Ltd*	40
Government of Mauritius	33.49
SBM Holdings Ltd	19
National Pensions Fund	6.55
Employees of Mauritius Telecom	0.96

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

-0.96% of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share participation scheme.

8

SUBSIDIARIES

- Cellplus Mobile Communications Ltd
- Telecom Plus Ltd
- Teleforce Ltd
- Call Services Ltd
- MT Properties Ltd
- Mauritius Telecom Foundation
- MT International Ventures PCC
- MT Services Ltd

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COMMERCIAL POINTS

OF PRESENCE IN STRATEGIC LOCATIONS

CORPORATE PROFILE (CONT'D)

MAURITIUS TELECOM'S NETWORK

Mauritius Telecom continually invests in its network infrastructure to enhance coverage, increase reliability and resiliency, and improve broadband speeds.

100% ISLAND-WIDE FIBRE COVERAGE

- Minimum home broadband speed of **10 Mbps**
- Availability of ultra-fast home broadband **(100 Mbps)**

CONTENT HOSTING

Content providers such as **Google, Facebook, Netflix, Akamai and Cloudflare** host their caching servers on MT's network.

TIER IV DATA CENTRE HOUSING OF UP TO 400 RACKS IN A STATE-OF-THE-ART FACILITY

The Data Centre has been certified:

- Tier IV Certification of Constructed Facility awarded by Uptime Institute.
- ISO 27001-2013

WIDESPREAD MOBILE COVERAGE

Constant modernisation and expansion of its mobile network to provide **island-wide 4G LTE coverage**.

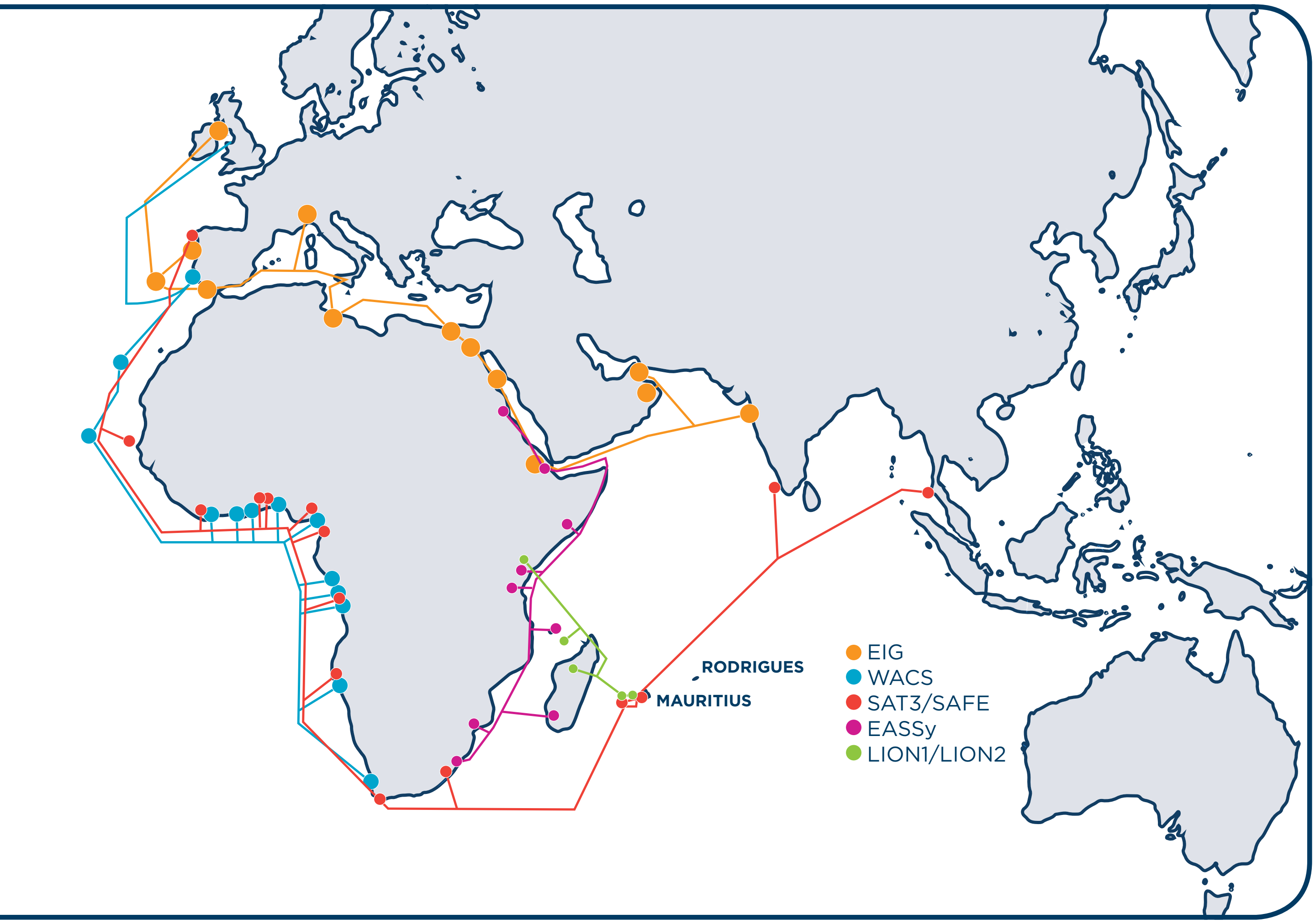
INTERNATIONAL CONNECTIVITY

Mauritius Telecom's international network operates mainly via optical submarine cables. For international connectivity, Mauritius Telecom has three independent routes which serve for redundancy in case of cable breakdown:

- **West route**
  SAFE/SAT3 and WACS through South Africa to Europe
- **North route**
  LION/LION2/EASSy-EIG to Europe
- **East route**
  SAFE to India and Malaysia

CORPORATE PROFILE (CONT'D)

CABLE SYSTEMS & INTERNATIONAL CAPACITY



MARS

Mauritius Telecom completed the deployment of the Mauritius and Rodrigues Submarine Cable Project (MARS) in February 2019, thus connecting Rodrigues to mainland Mauritius and consequently to the rest of the world. This has opened up new avenues for Rodrigues socio-economic development.

CORPORATE PROFILE (CONT'D)

THE MAURITIUS TELECOM BRAND

Mauritius Telecom stands out as a total solutions provider in fixed and mobile telephony, internet, TV and money services.

Since 2017, all the products and services of Mauritius Telecom have been commercialised under a single brand, my.t, which has become one of the most preferred local brands.

CREATING VALUE FOR CUSTOMERS

Mauritius Telecom has spared no efforts during the last five years to bring positive changes to the everyday lives of Mauritians and, through a series of innovations, it has paved the way for the digital transformation of the country, supporting the ambition of transiting to a high-income economy. Mauritius Telecom can pride itself on having been one of the first companies in Africa to roll out fibre as well as a 4G network all over the island.

In 2019, Mauritius Telecom positively disrupted the payments industry of our country by launching the first of its kind mobile financial wallet, my.t money.

Through my.t money, Mauritius Telecom is supporting the digital transformation of the country and its transition towards a cashless society. The mobile financial wallet has imparted a new momentum to the local payments industry by offering a range of new possibilities and transactions including bill sharing, pay master and easy transfer.

The customer base for the service is growing rapidly, driven by high mobile penetration and ease of use.

87% of MT's mobile internet subscribers use its 4G network.

Fibre connectivity: **100% of households** are fibre ready, and can now be connected to fibre and able to enjoy speeds of **20 Mbps and above**.

The **10 Mbps fibre broadband** offer at Rs 499 per month provides Mauritians with an affordable entry price point.

There are more than **200,000 subscribers to my.t money services**.

ENRICHED AND VARIED CONTENT FOR IPTV CUSTOMERS

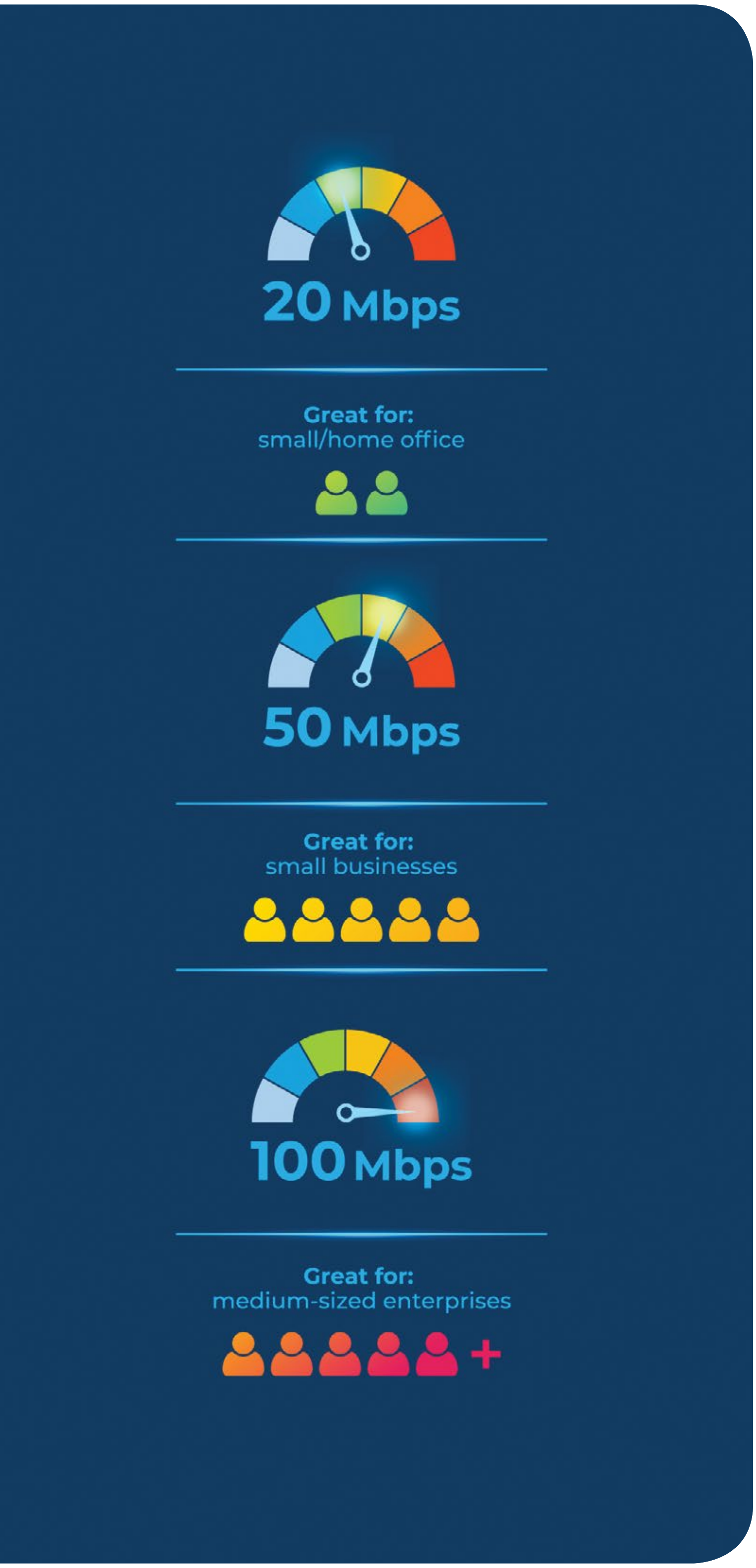
UNPARALLELED TV EXPERIENCE

Mauritius Telecom has also launched an innovative, Google-certified, Android TV 4K set-top box, branded the 4K Smart Box, allowing customers to have an unparalleled TV experience.

The 4K Smart Box provides access to my.t TV channels and several apps (e.g. YouTube, Traffic Watch, Deezer, OCS and those available from Google Play Store). It integrates other innovative features such as Google Assistant, MultiView, Casting and Multiple Profile, and users can now also watch my.t TV channels on the go with the my.t TV app.

Mauritius Telecom continuously enriches the diversity of its TV channels by negotiating mutually beneficial partnerships with leading content providers, enabling subscribers to enjoy a wide range of films, serials, shows and sporting events including the English Premier League and other football competitions in HD and even 4K. Its current portfolio consists of more than 110 TV channels.

CORPORATE PROFILE (CONT'D)



SECURING INCLUSIVE INNOVATION

To ensure that innovation is inclusive, the Government of Mauritius announced in its 2019-2020 Budget that families on the Social Register of Mauritius would be given free access to broadband internet. The measure was funded jointly by the Government of Mauritius and Mauritius Telecom to enable the whole nation to move together towards the achievement of Digital Mauritius.

Since the launch in August 2019, more than 5,000 of some 8,000 potential beneficiaries have called in person in Telecom shops all over the island to apply for the free internet service. Mauritius Telecom has connected these families with 10 Mbps high-speed fibre broadband, with a monthly volume allowance of 15 GB.

GIVING AN EDGE TO ICT/BPO CUSTOMERS

Mauritius Telecom acts proactively in anticipating the needs of local ICT/BPO operators, offering them tailor-made solutions that support their growth strategies. Since 2015, international bandwidth has significantly increased while tariffs have been reviewed downwards by an average of 60% to equip ICT/BPO operators with a global cutting-edge advantage. Recently, an AT Kearney BPO ranked Mauritius as a prominent international BPO destination.

BUSINESS BOOST OFFERS FOR START-UPS AND SMALL AND MEDIUM-SIZED BUSINESSES

Mauritius Telecom caters for the whole range of SMEs from start-ups to well-established medium-sized companies. To open new market opportunities for them, Mauritius Telecom has introduced highly affordable fibre offers of 20, 50 and 100 Mbps for them, starting from only Rs 1,250 per month.

To be close to its customers, Mauritius Telecom operates a network of 22 Telecom Shops throughout Mauritius and Rodrigues, with experienced, customer-orientated teams.

CORPORATE PROFILE (CONT'D)

OUR INTERNATIONAL RECOGNITIONS AND AWARDS

8TH MOST FIBERED COUNTRY IN THE WORLD (IDATE REPORT FEBRUARY 2018 - FTTH COUNCIL EUROPE)

2016

- Africa Operator of the Year 2016 Award by FTTH Council Africa
- Avaya Africa Partner of the Year 2016 Award at Avaya Engage held in Dubai
- Best App for Africa 2016 title conferred by AfricaCom for the Traffic Watch App

2017

- Africa Operator of the Year 2017 Award by FTTX Council
- Industry Personality of the Year 2017 Award to Mr Sherry Singh, CEO of Mauritius Telecom
- Best Network Improvement in Africa 2017 Award from AfricaCom

2018

- Ai ICT/Telecoms Deal of the Year 2018 Award from Africa Investor
- 2018 Company Award from the FTTX Council Africa
- Leadership Award 2018 from the FTTX Council Africa to Mr Sherry Singh, CEO of Mauritius Telecom
- Cisco Partner Plus 2018 Champion's Club Winner for Africa
- Avaya Cloud Partner of the Year - MEA & Turkey

CORPORATE PROFILE (CONT'D)

MAURITIUS TELECOM'S PEOPLE

MAURITIUS TELECOM GROUP FOCUSES ON ITS PEOPLE'S DEVELOPMENT

MT's talented employees continuously come up with new and creative ways to advance the Company with forward-thinking and imaginative ideas. Its success depends on its continuing ability to identify, hire, develop, motivate and retain highly-skilled people.

As a family, the Mauritius Telecom Group focuses on its people's development, retention and engagement. Mauritius Telecom also offers scope to move upwards over time, while promoting diversity and ensuring a safe and healthy working environment:

The MT family is also regularly informed of the Company's highs and lows, challenges and successes. The Company encourages work-life balance and offers an individual response to its staff.

CSR

Mauritius Telecom is fully committed to upholding its corporate social responsibility (CSR). Through the Mauritius Telecom Foundation (MTF), which is responsible for managing the Group's CSR programme, it works with several NGOs in Mauritius, Rodrigues and Agalega to support community projects in the fields of ICT, education, medical disabilities, sport and the environment.

mauritius telecom FOUNDATION

Rs 175 million injected into CSR projects between 2015 and 2019 in the Republic of Mauritius

Since 2017, the MTF has been supporting national projects which reach out to the community, are sustainable in the long run and enhance people's lives:

2017

- **350 free Wi-Fi hotspots in public locations** such as community, social welfare, women's and youth centres, village halls and post offices

2018

- **Setting up of MUGA Phoenix**

2019

- **Setting up of MUGA Tyack and MUGA Triolet**
- **Mauritius & Agalega**

  Donation of wheelchairs and school materials such as copybooks and school bags.
- **Rodrigues**

  Support to 12 NGOs


my.t money
REVOLUTIONARY
MOBILE WALLET.
my.t money
SCAN
TO PAY

BOARD OF DIRECTORS

NAYEN KOOMAR BALLAH GOSK

Chairman

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

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

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

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

RAMESH BHEEKHOO

Ramesh Bheekhoo holds an MSc in Public Sector Management. He started as a secondary school teacher in 1982 and joined the public service in 1983 as Clerical Officer. He climbed the hierarchical ladder, becoming Executive Officer in 1989, Establishment Officer in 1991 and Personnel Officer in 1998. He then joined the Administrative Cadre in 2001 as Assistant Permanent Secretary and is currently the Deputy Permanent Secretary at the Ministry of Information Technology, Communication and Innovation. He has served in various ministries, acquiring wide experience in the Government machinery and the formulation and implementation of public policies, as well as strategies in the ICT sector.

Note:

Mr R. Bheekhoo was appointed Director on 16 September 2019

BOARD OF DIRECTORS (CONT'D)

KOOSIRAM CONHYE

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

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

He was assigned the duties of Permanent Secretary at the Ministry of Technology, Communication and Innovation in March 2016 and subsequently, appointed in a substantive capacity in January 2017. He was also assigned the duties of Secretary to the Public Service Commission and Disciplined Forces Service Commission from September 2016 to April 2018. He served the Commission of Inquiry on Drug Trafficking as Secretary from July 2015 to July 2018.

He is presently the Permanent Secretary at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping.

He is a Director of the Board of Multi Carrier Mauritius Ltd and Cargo Handling Corporation limited (CHCL). He is also the chairperson of the Seafarers' Welfare Fund (SWF) and the Mauritius Shipping Corporation Ltd (MSCL).

DHEERENDRA KUMAR DABEE GOSK SC

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

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

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

Besides his nearly 38 years' experience as a lawyer and legal adviser to, and Counsel for, Government departments and a number of other public bodies, he has held and still holds various other positions including directorships in the regulatory, financial and commercial sectors, as well as being a former member of the Arbitral Tribunal of the Commonwealth Secretariat.

He is the Chairperson of the Mauritius Cane Industry Authority's Control and Arbitration Committee and a division of the Medical Tribunal. He also represents the Attorney General's Office on the Board of the Independent Broadcasting Authority and has been Chairman of the Financial Intelligence Unit since November 2016.

He was conferred the award of Grand Officer of the Star and Key of the Indian Ocean (GOSK) by the President of the Republic of Mauritius.

BOARD OF DIRECTORS (CONT'D)

CHRISTIAN DE FARIA

Christian de Faria is a Chartered Accountant and holds a Bachelor's Degree in Finance and Administration from the University of Toulouse in France. He has over 30 years of industry experience across multiple geographies, diverse sectors and organisations, such as MTN, Telekom Malaysia, Disc Vision, Deutsche Telecom and Grundig. Before becoming Chairman of Bharti Airtel International (Netherlands) BV in January 2017, Christian was the Executive Chairman, Airtel Africa, from April to December 2016. In this role, he was responsible for all matters relating to Legal, Regulatory, Government Relations, Corporate Communications, CSR and Shareholders, as well as M&A. In his new role, while giving up day-to-day P&L responsibility, Christian still continues to support the vision of Airtel Africa.

He originally joined Airtel Africa in September 2013 as the MD & CEO - Africa Operations. His key focus was on increasing revenue market share, enhancing network and IT capabilities, ramping up 3G data and Airtel Money as future growth engines, strengthening customer experience by institutionalising best-in-class processes to build execution excellence, and strengthening the Airtel brand in Africa.

Before joining Airtel, Christian was associated for the previous seven years with MTN where he held senior leadership positions including Executive Vice-President, responsible for operations in the West and Central Africa Region, and later as the Senior Vice-President - Commercial and Innovation, responsible for transformation of the Group Supply Chain function. In his final position at MTN, he was the Group Commercial Officer for two years until January 2013.

OLIVIER FROISSART

Olivier Froissart is a graduate of HEC School of Management in Paris and started his career with Orange in 1982.

After holding various responsibilities in the International Department and in Orange's Financing and Controlling Departments, which notably included participating in several IPOs (France Telecom, Wanadoo and Orange) as manager of Orange's ECM Operations Department, Olivier Froissart joined the M&A Department of Orange, where he led negotiations for the Orange group in the context of many M&A projects.

He is currently Senior VP in charge of International Operations in the Group Finance Department. He holds or has held positions on the boards of several companies involved in the telecoms sector, such as Orange Maroc, Orange Tunisia, Iraq Telecommunications, Telkom Kenya, Eutelsat and several of the Orange Group's venture capital subsidiaries.

BOARD OF DIRECTORS (CONT'D)

ALBAN LO GATTO

Alternate to Bruno Mettling

Alban Lo Gatto holds a Master's Degree in Private Law and a Master's Degree in International Business Law. He served as legal adviser in several companies in the IT and retail industries before joining France Telecom/Orange in 2007 as Deputy Legal Adviser, Mergers and Acquisitions. He has been the Legal Director and Company Secretary of Orange Middle East and Africa SA since June 2015.

DHARAM DEV MANRAJ GOSK

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

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

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

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

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

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

BOARD OF DIRECTORS (CONT'D)

ELISABETH MEDOU BADANG

Medou Badang has a post-graduate degree in Finance and certificates in Executive Business programmes from EM Lyon Business School, Cranfield University and ESCP. She is SVP and spokesperson at Orange Middle East and Africa, overseeing three countries and representing the company in conferences with the media and in top executive panel discussions.

For four years prior to this, she was CEO of Orange Cameroon. During her tenure there, she defined and successfully implemented a turnaround strategy. She impelled the revolution of mobile money in the country and sustained a strong leadership position in this activity in Cameroun and the Central Africa region. She developed internet penetration via mobile broadband access, covering more than 60% of the potential market with 3G and 4G in less than two years. She had previously led Orange Botswana for four years, becoming the first African woman to lead an Orange affiliate. She is passionate about the potential for ICT development in Africa, digital inclusion in general and its ability to transform people's lives.

Medou Badang has received several recognitions such as the African Telecommunication Manager of the Year Award in 2014, Best Mobile Operator Southern Africa with Orange Botswana 2012, Best Mobile Money Operator Southern Africa in 2013 and Best Mobile Operator in Cameroun 2017. She was listed among the 50 most influential women in African business in 2018, and was the first woman to be named Innovator of the Year at Africacom 2019.

Note:

Mrs Medou Badang was appointed Director on 12 February 2020

BRUNO METTLING

Chairman of Orange Middle East and Africa

Bruno Mettling is a graduate of the Institut d'Études Politiques and of the Aix-en-Provence law school.

He began his career in the Budget Department of the French Ministry of Finance and, in 1988, became responsible for Finance at the Ministry of Labour. From 1988 to 1990, he was Deputy Director of the Minister's office for Infrastructure, Housing, Transport and the Sea. In 1991, he became Inspector of Finance and joined the Ministry of Economy and Finance.

Bruno Mettling was then appointed Deputy Chief Financial Officer for La Poste. In October 1999, he joined Caisses d'Epargne where he launched a reform of the Human Resources function, before taking charge of commercial development and then of strategic planning. In 2004, he joined the Banque Populaire Group, of which he became Deputy CEO.

In April 2010, in the context of a social crisis, he was asked to join France Telecom as Executive Director in charge of Group Human Resources and Internal Communication. He was then appointed Deputy CEO in November 2011.

Bruno Mettling is the author of a report on digital technology impacts on work, which was delivered in October 2015 to the Ministry of Labour.

In March 2016, he was appointed CEO of Orange's Middle East Africa (OMEA) holding, which includes all Orange operations in that geographical area. In May 2018, he became Chairman of Orange Middle East and Africa. In November 2018, he created Topics, an innovative consulting outlet in strategy for organic transformation.

He is a Knight of the French Legion of Honour and an Officer of the French Order of Merit, as well as an Officer of the Ivory Coast Legion of Honour. He is also a member of the Board of Directors of Air France, Vice-President of AMREF (Flying Doctors), President of the Board for CEOs of France-West Africa of International Medef and Member of the CIAN Board of Directors.

BOARD OF DIRECTORS (CONT'D)

LUDOVIC PECH

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

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

Note:

Mr Pech resigned as Director on 12 February 2020

NAVINDRANATH POONYE

Navindranath Poonye joined the Public Service in October 1980 as a Clerical Officer and, by 1996, had risen to the rank of Personnel Officer. He then joined the Administrative Cadre in November 1997 as Assistant Secretary and was subsequently promoted as Deputy Permanent Secretary in 2012, by which time he had completed 38 years' service in the public sector in various grades.

He also served the Rodrigues Regional Assembly after being assigned the duties of Departmental Head in 2010 and had the opportunity to work for various Commissions there, including the Chief Commissioner's Office and the Commission for Water Resources, until 2012.

As a part-time lecturer at the University of Technology in 2009/10, he taught modules related to Management. Furthermore, he has been a facilitator for the implementation of the Performance Management System by coaching public officers of various ministries and departments.

Note:

Mr Poonye resigned as Director on 16 September 2019

Note:

Messrs Ballah, Bheekhoo, Conhye, Dabee and Manraj are citizens of Mauritius.
Messrs De Faria, Froissart, Lo Gatto, Mettling and Mrs Medou Badang are citizens of France.

COMPANY SECRETARY

CONRAD COLIMALAY

Company Secretary

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


my.t 4K
SMART BOX
TV LIKE NEVER
BEFORE.
Home
Recommended
Recommended
Originals
Technology
Entertainment
Food
Latest

CHAIRMAN'S STATEMENT

"Mauritius Telecom Group revenue has remained stable at Rs 10.5 bn with the gross profit increasing by 4.7% during the year."

On behalf of the Board of Directors, I am pleased to present Mauritius Telecom's Annual Report for 2019.

The telecommunications sector continued to present many challenges with a market in many ways already saturated. It is fortunate that, five years ago, we embarked on a detailed programme of structural and organisational transformation. It has enabled us to keep apace and ahead of the technological developments that are taking place throughout the world.

In particular, we have whole-heartedly embraced innovation as a key driver of our activities so that it has become embedded in our Group's DNA, thanks to the dynamism of our CEO and the whole Mauritius Telecom family.

Financial performance

In the midst of a challenging and shifting market environment, I am satisfied to record that Mauritius Telecom was able to maintain a solid financial performance in 2019, on which our CEO elaborates in his report.

Mauritius Telecom Group revenue has remained stable at Rs 10.5 bn with the gross profit increasing by 4.7% during the year. Nonetheless our net profit fell as a result of an exceptional item in respect of the Voluntary Retirement Scheme. The scheme enabled us to proceed with targeted recruitment as we explored new business and revenue streams, while remaining committed to our customers, employees and our social responsibility.

NAYEN KOOMAR BALLAH GOSK
Chairman

CHAIRMAN'S STATEMENT (CONT'D)

Diversification

The Mauritius Telecom Group was able to consolidate its leadership position in the ICT sector, not least by taking the rewarding and successful strategic initiative of diversifying into the payments industry and pioneering a new, digital mode of payment, my.t money.

Corporate governance

We believe, however, that innovation on its own is not enough. A company can only enjoy long-term success when it is supported by good corporate governance and the application of best practices. The Board and Management of Mauritius Telecom are therefore committed to upholding the highest standards of corporate governance throughout the Group.

For the period under review, Mauritius Telecom was compliant in all material aspects with the principles of the New Code of Corporate Governance.

Social responsibility

At Mauritius Telecom, we are fully conscious of our responsibility towards the citizens of the Republic of Mauritius, including Rodrigues and Agalega. Indeed, we firmly believe that strong and successful companies can only continue to flourish when they demonstrate a sense of responsibility towards society at large.

Thus we are strongly committed to societal goals that will promote sustainable advancement and well-being throughout the country. Between 2015 and 2019 the Mauritius Telecom Foundation, our vehicle for our corporate social responsibility work, has contributed Rs 175 million to projects, mainly in the sectors of ICT, education, health disabilities, sport and the environment.

The success of our multi-use games areas (MUGA) was particularly gratifying and an effective way of promoting a healthy lifestyle through physical activity and education for all segments of the population. After the first centre in Phoenix in 2018, two more were added in 2019 in Tyack and Triolet. Construction was also started on three other MUGA in Quatre Bornes, Goodlands and Curepipe.

Our employees

Our concern for people's well-being naturally extends to our own staff, who are the foundation on which the success of our company is built. It is why we aim to create a working environment that is second-to-none, as the HR section of this report illustrates. Meanwhile, we are conscious that our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled people throughout the MT Group.

Customer satisfaction

I am glad to report that feedback showed that our concerted efforts to enhance our standards of service have met with considerable success. Our measures not only concerned our own staff but also our contractors and our retailers, all of whom play an important part in our operations. I would highlight Mauritius Telecom's substantial increase in the global index used to measure customer experience between 2016 and 2019. This is remarkable and well above the industry benchmark for telecommunication service providers.

Outlook

At the time of writing, our country – and indeed the world – is in a state of crisis due to the outbreak of the Covid-19 virus. 2020 is not going to be an easy year for any of us. I am convinced, however, that the measures Mauritius Telecom has taken since 2015, and the innovations it has introduced, mean that the Group rests on strong foundations, which will stand us in good stead in the years ahead.

Conclusion

I take much pleasure in thanking my fellow Board members for their constant support.

I would also like to thank and congratulate our CEO, and more generally his management team, for the bold steps they have taken in driving innovation within the Group and in their forward-looking approach.

My thanks also go to our employees. They have been encouraged to "be your best" and they have shown this in the commitment and support they have given to the Group.

NAYEN KOOMAR BALLAH GOSK

Chairman

July 2020

CHIEF EXECUTIVE OFFICER'S REVIEW

"In this digital era, we shall also strive to expand our businesses, pursue opportunities for growth and follow a policy of intelligent diversification."

I am honoured to present Mauritius Telecom's Annual Report for 2019. Despite the challenges of a largely saturated local market, aggressive competition and increasing pressures on costs, we have demonstrated our resilience and maintained a sound financial performance.

Mauritius Telecom Group's operating revenues amounted to Rs 10.5 billion and we recorded a gross profit of Rs 7.8 billion, an increase of 4.7% as compared to the previous year. Our net profit of Rs 643 million was impacted by an exceptional Voluntary Retirement Scheme. Else, our net result remained stable at Rs 1.2 billion as compared to previous years.

We have successfully implemented bold strategies and in the year under review, we focused not only on strengthening our current leadership position in our core businesses but very importantly, we laid the foundations towards becoming a major player in the payments industry.

DRIVEN BY INNOVATION

Innovation is at the heart of our strategies. Since 2015, our actions have been geared towards creating value for our customers and, indeed, to the nation as a whole.

MANVENDRA (SHERRY) SINGH
Chief Executive Officer

MAURITIUS TELECOM LTD ANNUAL REPORT 2019

CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

my.t money

Mauritius Telecom disrupted the digital payment landscape with the launch of my.t money in August 2019, taking the company to new heights.

This initiative is in line with the strategic objectives to diversify and tap into new revenue streams to sustain growth and efficiency.

The service was kicked off with more than 200,000 registered customers, more than 1,000 merchants and over 200 loyalty outlets. MT, as a new player, has acquired a fast adoption rate in digital payment services, hence demonstrating the gain in trust with partners and other stakeholders.

my.t money stands out as a revolutionary mobile wallet that supports the transition of Mauritius to a cashless economy, offering greater convenience to customers in an increasingly digital era.

my.t 4K Smart Box

The introduction of the my.t 4K Smart Box in March 2019 has profoundly changed the way people watch TV. The new box based on Android, is packed with innovations like the world of apps from Google Play Store, live channel access on smartphone or tablet, remote control voice command search via Google Assistant. Among 100+ live TV channels to choose from, including English Premier League live matches in 4K definition, premium movies and series, the best of kids and Bollywood channels, the new my.t 4K Smart Box brings a TV experience like never before.

The MARS cable

With the inception of the Mauritius and Rodrigues Submarine (MARS) cable project in 2017, Mauritius Telecom has gone a step further in supporting Rodrigues on its digital journey. I am therefore delighted to report that the island became connected through high-speed internet to Mauritius and the world in February 2019.

The 709 kilometre-long MARS cable system links La Prairie in Mauritius to Grand Baie in Rodrigues and now offers the island new business opportunities, such as the development of the ICT sector and BPO services.

For the first time ever, thanks to the MARS cable, all telecommunications services were maintained in Rodrigues without any interruption while severe weather conditions prevailed in February during cyclone Gelena.

Safe City Project

Mauritius Telecom was proud to be awarded the contract to implement the Safe City project as the Mauritius Police Force's technological partner. The project is of national importance and aims to strengthen the security level in Mauritius.

Smart CCTV cameras as well as high-resolution intelligent traffic cameras were installed all over the island. A state-of-the-art unified command and control centre was also set up. In addition, Mauritius Telecom provided intelligent handheld devices and heavy-duty vehicle terminals with multimedia and GPS capabilities.

SERVING SOCIETY AND THE NATION

10th Indian Ocean Islands Games

Mauritius Telecom was thrilled to be the Platinum Sponsor of the 10th Indian Ocean Islands Games, held in Mauritius in July 2019. As the technological partner, we provided a reliable and secured telecommunications service (broadband, PBX, Wi-Fi and mobile connectivity at 19 sites across the island).

Furthermore, MT dedicated its Innovation team to develop a special mobile app for the Games, which was a first in the history of the IOIG. The app kept users updated on the latest results and rankings, and also provided information on all the related events and activities. It proved to be the most downloaded app during the Games, with some 55,000 downloads, ranking top of the free apps on the Mauritian IOS/ Android App Store.

CORPORATE SOCIAL RESPONSIBILITY

The Mauritius Telecom Foundation (MTF)

Mauritius Telecom is committed to fulfilling its corporate social responsibilities. The Mauritius Telecom Foundation has contributed Rs 175 million in CSR projects between 2015 and 2019.

We focus on key areas which have a sustainable and sometimes life-changing impact on our fellow citizens' lives, working with several NGOs in Mauritius, Rodrigues and Agalega. We support community projects in the fields of ICT, education, health disabilities, sport and the environment.

More broadly, we seek to encourage a healthy lifestyle at all levels of society, hence our creation of MUGA (multi-use games area). After the success of MUGA Phoenix which opened in 2018, two other MUGAs were launched in Tyack and Triolet in 2019. MUGAs are open to the general public and offer fitness facilities such as yoga and Zumba classes, a futsal court, a jogging track, a petanque court and an outdoor gym.

Integrated Support Centre (ISC)

Mauritius Telecom uses its technological capability and expertise to bring improvements to society. Following a request from the Ministry of Gender Equality, Child Development and Family Welfare, MT was more than happy to help in setting up an Integrated Support Centre for the 139 hotline.

The ISC is a platform with a comprehensive and integrated system which provides immediate, consistent, coordinated and timely support to victims of domestic violence, as well as counselling on a round-the-clock basis through the hotline.

OUR EMPLOYEES' SUCCESS IS OUR SUCCESS

I firmly believe that our people are the key to the Company's success. They have contributed to the growth and achievements that we witness today. Over recent years, we have implemented various initiatives in an endeavour to provide a culture of well-being, learning and growth. Numerous opportunities for career growth have been created, a safe environment coupled with protective and safety gear and uniforms have been provided, our employees' well-being has been completely revisited with the creation of a best-in-class wellness programme in Mauritius and a focused approach to learning has been adopted with the creation of the Telecom Campus. Furthermore this year, learning has taken another leap forward with the collaboration of academia.

One of my most rewarding achievements is that our people are passionate about their work and are embracing a more collaborative and cross-functional way of working at all levels. Feedback and suggestions are valued. We ensure that there is a free flow of communication, both top-down and bottom-up. In addition, at the request of our employees, a unique and attractive Voluntary Retirement Scheme was introduced. We are committed to ensuring that care and our people's well-being remain central to our culture.

THE ROAD AHEAD

The year 2020 will be more challenging than the year 2019. We are operating in a mature market and a world characterised not only by a rapid pace of change but by unforeseeable events. One such instance is the outbreak of the Covid-19 pandemic which took the world by surprise in the beginning of 2020 and has since had a profound socio-economic impact.

CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

During this sanitary crisis, our company and our employees have stepped up – responding to the call from the Government to provide technological support in the form of telecommunications services (fixed line installation, Wi-Fi in quarantine centres, broadband internet in flu clinics etc.). Our Innovation team has developed ground-breaking apps to help our fellow Mauritian citizens, namely the beSafeMoris app to keep the population updated with latest information on the pandemic, and the WAP module to help the Police Force in their daily tasks during the lockdown period.

Like many other companies in Mauritius and across the globe, Mauritius Telecom is not immune to the Covid-19 crisis. However we are a resilient company and we will be able to weather these difficult times. Creativity and innovation will be fundamental to our growth and consolidation of our leadership position. We shall continue to invest in order to provide products and services aligned to our customers' needs.

In this digital era, we shall also strive to expand our businesses, pursue opportunities for growth and follow a policy of intelligent diversification.

A BIG THANK YOU

We successfully faced and overcame the challenges that came our way in 2019 by working together as a family.

I am very grateful to our Board members, and particularly the Chairman, for believing in and supporting our strategies.

I would also like to warmly thank my management team and all MT employees for their dedication in helping Mauritius Telecom Group deliver on its promises in line with our mission of Enriching Connectivity, Enriching Lives.

MANVENDRA (SHERRY) SINGH

Chief Executive Officer

July 2020

MUGA COMMUNITY FUN AND FITNESS.

GROUP EXECUTIVE COMMITTEE

MANVENDRA (SHERRY) SINGH

Chief Executive Officer, Mauritius Telecom

Sherry Singh was appointed Chief Executive Officer of Mauritius Telecom in February 2015. He is an ICT and Marketing professional with more than 20 years' experience in the Telecommunications and Marketing industry.

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

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

In February 2017, Sherry Singh was made Special Adviser to the Prime Minister of Mauritius. He was declared the Industry Personality of the Year 2017 by the FTTX Council Africa and then, in 2018, the same Council further honoured him with its Leadership Award in recognition of his exceptional leadership qualities and his strategic role in making Mauritius the most connected country in Africa. For the year 2019-2020, he has been appointed as Chairman of the Southern Africa Telecommunications Association (SATA).

Sherry Singh was also recently awarded the honorary degree, Doctor Honoris Causa, by Middlesex University London in July 2019.

At the beginning of 2020, he was appointed as a board member of Air Mauritius. He has been entrusted with the responsibility of chairing Air Mauritius' Transformation Steering Committee.

GROUP EXECUTIVE COMMITTEE (CONT'D)

CLAIRE PAPONNEAU

Deputy Chief Executive/ Chief Operating Officer

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

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

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

TARKASWAR (RAJ) COWALOOSUR

Chief Strategy Implementation Officer

Raj Cowaloosur joined the Company 42 years ago in 1977, when it was still Cable & Wireless. He acceded to his first managerial responsibility in 1986 as Manager Administration and Supplies. In subsequent years, he headed several departments in the human resources, support services and commercial fields, and also occupied the post of General Manager of Cellplus Mobile Communications.

He took over the position of Chief Strategy Implementation Officer* in December 2018, whilst at the same time looking after the management of MT's subsidiary company, Call Services Ltd. He also serves as a Board member of several Mauritius Telecom subsidiaries.

Note:

**Mr Tarkaswar (Raj) Cowaloosur retired from service on 28 July 2020*

GROUP EXECUTIVE COMMITTEE (CONT'D)

LECKRAJ RAJA RAI BASGEET

Chief Technical Officer

Leckraj Raja Rai Basgeet holds a Bachelor of Technology (Hons) in Electrical & Electronics Engineering and an MBA with specialisation in Marketing. He has over 25 years' experience in the MT Group and has been a key contributor in several projects encompassing fixed, mobile, IPTV 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. He then led the Business Development Division.

Rai has been Mauritius Telecom's Chief Technical Officer* since June 2015, with the role of ensuring that the Company's technology strategy serves and develops its business strategy.

Note:

**Mr Leckraj Raja Rai Basgeet was appointed Chief International Business Development Officer on 18 May 2020*

ARNAUD PERRIN-ANDRÉ

Chief Financial Officer

Prior to joining Mauritius Telecom, Arnaud Perrin-André was VP Finance, Strategy & Transformation at Orange France, bringing with him more than 20 years' experience in the telecommunications sector.

Among his various assignments, he was Deputy Group Financial Controller, with responsibility for the consolidation of group results, budgeting, forecasting and reporting group performance to shareholders and stakeholders. As well as a Master's degree in Science in Civil Engineering from l'Ecole Centrale de Nantes, he holds an MBA from l'Institut d'Administration des Entreprises de Montpellier.

GROUP EXECUTIVE COMMITTEE (CONT'D)

PREETAM KUMAR (BOBBY) RAMSOONDUR

Chief Marketing and Consumer Sales Officer

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

He joined the Group in 1997 as a Systems Engineer and has since then occupied several positions in the company. He was appointed Chief Marketing and Consumer Sales Officer* of Mauritius Telecom in September 2015.

Note:

**Mr Preetam Kumar (Bobby) Ramsoondur was appointed Chief Consumer Market Officer on 02 June 2020*

VELAMAH CATHAPERMAL-NAIR

Chief Legal & Regulatory Affairs Officer

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

At Mauritius Telecom, she deals with both contentious and transactional issues and advises on legal issues in managing the products and services portfolio. She provides deep understanding of the regulations affecting the sector and ensures compliance with fintech law and provides legal risk analysis and advice. Velamah, on behalf of MT, also regularly appears before the Information and Communication Technologies Authority, the Independent Broadcasting Authority, the Data Protection Commission and the Competition Commission of Mauritius.

GROUP EXECUTIVE COMMITTEE (CONT'D)

VIRENDRA K BISSOONAUTH

Chief Information Officer

Virendra Kumar Bissoonauth holds a Bachelor's degree in Computer Science from Acadia University, Canada, and holds a Master's in Management International (MMI) from the University of Phoenix, USA. He has held various senior positions in the private sector, locally and internationally, and acted as consultant for various projects worldwide.

He was formerly the Head of the IT Division at Mauritius Telecom until October 2006, after which he joined the private sector and worked in France, Djibouti and Algeria. He has 29 years' experience in the ICT sector, his work including pioneering and managing complex IT solution designs and cloud-based applications. He re-joined Mauritius Telecom in July 2015 as Chief Information Officer.

KHOYMIL GOBURDHUN

Chief Internal Audit and Risk Management Officer

Khoymil Goburdhun is a Fellow of the Association of Chartered and Certified Accountants, a Certified Internal Auditor and also holds a Master in Business Administration, specialising in Marketing.

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

He is a member of the Mauritius Institute of Directors, the Mauritius Institute of Professional Accountants and a founder member of the Institute of Internal Auditors Mauritius.

GROUP EXECUTIVE COMMITTEE (CONT'D)

NEERAJ MOUNIEN

Chief Enterprise Solutions Officer

Neeraj Mounien 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' experience as a professional in the ICT sector.

He joined Mauritius Telecom in November 2015 as the Chief Enterprise Solutions Officer. Prior to that, he had worked for eight years at Microsoft Indian Ocean Islands and French Pacific, variously as Business Development Manager, Public Sector Lead, Channel Manager and Senior Account Manager.

NIRMALA RAMJHURIA

Chief Human Resources Officer

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

Nirmala has more than 20 years' experience in Human Resources and, during her career, she has been responsible for driving resourcing, rewards and recognition and performance management systems.

Her previous posts include Executive Resourcing and Organisation Development, Executive Training and Development, Manager People Acquisition and Analytics, and Head of HR.

GROUP EXECUTIVE COMMITTEE (CONT'D)

BILAL MOLABACCUS

Chief Mobile Financial Services Officer*

Bilal Molabaccus joined Mauritius Telecom in October 2015 leading Brand & Marketing Communications as well as Pay TV Content Strategy. He has now taken the challenge of pursuing the Company's strategy in the mobile finance business. His focus is on creating faster, simpler and happier digital lifestyles through fintech.

Bilal holds an MBA with specialisation in Project Management. He is a marketing professional and brings with him over 20 years' experience in various leading companies across multiple industries including, banking, retail and telecommunications.

Note:

**Mr Bilal Molabaccus was appointed Chief Marketing and Mobile Financial Services Officer on 02 June 2020*

NISHI SAPNA MUNBODH MOHUN

Head of Customer Journey and Quality Improvement

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

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

She served as Manager Quality and Processes from 2010 to 2015, when she was appointed Head of Customer Journey and Quality Improvement. Since 2016, she has leading the Customer Experience Department where her role now includes delivering an unmatched customer experience.

CORPORATE GOVERNANCE REPORT

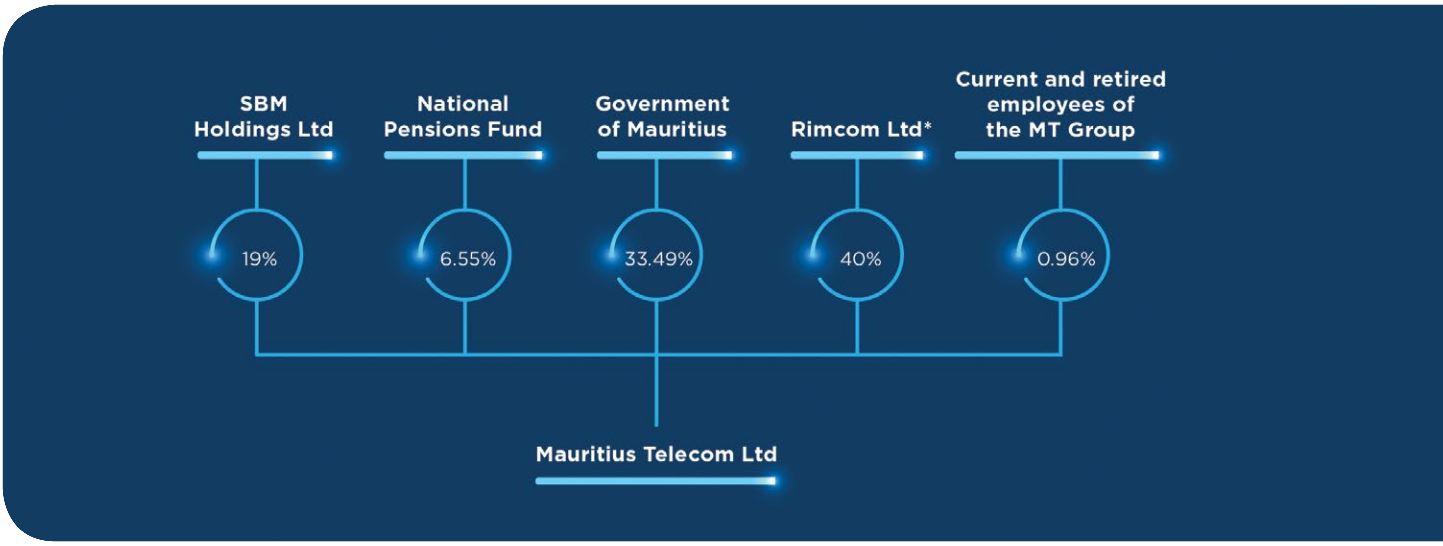
Mauritius Telecom Ltd (the "Company") is a public limited company and qualifies as a Public Interest Entity under the new guidelines of the Financial Reporting Act 2004.

The application of the Code of Corporate Governance, for the reporting period ended 31 December 2019, introduced the concept of 'apply and explain' the eight principles of governance:

1. Governance structure
2. The structure of the Board and its Committees
3. Director appointment procedures
4. Directors' duties, remuneration and performance
5. Risk governance and internal control
6. Reporting with integrity
7. Audit
8. Relations with shareholders and other key stakeholders.

The Board considers that the Company has complied in all material respects with the principles of the Code of Corporate Governance. The present report sets out how the principles of the Code have been applied within the Company.

HOLDING STRUCTURE



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

CORPORATE GOVERNANCE REPORT (CONT'D)

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's shares further to a share participation scheme introduced in June 2007.

DIVIDENDS

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

SHAREHOLDERS' AGREEMENT

The Shareholders' Agreement was signed in November 2000 between the Government of Mauritius and Rimcom Ltd (the Company's strategic partner). The current composition of the Board is pursuant to the Shareholders' Agreement which provides that the Government of Mauritius shall nominate for appointment five of the nine directors while Rimcom Ltd shall nominate four directors. Five of the nine directors are Mauritian citizens and are residents of Mauritius. Four directors are foreign citizens.

The Shareholders' Agreement confers the right to appoint directors based on the competencies, experience and age of the candidate, and gender diversity. By virtue of the Shareholders' Agreement, succession plans for directorship appointments remain at the discretion of the shareholders.

Due to the dynamic nature of the Company's operations, the establishment of a standard induction plan has been considered. However, in the event of a new appointment to the Board, the Chairman of the Board and the Company Secretary would, where required, tailor an appropriate induction plan to update the new member on the Company's current position and future financial and performance objectives to ensure the effective integration and orientation of him/her to the Board.

BOARD CHARTER

The Board Charter, which includes the following, is governed by the Shareholders' Agreement:

- Organisation of Board meetings
- Quorum
- Election of directors
- Voting rights of directors
- Dividend policy
- Matters pertaining to Management
- Annual business plan
- Deadlock resolution.

BOARD OF DIRECTORS

The detailed composition of the Board of Directors can be found on pages 18 to 23 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.

The Board is well balanced with members who have appropriate knowledge, skills and experience in the telecommunication sector at both operational and financial level. All members, collectively and individually, bring along their expertise to Board meetings, sharing their vision of the Company and enriching the professional development of the Board and its members.

The directors assume the responsibility for orientating business operations and implementing proper controls for their effective performance. They are also responsible for compliance with legal and regulatory requirements. Any new legal regulation is assessed and its impact on the Company's IT and financial reporting environment (as assessed by the appropriate key management people) is reviewed before integrating an implementation plan within the normal course of business activities. None of the directors hold shares in the Company and in the subsidiaries.

CORPORATE GOVERNANCE REPORT (CONT'D)

The Chairman heads the Board of Directors, which is composed of the nine members elected by the shareholders.

The Chief Executive Officer (CEO) and/or his representative, participating at a board of directors meeting, fulfils the duties of an executive director, which comprise giving an overview of the health of the Company and its subsidiaries. There is no restriction of gender or age. All directors are non-executive. The appointment of the directors is governed by the Shareholders' Agreement. The effectiveness of the Board with its current composition is adequate as the financial and operational performance, presented by the CEO and other key management persons attending a Board meeting, is challenged by the non-executive directors as necessary.

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

Board meetings are normally held every two months or at such intervals as may be required. In addition to meetings held in Mauritius, teleconferences 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 investment 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 Audit/Risk Management and Remuneration committees.

The members of the Board are also individually responsible to report any interest to the Board. The Company Secretary maintains the interest register as required by law.

Evaluation of the effectiveness of the Board remains in the hands of the Chairman and the shareholders.

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 the Government after consultation with the Company's strategic partner.

The duties and responsibilities of the Chief Executive Officer are:

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

SENIOR MANAGEMENT

The profiles of Senior Management members can be found on pages 36 to 42 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 relevant legislation. He ensures that the legal interests of the Company are safeguarded.

RELATED PARTY TRANSACTIONS

All related party transactions are disclosed in note 33 to the consolidated and separate Financial Statements.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Company 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 the Company's General Meetings.

MANAGEMENT AGREEMENT

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

SHARE-OPTION PLANS

The company has no share-option plans.

REMUNERATION OF DIRECTORS

An aggregate of directors' fees is to be found in the Directors' Annual Report and in note 25 to the consolidated and separate financial statements.

In view of the commercial sensitivity and confidentiality requirements, the remuneration of directors has been disclosed in aggregate in note 25 of the consolidated and separate financial statements.

REMUNERATION POLICY

The remuneration of directors is considered by the 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 Sub Committee meetings.

COMMITTEES

The following committees have been established to act as an evaluator in various key areas, on organisational health and on ensuring sound management of risks:

Remuneration Committee

For reasons of harmonisation of policy, the Remuneration Committee is chaired by the Chairman of the Board.

In 2019, the Remuneration Committee was composed of the following Board members:

- **Nayen Koomar Ballah** *GOSK* - Chairman
- **Dheerendra Kumar Dabee** *GOSK SC*
- **Koosiram Conhye**
- **Bruno Mettling** (Alternate: **Alban Lo Gatto**)
- **Olivier Froissart**

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 resource, 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. There is no long-term incentive plan established for any director.

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.

The Remuneration Committee's terms of reference include Mauritius Telecom Ltd as well as the subsidiaries.

There was no remuneration to the non-executive directors in the form of share options and bonuses associated with organisational performance.

CORPORATE GOVERNANCE REPORT (CONT'D)

Audit/Risk Management Committee

The Audit Committee and Risk Committee were merged into one committee in 2018 to form the Audit & Risk Management Committee. It is composed of the same members.

The members of the Audit/Risk Management Committee are appointed by the Board.

During 2019, the Audit/Risk Management Committee was composed of the following Board members:

- **Dharam Dev Manraj** *GOSK* - Chairman (to 16 September 2019)
- **Ludovic Pech** - Chairman (from 16 September 2019)
- **Koosiram Conhye**
- **Christian De Faria**
- **Olivier Froissart**
- **Navindranath Poonye** (to 16 September 2019)

The Audit/Risk Management Committee is a standing committee of the Board established to assist it in fulfilling its fiduciary responsibilities. The Audit/Risk Management Committee meets as and when required, generally prior to Board meetings.

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

- Review the Group's and the Company's financial statements and other financial documents to be submitted for Board approval;
- Review the financial reporting process to ensure compliance with accounting standards and relevant legislation;
- Review the Group's and 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;
- Ensure that the Group and the Company comply 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;
- Make recommendations to the Board on matters relating to the financial affairs of the Group and the Company and corporate governance;
- Review and approve risk policy on an annual basis;
- Establish the systematic and continuous identification, evaluation, measurement and mitigation practices of operational risks as they pertain to the Group and the Company;
- Define and approve clear risk-management practices and prudential limits, and strategy covering risk-management philosophy and responsibilities throughout the Group and the Company;
- Reduce and mitigate identified risks to an acceptable level or consider their transfer; and
- Ensure that adequate and effective controls and measures are in place to manage the most significant risk factors and respond in a manner that is appropriate and proportional to the risks identified.

The Audit/Risk Management Committee's terms of reference relates to the Group and the Company.

Internal Audit

The Internal Audit function ensures that the Company and its subsidiaries are efficiently run in compliance with internal control mechanisms. It is headed by the Chief Internal Audit and Risk Management Officer, K Goburdhun, who reports directly to the Audit Committee.

His duties include the development and implementation of a comprehensive audit programme for the evaluation of management controls for the major activities of the operating components within the Group. He investigates and examines the effectiveness of the use of Company resources and compliance with established and new policies, procedures and processes.

CORPORATE GOVERNANCE REPORT (CONT'D)

There is no restriction from the Board or key management personnel on the scope of the Internal Audit department's review nor on the scope of the right to information required for its review. He reports on audit findings on a regular basis to the Audit Committee.

External Audit

The external auditors, Messrs KPMG, were appointed for the statutory audit of the financial year ended 31 December 2019. The external auditors met with the members of the Audit/Risk Management Committee to discuss and finalise the scope of the audit approach, the audit execution plan and findings arising from the audit process (including internal controls).

The members of the Audit/Risk Management Committee evaluate the performance of the external auditors, audit quality and their findings as criteria for re-appointment.

Corporate Governance Committee

The Corporate Governance Committee duties are discharged by the Audit/Risk Management Committee.

INTERNAL CONTROL MECHANISMS

To promote the adequacy and effectiveness of internal controls within the Company and its subsidiaries, 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 Company and its operating subsidiaries;
- 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 performance against budgets with explanations on variances for the operating components within the Group; and
- An Internal Audit department with the Internal Auditor reporting 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.

CLIMATE CHANGE AND GREEN ACTIONS

Initiatives relating to the Company'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

Mauritius Telecom Ltd is consolidating its current business continuity systems in order to further improve the security of its operations during crisis situations. In this respect, the Company is upgrading its Work Area Recovery (WAR) and Disaster Recovery (DR) site with 100 positions to be used for relocation of staff during emergencies. Similarly, business continuity plans and incident management plans have been updated to reflect changes due to the implementation of improved processes and use of new tools.

The Company participated in the simulation exercise held by the National Disaster Risk Reduction and Management Centre (NDRRMC) in order to test for preparedness during emergency and crisis situations at national level.

CORPORATE GOVERNANCE REPORT (CONT'D)

PHYSICAL SECURITY

a) In 2019, 400 IP cameras were installed at the Company's exchanges, including 15 mobile sites. Furthermore, installation of 300 additional IP cameras is in progress to cover all base stations that provide connectivity to the Safe City infrastructure.

b) An innovative access card using QR code was introduced for the Company's contractors attending customer premises. The system is now being tested by the Company's contractors.

c) Contract agreements with security service providers were reviewed to ensure satisfactory security measures to safeguard the Company's assets.

d) Physical security measures in line with ISO 27001 requirements were implemented in the Rose Hill and Rose Belle Data Centres.

CONFLICTS OF INTEREST

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

ETHICS

The Company's conditions of service contain a specific section relating to the Code of Ethics and the general obligations of employees. Members of specific professions who are employed by Mauritius Telecom Ltd (for example accountants and engineers) are also governed by the particular codes of ethics established by their respective professional bodies. During day-to-day operations, the monitoring of compliance remains in the hands of the key management persons, who are to report on instances of non-compliance to the Board and other relevant committees deemed appropriate.

There is also the charter for ethical business, introduced so as to provide guidelines to the Group's and the Company's employees on ethical conduct.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities are detailed in the Business Review section of the Annual Report. Mauritius Telecom Ltd complies with the requirements relating to corporate social responsibilities through the Mauritius Telecom Foundation, which implements CSR projects on behalf of the Group and the Company in consultation with the National Social Inclusion Foundation 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 Information and Communications Technology, socio-economic development, social housing, education, health, leisure & sports, and the environment.

HEALTH AND SAFETY

Mauritius Telecom Ltd complies with the requirements of health and safety legislation. Related company activities, including internal awareness campaigns, are detailed in the Human Resources section in the Annual report.

ANNUAL GENERAL MEETING

The Company is not listed on the Stock Exchange. Therefore, it does not set the advance timetable dates for reporting and meeting required under the rules for listed companies.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

The tentative calendar of key events is as follows:

EVENTS	MONTH
Financial year	December
Dividend declaration	December, subject to adequate visibility on financial indicators
Annual General Meeting of shareholders	June

In addition to the shareholders, who are the key stakeholders in the Group and the Company, the below-mentioned stakeholders are also considered of major importance for the Group's and Company's successful progress:

1. Customers
2. Employees
3. Suppliers/creditors
4. Regulators
5. Banks

The Group and the Company engage with its stakeholders through open and effective communication to respond to their expectations and interest. The Group and the Company provide transparent information through its website (myt.mu and telecom.mu) and press communiqués on the Group's and Company's business activities and other matters as may be required.

DONATIONS

The aggregate amount of donations is shown in the Directors' Annual Report and in note 25 of the consolidated and separate financial statements.

There was no political funding.

On behalf of the Board of Directors

P C Colimalay

Company Secretary

20 July 2020


MARS CABLE
RODRIGUES
CONNECTED.

STATEMENT OF COMPLIANCE

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

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

Reporting Period: **Year ended 31 December 2019**

We, the Directors of **MAURITIUS TELECOM LTD**, confirm that, to the best of our knowledge, Mauritius Telecom Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance in all material aspects.

Signed by:

Chairman and one Director

CHAIRMAN	DIRECTOR
23 July 2020	23 July 2020

BOARD AND SUB COMMITTEES ATTENDANCE DURING 2019

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

	BOARD OF DIRECTORS MEETING	REMUNERATION COMMITTEE	AUDIT/RISK MANAGEMENT COMMITTEE
No of meetings held	5	1	3
DIRECTORS			
N K Ballah *GOSK*	5	1	n/a
K Conhye	4	1	2
D K Dabee *GOSK SC*	4	1	n/a
C de Faria	5	n/a	3
O Froissart	5	n/a	2
D D Manraj *GOSK*	1 in person + 1 by alternate	n/a	3
B Mettling (A Lo Gatto - alternate)	5 by alternate	1 by alternate	n/a
L Pech	3	n/a	2
N Poonye (to 16 September 2019)	3	n/a	2
R. Bheekhoo (from 16 September 2019)	1	n/a	n/a

n/a: Not applicable – where the director is not a member of the committee.

DIRECTORS' ANNUAL REPORT

The directors have the pleasure in presenting their annual report along with the audited consolidated and separate financial statements of Mauritius Telecom Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

NATURE OF BUSINESS

The Group's and the Company's main activity is the provision of telecommunications and related Information Communication and Technological (ICT) services.

The main activities of the wholly owned subsidiaries of the Company are as follows:

- Cellplus Mobile Communications Ltd provides mobile and ancillary telecommunication products and services;
- Telecom Plus Ltd offers internet and IT-enabled services;
- Teleforce Ltd provides on-line directory 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 services mainly for the Group;
- Mauritius Telecom Foundation administers the Group's corporate social responsibility (CSR) activities and programmes;
- MT International Ventures PCC holds investments in other entities for the Group; and
- MT Services Ltd recruits employees for the Group.

RESULTS FOR THE YEAR

The Group's and the Company's profits/ (losses) after tax, for the financial year are **Rs'000s 642,865** (2018: Rs'000s 1,303,980) and **Rs'000s (390,286)** (2018: Rs'000s 494,350) respectively.

Basic and diluted earnings per share for the year were **Rs 3.38** (2018: Rs 6.86).

The audited consolidated and separate financial statements for the year ended 31 December 2019 are annexed.

BOARD OF DIRECTORS

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

The following members held office as directors of companies during 2019:

Mauritius Telecom

Nayen Koomar Ballah *GOSK* - Chairman

Koosiram Conhye

Dheerendra Kumar Dabee *GOSK SC*

Christian De Faria

Olivier Froissart

Dharam Dev Manraj *GOSK*

Bruno Mettling: Alternate – Alban Lo Gatto

Ludovic Pech*

Navindranath Poonye (to 16 September 2019)

Ramesh Bheekhoo (from 16 September 2019)

***Mr Ludovic Pech** resigned on 12 February 2020 and has been replaced by **Mrs Elisabeth Medou Badang**.

Cellplus Mobile Communications Ltd

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

DIRECTORS' ANNUAL REPORT (CONT'D)

Telecom Plus Ltd

Manvendra Singh - Chairman

Leckraj Raja Rai Basgeet

Peter Conrad Colimalay

Tarkaswar Cowaloosur

Preetam Kumar Ramsoondur

Call Services Ltd

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

Teleforce Ltd

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

MT Properties Ltd

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

Mauritius Telecom Foundation

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

MT Services Ltd

Manvendra Singh - Chairman

Tarkaswar Cowaloosur

MT International Ventures PCC

Manvendra Singh - Chairman

Leckraj Raja Rai Basgeet

Tarkaswar Cowaloosur

DIRECTORS' REMUNERATION

Total remuneration and benefits paid to the Board of directors of the Company during the year are disclosed in note 25 (Directors' emoluments) of the consolidated and separate financial statements. These include directors' fees and benefits in cases where such benefits are applicable, such as the provision of a company car, telecommunication facilities and allowances.

No fees or benefits are paid to directors of the subsidiaries.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the directors in respect of the operations of the Group and the Company are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements consisting of the 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 consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act.

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

In preparing the consolidated and separate 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;

DIRECTORS' ANNUAL REPORT (CONT'D)

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

DECLARATION OF INTEREST

Disinvestment in Telsea Investment Ltd

At the 166th Board of Directors' Meeting held on 25 April 2019, Messrs Froissart, De Faria and Lo Gatto (acting as alternate for Mr Mettling) declared their interest as Rimcom is a wholly owned subsidiary of Orange SA, which is the majority shareholder of Telsea.

They did not participate in deliberations and decisions on this matter.

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 and the Company have 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 reviews business controls on an on-going basis.

RISK MANAGEMENT

The Risk Management Committee ensures that directors are made fully aware of the various risks that may affect the Group's and the Company's 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).*

DIVIDENDS

Dividends amounting to **Rs'000s 782,800** were declared during the year 2019 (2018: Rs'000s 262,200).

The Board of directors has, at its meeting held on 29 June 2020, approved a dividend distribution of Rs 000s 161,500.

DONATIONS

Donations of **Rs'000s 1,070** were made by the Group during the year (2018: Rs'000s 170).

There were no political donations during the year.

AUDITORS

The fees payable to the auditors for audit services in 2019 and 2018 are as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Audit services	5,431	3,290	3,372	1,826

No other services were contracted from the auditors.

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

DIRECTORS' ANNUAL REPORT (CONT'D)

NOTE OF APPRECIATION

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

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

Director

24 July 2020

Director

23 July 2020

A year driven by innovation

Rodrigues connected!

In February, Rodrigues was connected to high-speed internet. This major milestone in the island's socio-economic development was realised only a few months after the landing of the MARS (Mauritius and Rodrigues Submarine) cable. It is a Rodrigues Regional Assembly project, spearheaded by Mauritius Telecom.

The official launch of high-speed internet connectivity there was held in Malabar on 16 February. Simultaneously in Mauritius, some hundred people from Rodrigues were at Telecom Tower to watch the first live streaming between Rodrigues and Mauritius through the MARS cable.

A year driven by innovation

my.t 4K, TV like never before

On 23 March, Mauritius Telecom presented its my.t 4K Smart Box. The new smart box provides an unprecedented TV experience, with features previously unseen in Mauritius. During the launch at the SVICC in Pailles, the CEO of Mauritius Telecom, Sherry Singh, also unveiled special new TV and internet packages.







HIGHLIGHTS 2019

A year driven by innovation

my.t money, the revolutionary mobile wallet of Mauritius Telecom

Mauritius Telecom launched my.t money, its revolutionary mobile wallet, at the SVICC on 24 August. Simple, fast and fun, my.t money is a new payment solution offering exciting ways of managing money using a mobile phone or a card.

HIGHLIGHTS 2019

MT leads the way

Sherry Singh, chairman of SATA

On 26 April, Sherry Singh became chairman of the Southern Africa Telecommunications Association (SATA) at a ceremony held during SATA's 39th Annual Conference at the Sofitel Hotel in Flic en Flac.

Record profits

In May, Mauritius Telecom's CEO Sherry Singh announced a record-breaking profit of more than Rs 1.3 billion for the year 2018, an increase of 32% since 2014. This record profit was the result of the new strategies set up in 2015 by MT's CEO.

MT leads the way

Mauritius Telecom World Corporate Golf Challenge

The first Mauritius Telecom World Corporate Golf Challenge was organised at the Heritage Golf Club in Bel Ombre in June, with participants including the CEOs, directors and other senior executives of the country's largest companies. Roshan Koonja from Constance Hotels Services was the grand winner, thereby sealing his place for the World Finals in Cascais, Portugal. The second prize went to Daniel d'Arifat and the third to Alexandre Piat.

Sherry Singh awarded Doctor Honoris Causa by the Middlesex University

Sherry Singh, MT's CEO, was awarded the honorary degree, Doctor Honoris Causa by the Middlesex University on Tuesday 23 July, in recognition of his exceptional leadership qualities and his strategic role in making Mauritius the most connected country in Africa.

Mauritius Telecom delivers on its promise

On 13 September, Sherry Singh launched SATA Connect, a digital collaboration platform for members of the Southern Africa Telecommunications Association, in the presence of the then Minister of Technology, Communication and Innovation, Yogida Sawmynaden.

Mauritius Telecom's commitment to society

Integrated Support Centre

In collaboration with Mauritius Telecom, the Ministry of Gender Equality, Child Development and Family Welfare launched the 139 hotline's Integrated Support Centre on 8 March, the International Women's Day, during a ceremony at the SVICC. The Centre, a comprehensive and integrated helpdesk, aims to provide immediate and efficient support and counselling to victims of domestic violence.

Patriotic spirit at the Indian Ocean Island Games

2019 was marked by the 10th Indian Ocean Island Games hosted in Mauritius. In a spirit of patriotism, Mauritius Telecom contributed as Platinum Sponsor. As technology partner, Mauritius Telecom put its expertise and competencies at the service of the 2019 IOIG. MT provided a range of services (mobile, fixed, broadband internet and Wi-Fi on main sites and fan zones) to ensure its smooth organisation.

In addition, the Company launched the Games' very first mobile app, JIOI 2019, on 11 July. With its numerous features, the app provided practical and interesting information about the Games, such as the detailed events schedule, updated results and a photo gallery.

A team from Mauritius Telecom was among the lucky few who had the opportunity to bear the Games' torch when it passed through Port Louis on 15 July.

HIGHLIGHTS 2019

Mauritius Telecom's commitment to society

MUGA

The first MUGA (multi-use game area), a community-based fun and fitness movement was launched at Phoenix in 2018 and became quite popular with more than 60,000 visitors. The Mauritius Telecom Foundation extended MUGA with the launch in May of MUGA Tyack and in June of MUGA Triolet. Both were inaugurated by the Prime Minister Pravind Jugnauth.

MAURITIUS TELECOM LTD ANNUAL REPORT 2019

HIGHLIGHTS 2019

Mauritius Telecom's commitment to society

A safe Mauritius

The setting up of the infrastructure for the Safe City project was entrusted to Mauritius Telecom. Launched in August, the project's aim is to deter and fight crime in Mauritius with the support of new technology, thereby enhancing public security and safety.

BUSINESS REVIEW

NETWORK

Safe City Project

Mauritius Telecom was awarded the contract to implement the Safe City project by the Mauritius Police Force. The project consists of the implementation of a system that will provide tools for the Mauritius Police Force and emergency services to enhance responsiveness and efficiency. It is based on four main pillars:

- Introduction of 4,000 smart CCTV cameras on 2,000 sites
- Traffic management and monitoring of real-time traffic volumes with 300 high-resolution intelligent traffic cameras on 75 sites
- Unified communication with the setting-up of a state-of-the-art unified command and control centre (CCC) to provide integrated supervision and communication in real time
- Provision of intelligent devices, such as handheld devices and heavy-duty vehicle terminals with multimedia and GPS capabilities, as part of a new multimedia trunked radio infrastructure consisting of 45 enhanced Long-Term Evolution (eLTE) sites that offer broadband multimedia trunking and broadband access solutions.

The main CCC at the Shri Atal Bihari Vajpayee Tower in Ebene was inaugurated on 19 August 2019 by the Prime Minister, the Hon Pravind Kumar Jugnauth.

MARS Cable

The 709 kilometre-long Mauritius and Rodrigues Submarine (MARS) cable system links La Prairie, Mauritius to Grand Bay, Rodrigues. The system consists of two fibre pairs and has been designed to carry 8 Tbps per fibre pair. The system is equipped to carry 100 Gbps of traffic initially and was given a co-ordinated launch by Mauritius Telecom and the Rodrigues Regional Assembly on 18 February 2019.

Currently both Mauritius Telecom and another telecom operator use the MARS cable system to provide fixed and mobile broadband services to their respective customers. A markedly improved customer experience was observed when internet traffic was migrated from satellite to the MARS cable system in April 2019.

With the implementation of the MARS cable, during cyclone Gelena in February 2019, for the first time ever all telecommunications services in Rodrigues were maintained without any service interruption in cyclonic conditions.

E-Topup Project

A new electronic recharge platform was implemented in April 2019, which has revolutionised the experience of both my.t mobile customers and some 2,500 Mauritius Telecom retailers. A new mobile app was introduced to replace the previous SIM toolkit and offers innovative features such as the sale of mobile data packages, automatic reversals for recharge errors and enhanced security. The new system will eventually allow MT to fully digitalise its mobile recharge services and optimise its distribution channels.

Mobile Network

The my.t mobile network already offered a high quality of service following the implementation of the Single Radio Access Network (SRAN) project, with a call setup success rate of above 99.5% and a call drop rate of below 0.2%. As a further enhancement, some additional 20 mobile sites were deployed in 2019, especially in areas where there has been new residential development and for the new ENT Hospital in Vacoas. Furthermore, dedicated in-building mobile coverage solutions were implemented for a number of businesses, SSR Airport in Plaisance and the hospitality industry.

ISP Network

In order to further improve the ISP network's traffic handling capacity, three new border network gateways (BNG) with 100G interface connectivity were commissioned in 2019. A fourth BNG is planned at the Floreal exchange in 2020 to provide additional resiliency and cater for more customers.

BUSINESS REVIEW (CONT'D)

In addition, a new ISP point of presence (POP) router was installed in Singapore in the Equinix data centre, to improve latency towards Asia and also help in load balancing between POPs through the use of optimised traffic engineering. Furthermore, peering was established with Microsoft in MT's South African POP to provide better and faster connectivity for customers using Microsoft Azure.

Following the introduction of the MARS fibre-optic submarine cable, the ISP infrastructure in Rodrigues was re-designed with the installation of two new BNGs working in redundant load-sharing mode at Mount Venus and La Ferme.

Access Network

Continuous improvements led to the migration of 32,000 residential and 18,000 business and government customers from legacy copper networks to the high bandwidth fibre network. At the end of 2019, only some 14,000 customers were still on the legacy copper network.

As the resilient fibre network offers customers increased bandwidth and improved service quality, there was a decrease of around 10% in faults reported by customers in 2019 compared with the previous year.

To further improve operations and transform its network to end-to-end all-IP, MT embarked on the decommissioning and removal of the legacy copper network, with the aim of managing and operating a single fixed fibre network. The successful implementation of the pilot all-IP project in Beau Bassin in 2018 had provided a framework which was replicated in all other exchanges. With more than 327,000 customers connected to the fibre network, Mauritius Telecom has successfully converted more than 65% of its exchanges to all-IP.

Mauritius Telecom also contributed to the Metro Express project, collaborating with various bodies for the relocation of existing underground and overhead cables where metro tracks were to be laid.

DATA CENTRE

Mauritius Telecom completed the construction of its Tier IV Data Centre in Rose Belle. The facility is expected to become a major revenue source for the MT Group in coming years. This state-of-the-art facility can host up to 400 racks and there are already a number of customers using the Data Centre's services.

In order to maintain a world-class service, the Data Centre successfully achieved a number of certifications, including ISO 27001-2013 and Tier IV Certification of Constructed Facility from the Uptime Institute.

INTERNATIONAL BUSINESS DEVELOPMENT

Mauritius Telecom continued to examine potential opportunities in the ICT landscape in Africa during 2019. However, none of the opportunities identified were found to be in line with Mauritius Telecom's strategic ambition in terms of inorganic investment.

Nevertheless, Mauritius Telecom remains committed to pursuing and seeking out new investment opportunities in ICT within the region and the continent.

THE COMMERCIAL DIVISION

The Commercial Division of Mauritius Telecom had been actively involved together with the Mobile Financial Services Department, in the introduction on the market of a revolutionary service, my.t money in August 2019.

my.t money stands out as a mobile wallet that has positively disrupted the local payments industry and it has been pivotal in supporting the country's emerging digital economy.

On its launch date, 200,000 customers were already registered and this number keeps on growing.

A few months before, in March, the Commercial Division achieved another breakthrough by launching the my.t 4K Smart Box, transforming Mauritians' viewing experience.

BUSINESS REVIEW (CONT'D)

The my.t 4K Smart Box not only enables TV programmes to be watched in more true-to-life 4K picture quality but also gives access to a range of apps including Deezer, YouTube, OCS and Traffic Watch.

In addition, with the my.t TV app, my.t home subscribers can watch *inter alia* films, serials and sports events on their mobile devices while on the go anywhere in Mauritius.

The my.t 4K Smart Box also facilitates searching for videos on YouTube by engaging in two-way conversations with the embedded Google assistant using a remote control. Users can also chromecast their favourite photos, videos, music and other content to a TV screen.

During 2019, my.t added France's leading M6 group channels (M6, W9 and 6ter) to its offerings, as well as the educational channel, Da Vinci.

my.t also brought a notable advance to the audio-visual landscape with the launch of the first UHD TV channel in Mauritius, RMC Sport 1. The innovations should provide Mauritius Telecom with significant future growth opportunities.

In Rodrigues, Mauritius Telecom rolled out a fibre-optic network throughout the island, after having connected it to ultra-high-speed broadband through the MARS cable. A strategic move that enables Rodrigues to initiate its digital transformation journey and to reap the benefits of new opportunities through the setting up of call centres, BPOs and the development of apps. The network will also have a multiplier effect on other sectors of the Rodriguan economy such as tourism and local craftwork.

Furthermore, the company was the proud Platinum sponsor of the 10th edition of the Indian Ocean Islands Games, which was held in Mauritius from 19 to 29 July 2019. By supporting this sports event financially and through its technological know-how, Mauritius Telecom was also able to show its support for such sporting values as fair play, team spirit, performance and excellence.

In addition, the Commercial Division also staged a series of events, such as the Mauritius Telecom Golf Corporate Challenge, and took an active part in Innovtech 2019, using these opportunities to engage with customers, with the commercial objective of being the preferred ICT solutions provider in Mauritius.

The Commercial Division of Mauritius Telecom pursued its efforts to make Telecom Shops the first-choice distribution network for those looking to purchase a smartphone or a tablet. By featuring the latest models and popular brands, such as the iconic iPhone 11 series and Samsung's latest Galaxy range with its flagship Note10 and S10 series, potential customers were able to gain hands-on trial experience under the expert guidance of our staff.

On the direct publicity front, the use of mobile internet, especially of my.t daily, weekly and monthly data packages, was boosted through regular incentives offered during the monthly "my.t folies" advertising campaigns.

MOBILE FINANCIAL SERVICES

my.t money is a revolutionary mobile wallet that supports the transition of Mauritius to an increasingly cashless economy, offering greater convenience to customers in an increasing digital era. The mobile wallet consists of both a payment card and a mobile app that allow users to make financial transactions. The my.t money service is open to all mobile operators.

It was launched on 24 August 2019 by the CEO of Mauritius Telecom in the presence of the Prime Minister, who carried out the very first payment using his my.t money app on his smartphone.

The use of my.t money is simple, secure and reliable and offers a range of payment solutions for individual customers. It is a secured service as a pin code is required to perform any transaction.

BUSINESS REVIEW (CONT'D)

Once registered, a my.t money customer needs to inject funds into his mobile wallet in one of two ways:

a. Digital cash-in: customers can transfer money directly from their bank accounts to their my.t money wallet.

b. In a Telecom shop.

For the time being, the State Bank of Mauritius, MauBank, ABSA and Bank One are already connected to the National Payment Switch (NPS) introduced by the Bank of Mauritius.

What can be done with my.t money?

Payments

Users can either pay with their cards or scan the QR code displayed at registered merchants' counters without having to worry about change or exposing their bank cards. Whether paying in a hypermarket or at a market stall, the process is not only a lot faster but also provides increased security for both merchant and customer compared with cash or bank card.

Bill Payment

Paying bills is now only a matter of a few clicks wherever or whenever it suits the user while avoiding queues. Network connections have become so fast that bill payments are now processed instantly.

Easy Transfer (P2P)

my.t money allows users to send money from one my.t money account to another. There is no charge for such transfers. It is a fast, simple and secure process.

Mobile Recharge

Another advantage of my.t money is that it can be used to recharge the user's prepaid my.t mobile phone or to purchase data. The recharge function can also be used for relatives or friends. It is very fast and convenient.

Share Bill

The split-the-bill feature is an easy and convenient way to divide a bill amongst friends or colleagues at a my.t money merchant. This service is particularly popular when sharing the bill within a group.

PayMaster

PayMaster allows a my.t money user to control up to four other sub-accounts that are linked to his/her main account. For instance, parents can easily manage their youngsters' wallets, transferring money but also discreetly monitoring their transactions.

What makes my.t money different?

- Exclusive offers and discounts at various merchants.
- my.t money is a zero-rated app, so there are no data charges when using the app on the my.t mobile network.
- Exclusive unlimited mobile data packs can be purchased directly through the my.t money app for self or family.
- No fees are charged for signing up to or using my.t money. Payments and transfers incur no additional fees.
- There is no minimum amount for transactions. Payments as from one cent up to 5,000 rupees per day can be made at any merchant where my.t money is accepted.
- my.t money helps users keep track of their expenses and control their budgets with instant balance updates and notifications of any action taken.

ENTERPRISE SOLUTIONS

Mauritius Telecom continued to face fierce competition in 2019. It was previously the sole telecommunications provider in the country to have a fibre backbone. However, two major contenders have now invested heavily in the sector. This change in the competitive landscape led MT to review its priorities and commercial strategies to keep its market share while remaining competitive and innovative in the market.

BUSINESS REVIEW (CONT'D)

The business landscape in Mauritius was also affected by the general election which took place in November 2019. From as early as September, almost all the strategic projects in both the private and the public sector were put on hold, which led to a loss of revenue for Enterprise Solutions of more than Rs 100 million in the fourth quarter of the year.

Despite the challenges, Enterprise Solutions (ES) met its financial target with a turnover of Rs 2.7 billion, maintaining a steady growth rate that has averaged 5% during the last five years. Overall, ES contributed to 25% of MT's performance in the year under review, with a 6,000 increase in the number of customers.

To ensure a high level of proficiency and rigour in ES services, a surveillance audit was carried out by the Mauritius Standards Bureau in 2019, successfully leading to ISO9001:2015 certification. The customer satisfaction index saw a notable progression of +53 points between January and December 2019 and the net promoter score (NPS) also moved steadily and above the industry benchmark. Overall B2B company and employee perception is well above the benchmark and reached a five-year peak.

Enriched Connectivity

The ES team used customer feedback to revisit its connectivity solutions portfolio. For many organisations, digital and cloud have taken on a greater role in ensuring success, as reliable and secured connectivity has become essential. MT therefore launched a secured broadband and SD-WAN solution in January 2019, subsequently adding more than 100 users to its broadband customer base.

Schoolnet

Entrusted with the responsibility of providing high-speed internet and Wi-Fi to all primary schools in the island of Mauritius, ES' technical arm successfully completed the second phase for a further 165 primary schools during the year under review.

Indian Ocean Island Games

The team supported the Games, providing equipment and support to live stream the Games in collaboration with the Mauritius Broadcasting Corporation by arranging broadband, PBX, Wi-Fi and mobile connectivity at 19 sites across the island.

Metro Express

Enterprise Solutions installed Wi-Fi connections to the platforms on all seven stations. The team also worked in close collaboration with the State Bank of Mauritius to offer data connectivity to all of the project's ticketing machines.

General Election

In order to ensure reliable communication during the elections, the Enterprise team partnered with the Electoral Commission to provide special telephones lines, high-speed internet connectivity and Wi-Fi in all 21 nomination centres.

Visit of Pope Francis

Working closely with the Government Information Services, MT was asked to provide high-speed internet and wireless connectivity at five sites in order to live stream events during the Pope's visit.

Mauritius Telecom World Corporate Golf Challenge

The Mauritius Telecom World Corporate Golf Challenge was held on 15 June 2019 at the Heritage Golf Club in Bel Ombre and was an opportunity to become better acquainted with both current and potential customers.

The competition winner was Roshan Koonja, CIO of Constance Hotels, who then went on, as Mauritian champion, to the Worldwide Championship held in Portugal.

Cybersecurity Services

Despite MT having only recently entered the competitive ICT Security sector, a number of major companies, including financial institutions, have turned to the Company for support. It witnessed an exceptional increase in the use of its cybersecurity services in 2019 and it was its fastest growing line of business.

BUSINESS REVIEW (CONT'D)

Digital Services Provision

As at December 2019, more than 80% of MT's enterprise customers had been migrated to fibre-optic broadband. MT also moved its PABX business to the cloud with two different offers, one for SMEs and the other for large organisations. With the launch of its Tier IV Data Centre, one of the most prestigious in the Southern Hemisphere and now hosting all the major financial, hospitality, retail and government institutions in Mauritius, cloud and data centre business has become MT's second fastest growing line of business for the B2B segment.

WHOLESALE DEPARTMENT

The volume of roaming-in data more than doubled in the year under review in comparison with the previous year. This result was achieved thanks to successful negotiations and the extension of MT Group's Long-Term Evolution roaming network with major partners worldwide, further consolidating its position as the preferred roaming partner in Mauritius. Jointly with intelligent streaming of traffic, these negotiations resulted in more than 50% cost reduction on roaming-out payments.

MT also set up a multi-protocol label switching point of presence in South Africa to target the African market, thereby strengthening its regional presence. As grey and fraudulent routes are growing rapidly, resulting in customer complaints and revenue leakage, the Company introduced an application-to-person (A2P) SMS firewall to protect customers and monetise A2P SMS.

INNOVATION

my.t money

The Innovation team was actively involved from the start in the development of the my.t money project as a technology enabler. The team also assisted in the integration with MauCAS of digital cash-in and cash-out transactions. Since then, it has been helping in the monitoring of the infrastructure to ensure that the service is running smoothly, as well as building reports and dashboards for better control of the my.t money service.

Dashboards and Automation

The Innovation team also embarked on a project to help some departments become more efficient in generating reports. This was achieved by automating processes and by providing a centralised and unified access to data. Reports and dashboards, which were formerly produced manually and often offline, can now be accessed autonomously in real time or near real-time. The first phase concerned departments such as HR, CSL and Finance, with others to follow in order to build a unified dashboard that will help in data-driven decision-making. The team also assisted in training staff from various departments on using Tableau, a visualisation tool which can help anyone see and understand their data.

Indian Ocean Island Games 2019 App

Developed by the Innovation team in collaboration with the Marketing Department and the Organising Committee of the Indian Ocean Island Games (IOIG), this mobile app was the most downloaded app during the 2019 Games. It had around 55,000 downloads and was ranked top of the free apps on the Mauritian IOS/Android App store during the event. The app kept users updated on the latest results and rankings, and also provided information on all the related events and activities.

MT Maintenance System

The MT Data Centre sought the help of the Innovation team for a tool to improve their asset-maintenance processes. The team developed a web application and this digitalisation now helps the Data Centre to easily track and monitor the maintenance of assets on their premises.

New features and functionalities of existing apps

a. Traffic Watch v2: A new and re-engineered app was released which provides a better user experience and more camera locations.

b. my.t Weather v2: Launched in 2018, the my.t Weather app provides updated weather information to users but relies heavily on manual data entry. To reduce this dependency, the process was automated and now most weather information is updated without human intervention.

BUSINESS REVIEW (CONT'D)

c. Unified Troubleshooter: With the launch of the 4K Smart Box, an automated diagnostic feature was added to the Unified Troubleshooter that provides CSL agents with a report on a customer's existing services. This feature also helps in providing proactive support to customers.

d. Pulse v2: A redesigned version of Pulse was released for MT staff, providing new features like birthday cards, medical pages and notifications.

e. SATA Connect: The Innovation team assisted in the deployment and release of four apps for the Southern Africa Telecommunications Association.

People Counters

The team deployed people counters at MT shops to provide visibility on the flow of people/customers in the various locations to the Marketing Department. The information collected will allow Marketing to know how people use Telecom Shops and to analyse and use the data for future campaigns.

Weather Stations

Currently, the my.t Weather app only uses information provided by the Mauritius Meteorological Station. Various weather sensors were tested by MT to provide real-time weather information. The weather stations selected were deployed and will be integrated in a new version of the app.

Pulse Mobile App

The Innovation team has been working in collaboration with the HR Department on a mobile application that will enable employees to access services such as leave applications, meal reservations, meeting room bookings, an activity feed, the staff directory, and their inbox, wellness map and wellness card on a single mobile app.

Continuous Learning

In a rapidly changing workplace, providing continuous learning for employees helps them to adapt quickly.

a. LinkedIn Learning: This learning platform helps people learn useful and even essential skills that will help them build their career paths. To enable the HR Department achieve this objective, the Innovation team led the integration of LinkedIn Learning with the MT Single Sign-On (SSO) platform.

b. Huawei Learning: As with LinkedIn Learning, which is suited for a more general workforce, Huawei Learning is more specific to technical teams in Mauritius Telecom. Once again the Innovation team is leading this project to integrate Huawei Learning with the MT SSO platform.

Employees will be able to access both services using a central access point and only their corporate account. The HR Department will also be able to send tailored notifications to specific groups of employees to inform them about specific courses via the Pulse application.

Innovation – Future Projects

Big Data Platform

With the objective of becoming a data-driven enterprise, the Innovation team will be setting up a big data platform to provide analytics and standard key performance indicators across the company.

MT Online Medical Report

One of the recent endeavours to encourage employee health in Mauritius Telecom is the introduction of medical screening. To make information easily available to employees, the Innovation team is helping the HR Department implement a solution providing a centralised and electronic version of medical reports. The individual reports will then be accessible to each employee through the Pulse mobile app.

BUSINESS REVIEW (CONT'D)

Bill Payment

A new app is being designed to allow users to easily pay their utility bills using my.t money. Other bills will be added to the app in a later phase.

Validation of IoT Devices

In line with the marketing strategy to start exploiting the Internet of Things (IoT) system for smart homes, the Innovation team will continue testing smart-home equipment, such as cameras, sockets, sensors, bulbs and Wi-Fi solutions that can be considered for commercialisation.

CUSTOMER EXPERIENCE

Working methods and operational processes were refined to improve the quality of services delivered to homes and businesses around the country.

Customer Experience Index

A substantial increase in the index score used to measure customer experience from 2016 to 2019 was well above the industry benchmark for telecommunication service providers of fixed-line, internet, mobile and TV services. The determinant factors were:

- a transformed service culture inculcated through the Speed initiative launched in 2018
- enhanced fibre-optic provision
- simplified customer journeys and automated processes for orders, bills and complaints management
- quality of service at all touchpoints
- pro-activeness in addressing issues and communicating with customers

Empowerment of Employees at Touchpoints

There were multiple improvements in the empowerment of frontline staff, with training on processes and tools they use. These initiatives resulted in a significant increase in customer satisfaction levels at all touchpoints. As for technical partners, their customer satisfaction rate reached unprecedented levels.

Complaints Management

Complaint mechanisms from registration to resolution were re-engineered and fully automated. Coupled with onsite staff support and training, this resulted in the percentage of complaints resolved within the communicated time-frame increasing by 15 points. The number of billing and provisioning issues fell by more than 50% during 2019.

On-field customer surveys and transverse collaboration

- Customer feedback was explained and discussed throughout the Company.
- More than 200 transverse departmental workshops, taking on board feedback from customers, were instrumental in aligning, simplifying and automating processes.
- The knowledge management portal, visited 12,000 times a month by staff, proved to be a valuable tool for MT's touchpoints.
- Service dashboards were constantly shared with concerned stakeholders, allowing for appropriate improvements.
- Information provided was made more efficient through automation.

Partner Management

Close partner management with contractors and more than 450 audits at customer premises helped reduce poor workmanship by 53% and led to a warmer welcome from customers.

Strong collaboration with CSL resulted in service delivery KPIs improving by 90%. Partner management was also revamped.

Certification of Enterprise Solutions and Data Centres

- Mauritius Telecom successfully engaged in the certification of both its data centres to ISO 27001:2013 security management standards.
- The data centres also achieved compliance with PCIDSS, the payment industry standard.

BUSINESS REVIEW (CONT'D)

- Enterprise Services achieved recertification to ISO9001:2015 quality of service standards, without any non-conformity.

Outlook

The team embarked on a drive to further simplify customer journeys. There will be fresh initiatives on closer collaboration with internal stakeholders as well as partners. Novel techniques are being put in place to achieve stronger relationships with customers.

HUMAN RESOURCES

The Human Resources Department has adopted a culture of innovation. It has designed a working environment that uses modern communication tools and promotes engagement and wellness. The Department is continuously innovating by making use of digital tools and applications to deliver solutions.

Staff Welfare

The Wellness Programme continued to provide additional health facilities. The yearly Health Promotion Programme enjoyed a high 70% participation rate. Nutrition sessions were conducted and health and wellness tips given to promote a healthy lifestyle.

Athletes from MT Group took part in Mauritian Corporate Sports Federation events and were champions in the football and badminton tournaments and second runners-up in the table tennis competition.

To celebrate the Company's success, a staff event was also organised and employees having worked for forty years for MT Group were rewarded.

Enhancing Competencies and Encouraging Learning

The People Development team embarked on a transformation learning and people development journey. The team worked on improving daily work, which has not only brought more value to the company by better leveraging talents and skills but has also made work more valuable and exciting. A detailed training-needs analysis was conducted to enhance the provision of learning opportunities. By heavily reducing humdrum tasks, employees feel more engaged and valued. In collaboration with the University of Mauritius, MT Group employees were also offered the opportunity to enrol for a Bachelor's Degree course in Business Management.

Operational Matters

The Group continued to strive to reward its employees adequately. As such, employees who have been in the same position for many years were able to embark on a new career ladder. On request, employees were given the opportunity to retire through a Voluntary Retirement Scheme with an interesting package.

Supporting Business Units

While having embarked on multiple initiatives towards building the workforce of the future, the Department continued to engage in the enhancement and manning of business units, particularly in the movement and empowerment of resources for business continuity.

Way Forward 2020

The Department is committed to making learning easily accessible and enjoyable through innovative means. As such, the HR communication channel will be streamlined to allow both a top-down and bottom-up approach. The next salary review exercise is planned for 2020.

INFORMATION SYSTEMS

In 2019, MT was able to offer its customers a major breakthrough in the form of a convergent billing and customer-relationship management system, enabling them to obtain a full view of their portfolio (fixed-line, broadband, mobile and TV services). The implementation of a single solution also comes with a product catalogue.

A faster and targeted service, coupled with real-time data, allows MT to know its customers better and market future new services like hybrid and bundled offers. The activation of our products/services is fully automated to meet customer expectations rapidly around the clock. Customers are able to access many such services using MT's self-service portal.

BUSINESS REVIEW (CONT'D)

This means that customers can now access their data online, pay their bills, log complaints and make online requests for any MT service through this portal. The management of faults, including troubleshooting and carrying out repairs, has also become increasingly automated and digital. All this is coupled with an eco-friendly document management system to provide customer documents online.

With an upgraded new infrastructure and data warehouse, the massive unified customer database in such a highly integrated solution is supported by state-of-the-art technology to minimise downtime and bring more flexibility.

CLIMATE CHANGE AND GREEN ACTION

A number of initiatives were taken in 2019 to meet Mauritius Telecom's objective of reducing its power consumption by 5% and carbon footprint by 10%:

- A solar power system was implemented at MT's Beau Bassin Exchange leading to a reduction in power consumption from the CEB grid of 12%.
- Purchase of energy-efficient equipment for all new technical rooms.
- Procurement of equipment with power-saving mode.
- Enhanced cooling efficiency in technical rooms.
- Awareness campaign for internal staff.
- Eco-friendly disposal of unused equipment.

RISK MANAGEMENT

The Mauritius Telecom Group (MTG) faces a number of economic and other risks and uncertainties, coming from both internal and external sources. Some can be controlled and others not. Identifying and managing risks with the potential to affect its strategies and objectives is an essential part of its governance framework. It has established a rigorous and systematic risk review process to identify, evaluate, respond to and monitor risks. Identified risks are assessed on their likelihood and impact on finance (revenue, profits, liquidity and capital resources), business (brand, customers and service delivery), people (employees, customers, partners and the general public) and the Group's image and reputation.

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

Although the Group's risk management approach facilitates appropriate identification, assessment and control of risks to its operations and corporate strategy, nevertheless there may be some risks which are unknown today or some which were considered of little significance but which may become important later. The outbreak of the Covid-19 coronavirus subsequently declared as a pandemic has resulted in a national lockdown to control and reduce the spread of virus. This has huge economic implications, which are likely to result in significant disruption of many businesses and changes in consumers' behaviour, which will impact on operations and defined strategies.

Events outside the Group present both risks and opportunities. While focused efforts are made on predicting and managing risks, it also seeks to take advantage of any opportunities that may emerge.

The main risk types faced by the Group are financial, regulatory, competitive, technology, IT, breach of privacy, network failure and catastrophe, and people.

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

BUSINESS REVIEW (CONT'D)

Material Business Risks

By the nature of its business, the Group is exposed to material business risks that could adversely affect the Group's financial performance, business, brand, assets and growth potential in future years. In all respects, the Group continually seeks to mitigate or manage them.

Financial Risks

Like many businesses, the Mauritius Telecom Group is exposed to financial risks such as market risk, severe fluctuations in interest and foreign exchange rates arising from prolonged economic uncertainty, credit risk, liquidity risk and tax risks. These are expanded on in note 31 of the Financial Statements.

Industry Disruption and Competition

Rapid changes in telecommunications technology are increasing the level of competition in the telecommunications industry worldwide with the lowering of barriers to entry.

Competition comes from new and existing competitors as well as emerging competitors, including over-the-top (OTT) service providers, with lower cost bases and often considerable agility, who also provide multimedia and video contents applications and services directly. The effect of increasing competition is inter alia characterised by constant and rapid change, falling prices and customer migration from higher-margin legacy products to fully digitalised, converged, fault-free solutions. Not responding effectively to competition can result in loss of market share, revenue or even profit in a small and saturated market for fixed, mobile and internet services.

The Group is mitigating these risks by implementing a strategy of broadening and deepening customer relationships with a single unified brand, delivering superior customer service, reducing complexity for customers and employees, simplifying processes, transforming its operating model and continuous investment in providing customers with an experience that stands out in the market place.

Technology Risk

The Telecommunications and ICT industries are subject to rapid and significant technological changes, which may reduce costs, expand capacity, open new opportunities and result in shorter periods for investment recovery. The Mauritius Telecom Group needs to be able to identify emerging technologies, assess how customers will adopt them and invest accordingly, often a long time before the demand materialises. The rapid advancements in new technologies can lead to increased investment requirements and the accelerated obsolescence of current products, assets and systems before the end of their expected useful life. This can lead to impairment of some assets which may have a material effect on financial results.

Security and Resilience

The MT Group network is critical to its ability to compete and provide stable, highly reliable and fast networks and services. A high dependency on technology and the increased integration of customer services means outages can significantly impact the continuity of business operations and delivery of services to customers. Other key threats include extreme weather events, natural disasters, malicious attacks, loss of key third-party service providers and human errors. The Group has business capabilities, strategies and plans in place, which are subject to continuous review, to respond and recover from any critical service disruption, featuring backup sites, system redundancy and business recovery. The aim is to equip the Group with the means to manage adverse events or mitigate their consequences, and to provide acceptable levels of service continuity, especially for critical transactions and applications.

Cybersecurity and Privacy Risks

Globally, there are increased cyber security risks as a result of hacking tools, phishing scams and disruptive malware becoming more sophisticated and accessible to attackers. The Group's business is heavily dependent on the resiliency of its network infrastructure and supporting systems.

BUSINESS REVIEW (CONT'D)

The exposure is further intensified with the growing dependency on uninterrupted connectivity. Unless adequately protected from cyber-attack, theft or other malicious activities, this could result in disruption in the MTG's operations or network, and leakage or unauthorised dissemination of sensitive information about the Group and its customers. Apart from reputational risks, it could in turn lead to litigation from customers and penalties from regulatory bodies. The Group places high importance on protecting the security and privacy of customer and company data. To manage the growing risk, in addition to a multi-layered security framework, regular training is given to employees in relation to data security and privacy awareness, and regular cybersecurity and privacy drills are undertaken across the organisation to test the level of staff compliance and vigilance. The MTG also continually reviews and updates the security controls on its network based on known threats and best industry practice and knowledge.

Innovation and Agility

Innovation cycles are getting shorter and shorter. This results in the challenge of having to bring out new products and services at shorter and shorter intervals. The Group's capacity and ability to respond to this are tied to the agility of its internal processes and the capability and flexibility of its people. To manage this risk, the MTG enriches its pool of key competencies by hiring externally where there is scarcity and enhancing its people skills. It is further committed to identifying innovative products and services to help in driving the digital transformation of society. In addition, the Group has embarked on a digital transformation and simplification plan with the aim of delivering world-class customer experience and increasing speed to market, as well as operational efficiencies through automation.

Regulatory Environment

The Group operates in a regulated environment. Regulatory or policy changes, which can only be anticipated to a limited extent, may directly impact the Group's defined strategies and business model, as well as increasing complexity and the cost of doing business. Regulations can also impact or limit the Group's flexibility to respond swiftly to market conditions or competition from non-traditional competitors. To lessen such risks, the Group closely monitors new developments, engages and maintains relationships with relevant regulatory stakeholders and policy makers, community groups and industry, to mitigate any potential adverse effects of policy and regulatory decisions which might be inappropriate for a small market like Mauritius.

People

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

Pensions

The Group has an exclusive funding obligation to its main defined benefit pension schemes. All such schemes face risks of low investment returns, high inflation, longer life expectancy, increases in salary and pensions, and regulatory changes, any of which, or a combination thereof, may lead to a higher deficit and require a further increase in the additional annual contributions made into the schemes. MT mitigates this risk by regularly reviewing investment performance with the pension administrator. To contain wider growth in retirement benefit obligations, all defined benefit schemes have been closed to new members since 2007. All employees who joined the Group thereafter are under a defined contribution scheme.

Reputational Risk

Reputation is key to Mauritius Telecom Group's business and it is continuously working on promoting its corporate and brand images. An unforeseeable negative media report on its products and services or its corporate

BUSINESS REVIEW (CONT'D)

activities and responsibilities can have a huge impact on the Group's reputation and brand image, which might easily be tarnished in an era of digitalisation and widespread use of social media. To mitigate this risk, the MTG is engaged in a constant and constructive dialogue with its customers and the media to ensure a balanced view prevails.

LEGAL AND REGULATORY DEVELOPMENTS

The legal and regulatory environment facing Mauritius Telecom and its subsidiaries remains dynamic and is becoming increasingly demanding. Set forth below is a summary of the most significant legal and regulatory issues that directly affected Mauritius Telecom operations during 2018/2019.

1. SADC Roam Like Home

Since 2007, SADC ICT ministers have sought to decrease international mobile roaming (IMR) prices in the SADC region in order to foster regional integration and economic growth.

Given the cross-border nature of roaming services, no operator has been able to singlehandedly review roaming services, end to end. There is a need for coordinated regional action to ensure reciprocal benefits to all Southern Africa Telecommunications Association (SATA) and Southern African Development Community (SADC) members.

Under the chairmanship of Mauritius Telecom's Chief Executive Officer, all SATA members have agreed to adopt a phased approach regarding the implementation of Roam like Home.

2. 5G Trials

The ICT Authority (ICTA) approved Cellplus' application for temporary test licences for 4.5G and 5G. 5G promises much faster data download and upload speeds, wider coverage and more stable connections.

On the regulatory front, at the time of writing, the ICTA has not issued any proposed guidelines or any public consultations regarding the roll-out of 5G networks. It is expected that the ICTA will issue technical standards for a range of 5G-enabled devices and infrastructure in due course, and may also issue guidelines/ regulations regarding the frequency spectrum required to support 5G networks.

3. Securing Inclusive Innovation

To achieve the Government's vision of transforming Mauritius into an inclusive high-income country, Mauritius Telecom provided free access to broadband internet to some 11,000 families, who are on the Social Register of Mauritius (SRM).

4. Reforms in Related Areas

A major transformation is taking place with the convergence of the telecom and financial sectors. Below are highlights of some recent developments in the financial/fintech sector:

a. Mauritius Central Automatic Switch

Following the enactment of the National Payment Systems Act 2018, the Bank of Mauritius implemented the Mauritius Central Automatic Switch (MauCAS) in August 2019.

MauCAS will be a game changer in the way payments are carried out. It will allow non-bank payment service operators, such as Cellplus, to access selected account details of their customers in banks through the MauCAS under strict security norms.

MauCAS, which operates through an application programming interface-enabled, will permit bank and non-bank operators to propose open banking solutions.

b. Regulatory Sandbox Licences

Through the Financial Services Commission of Mauritius (FSC) and the Mauritius Economic Development Board, the Government introduced a Regulatory Sandbox License (RSL). The RSL allows companies to carry out FinTech projects and activities through Mauritius, even if there are no adequate provisions under any statutory enactment in Mauritius.

To date, nine start-ups have been granted regulatory sandbox licences, including companies providing online peer-to-peer lending or next-generation wealth-management platforms.

BUSINESS REVIEW (CONT'D)

5. Forthcoming Policies

The Government Programme for 2020-2024, announced in January 2020, outlined its broad policy orientations, including driving the economy towards high-income status through technology and innovation, with the aim of achieving higher levels of growth, equality and shared prosperity.

The implementation of the Government Programme 2020-2024 will require revamping of existing legal frameworks to build the confidence of citizens and businesses when interacting with government using electronic means.

CELLPLUS MOBILE COMMUNICATIONS

E-Topup Project

An E-Topup platform was introduced with a number of new features that have made life easier for both MT's customers and retailers. The system has a multi-aspect app that allows retailers to perform a range of transactions to the benefit of both themselves and their customers.

Mobile Network

New mobile sites were deployed to further enhance services, especially in areas where there has been new residential development. In addition, dedicated in-building mobile coverage solutions were implemented for a number of organisations.

CSL

CSL completed its 20 years of existence in 2019, during which time it has evolved from being a contact centre to what is now a fast growing, high-tech and innovative business process outsourcing (BPO) service provider. The company offers a full range of both inbound and outbound services to the local and international market on a 24/7 basis and operates with 450 full time employees.

CSL handles hotline services and helpdesk support for Mauritius Telecom, dealing with customer queries and complaints relating to fixed, broadband, TV, mobile and my.t money services. During the year, Mauritius Telecom added services related to the provisioning of new lines, appointment management for customers and field intervention teams, and tracking of fault repairs.

With the launch of the my.t money digital payment service in August 2019, CSL now also provides hotline and back office support services to both my.t money customers and retailers.

In addition to servicing the MT Group, CSL has grown organically by providing BPO services to external customers in various sectors, including financial, ICT, retail & trade and government. Services include debt chasing and debt collection, archiving and data management, telemarketing and phone surveys.

Quality of Service

During 2019, quality of service (QoS) enhancements led to hotline services being consistently rated above 90% as from the second semester of the year, surpassing all KPIs used in the BPO industry. This was achieved through a mix of measures including service transformation, operational re-engineering and employee engagement.

CSL improved its overall customer satisfaction index (CSI) by 10 points between January and December 2019, while the net promoter score (NPS) reached 52, confirming a high degree of customer satisfaction. Another key indicator of service levels was provided by its customer effort score (CES), standing at 90% in December 2019.

Digitalisation

The implementation of the new Contact Centre Management System (CCMS), which acts as the primary multi-channelled (inbound and outbound) point of contact between CSL and its customers, enabled CSL to benefit from an omni-channel system that combines voice, chat, email, web and social media. This was followed by a digitalisation programme, further enhancing services.

CSL's ICT infrastructure became PCI-DSS-compliant in September 2019. This enables the company to align with the changing regulatory

BUSINESS REVIEW (CONT'D)

environment requiring a clear framework of best practices with regards to security and adequate controls to meet its financial partners' objectives. PCI-DSS is the payment card industry's data security standard.

Staff Engagement and People Development

CSL implemented a series of measures that resulted in a changed employee engagement landscape. Staff were fully involved in the celebration of national festivals during the year, including the wearing of traditional attire on these occasions. Joiners received induction training and a buddy programme was put in place.

Pick-up and drop-off facilities for those working late were reviewed for the convenience of such staff. At the same time, the roster of duties was adjusted to provide extended off-duty periods, especially during weekends, for staff working on round-the-clock shift duties. A more attractive attendance bonus system was also introduced.

As well as soft skills and on the job training, staff were trained on new services outsourced to CSL during the year. The professional development programme, in collaboration with the UoM and the MITD and launched in 2019, was widely welcomed by CSL employees, who enrolled on selected courses ranging from technical to business management.

In the last quarter of 2019, CSL made the necessary changes relating to the implementation of the Workers' Rights Act 2019 and new ICT and BPO sector regulations in the Employment Relations Act.

The operating hours of the new gymnasium at the my.t tower were extended in order to allow more CSL employees to enjoy the facilities. At the same time, the annual health check was extended to all CSL staff.

Customer Experience Transformation

CSL embarked on a customer experience transformation programme in order to meet customers' evolving needs.

In this respect, CSL reinforced partnership management with its clients. The various schedules of works were reviewed and enhanced with service level agreements and a dashboard and reporting mechanism. The programme will be pursued in 2020 so as to integrate the use of omni-channels and advanced digitalisation.

TELEFORCE

Teleforce Ltd provides strategic media-planning solutions to give prime visibility to Mauritius Telecom's advertising and communication campaigns. In an ever-challenging environment where there are important shifts in the way audiences are targeted, Teleforce focuses on reaching appropriate audiences through media such as television, radio, print, digital and outdoor. In 2019, Teleforce published L'Annuaire, also known as the White Pages, which provides an alphabetical listing of residential and business lines in Mauritius, Rodrigues and Agalega. It also produced The Source, a B2B directory listing more than 1,000 companies classified under business activity. Teleforce also manages searchmauritius.mu, https://searchmauritius.mu, the country's most extensive online business directory.

MAURITIUS TELECOM FOUNDATION

Mauritius Telecom is fully committed to upholding its corporate social responsibilities via the Mauritius Telecom Foundation (MTF), set up in 2009. Since then, the Foundation has been funding major national projects promoting social and economic integration and also the fight against poverty. It also works with several NGOs in Mauritius, Rodrigues and Agalega to support community projects in the fields of ICT, education, health disabilities, sport and the environment.

Health, Fitness and Wellness

MUGA (Multi-use games area) is an initiative to promote healthy living through physical activity and training for all segments of the population. MUGA is accessible to the general public and offers several facilities such as free fitness, yoga and Zumba classes, a futsal court, jogging track, a petanque court and an outdoor gym.

After the success of MUGA Phoenix, opened in 2018 and visited that year by more than 60,000 people, the Foundation resolved to extend the project across the island. Two other MUGA were therefore launched in 2019, in Tyack in May and in Triolet in June. Construction was also started on three other MUGA in Quatre Bornes, Goodlands and Curepipe.

Mobility

A wheelchair is one of the devices most commonly needed to improve the mobility of a person. Indeed, for many people, a suitable wheelchair can be the first step towards inclusion and social participation. In 2019, the MTF distributed some 50 wheelchairs to people with physical disabilities.

Education

Because school is often synonymous with significant expenses for families in precarious situations, the MTF decided to help such families by providing school materials to their children. 90,000 copybooks and 1,800 school bags were distributed across the country in 2019, giving vulnerable children the chance to have easier access to education.

Putting A Smile On Children's Faces

In order to bring some joy to the hearts of children in need, the Foundation provided gifts to children from disadvantaged areas during the Christmas period, with 2,000 toys distributed across the island.

A Better Environment For A Better Tomorrow

The Environment Protection (Banning of Plastic Bags) Regulations 2015 were promulgated in August of that year, prohibiting the use of plastic bags. As every year, to continue to help in the fight against the invasion of plastic, the Foundation distributed some 14,750 eco-bags to the general public in 2019.

Rodrigues

The Mauritius Telecom Foundation donated Rs 1 million of its CSR funds to help NGOs in Rodrigues in 2019. As with the Mauritian projects, the objective was to help needy families. The following NGOs were supported:

1. **Trevor Huddleston Association for the Disabled**

   To support the development and improvement of the Association's Gonzague Pierre Louis special learning centre, by supplying educational equipment for the blind.

2. **Rodrigues Port Mathurin Judo Club**

   To support one of the Club's main priorities of using sport as a means for the prevention of drug abuse, with the overall aim of helping to eradicate poverty, ensure healthy lives and promote well-being.

3. **ReACH - Restore Another Child's Hope Association**

   To support underprivileged school children in Rodrigues by providing meals to students and grants to tertiary students.

MAURITIUS TELECOM FOUNDATION (CONT'D)

4. **EDYCS Epilepsy Group**

   To provide information on epilepsy and seizures by raising awareness of the challenges faced by children and adolescents living with epilepsy as well as assisting them through continued education at the Edycs Centre.

5. **Caritas Rodrigues**

   To help provide hot meals to poor and needy students on a daily basis.

6. **Association Les Enfants D'Abord**

   To help the Association provide basic musical training mainly to underprivileged children, thereby developing the children's talents, promoting local culture and also helping to keep the children away from social ills.

7. **Association Feminine Légendine Rémir**

   To help unemployed women become financially autonomous by encouraging entrepreneurship and educating women through training programmes.

8. **Association Capucine Rodrigues**

   To facilitate access to funding, training and development programmes to alleviate poverty and by also promoting the use of green materials for environmentally-friendly development.

9. **Association Feminine Ste Famille**

   To create economic opportunities for entrepreneurs and help them in boosting their productivity by providing more training and financial aid.

10. **Rodrigues Association Feminine Baie Topaze**

    To encourage and develop female entrepreneurs by creating employment, alleviating poverty and building up confidence through empowerment training and coaching.

11. **Rodrigues Students Needs Association**

    To support IC3 classes for students and vulnerable people, and farming entrepreneurship through the rearing of pigs and the construction of water tanks.

12. **Association SOS Pauvreté**

    To reduce the number of drugs, alcohol and cigarette users through the social integration of children.

Agalega

The assistance that the Foundation brings to NGOs is not limited only to Mauritius and Rodrigues. In 2019, the MTF donated educational materials such as copybooks and school bags to needy children, while wheelchairs were distributed to people with physical disabilities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAURITIUS TELECOM LTD

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Mauritius Telecom Ltd (the Group and the Company) which comprise the consolidated and separate statements of financial position as at 31 December 2019 and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies, as set out on pages 86 to 158.

In our opinion, these consolidated and separate financial statements give a true and fair view of the financial position of Mauritius Telecom Ltd as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Financial Reporting Act.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Annual Report, Corporate Governance Report, Board and Sub Committees attendance, Statement of Compliance and Certificate by Company Secretary which we obtained prior to the date of this report, and the other information included in the Annual Report is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

Responsibilities of directors for the Consolidated and Separate Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAURITIUS TELECOM LTD (CONT'D)

Report on the Audit of the Consolidated and Separate Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAURITIUS TELECOM LTD (CONT'D)

Report on the Audit of the Consolidated and Separate Financial Statements

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Other Matter

The consolidated and separate financial statements of the Group and the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2019.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members, as a body, those matters that 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Group and the Company other than in our capacity as auditors

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

KPMG

KPMG

Ebène, Mauritius

Désiré
LAN CHEONG WAH, FCA
Licensed by FRC

Date: 24 July 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	THE GROUP			THE COMPANY		
		31 December 2019	31 December 2018 Restated	1 January 2018 Restated	**31 December 2019**	31 December 2018 Restated	1 January 2018 Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
ASSETS							
Non-current assets							
Property, plant and equipment	5	**15,795,598**	16,134,841	13,115,144	**13,825,960**	14,163,865	10,978,339
Intangible assets	6	**1,288,453**	1,146,973	484,265	**1,145,233**	1,047,817	381,439
Right of use assets	35	**720,055**	-	-	**436,995**	-	-
Investments in subsidiaries	7	**-**	-	-	**842,408**	842,408	842,408
Investments in associates	8	**-**	-	308,573	**-**	-	40,935
Investments designated at FVTOCI	9	**147,246**	39,825	35,570	**147,246**	39,825	35,570
Other deposits	37	**66,483**	30,909	169,231	**66,483**	30,909	169,231
Contract assets	12	**394,203**	392,294	-	**394,203**	392,294	-
Other receivables	13	**87,117**	86,879	75,976	**87,117**	86,879	75,976
Loan to subsidiary	10	**-**	-	-	**140,194**	164,384	186,499
Deferred tax asset	18	**559,462**	518,328	700,363	**411,027**	366,837	547,334
Total non-current assets		**19,058,617**	18,350,049	14,889,122	**17,496,866**	17,135,218	13,257,731
CURRENT ASSETS							
Inventories	11	**735,456**	639,672	465,302	**611,620**	488,963	330,671
Trade receivables	12	**1,393,988**	982,188	887,781	**931,214**	768,872	502,089
Other receivables	13	**612,380**	856,738	1,394,101	**578,464**	711,451	1,290,978
Contract assets	12	**327,099**	279,162	-	**62,193**	35,894	-
Other deposits	37	**105,913**	139,091	30,769	**105,000**	139,091	30,769
Loan to subsidiary	10	**-**	-	-	**24,190**	22,115	20,219
Tax receivable	18	**4,042**	-	-	**4,042**	-	-
Cash and cash equivalents	36	**349,990**	752,944	975,122	**280,154**	624,985	874,357
		3,528,868	3,649,795	3,753,075	**2,596,877**	2,791,371	3,049,083
Assets held for sale	38	**486,576**	290,920	-	**236,591**	40,935	-
Total current assets		**4,015,444**	3,940,715	3,753,075	**2,833,468**	2,832,306	3,049,083
Total assets		**23,074,061**	22,290,764	18,642,197	**20,330,334**	19,967,524	16,306,814

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019 (CONT'D)

		THE GROUP			THE COMPANY		
	Note	**31 December 2019**	31 December 2018 Restated	1 January 2018 Restated	**31 December 2019**	31 December 2018 Restated	1 January 2018 Restated
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	15	**190,000**	190,000	190,000	**190,000**	190,000	190,000
Fair value reserve	16	**140,771**	33,350	29,095	**140,771**	33,350	29,095
Translation reserve		**(14,236)**	1,384	(21,474)	**-**	-	-
Retained earnings		**8,954,917**	8,985,103	7,516,156	**3,561,043**	4,609,700	3,885,489
Total equity		**9,271,452**	9,209,837	7,713,777	**3,891,814**	4,833,050	4,104,584
Non-current liabilities							
Loans	17	**2,125,599**	1,586,316	-	**2,125,599**	1,586,316	-
Lease liabilities	35	**650,186**	-	-	**475,621**	-	-
Deferred tax liabilities	18	**-**	36,521	37,588	**-**	-	-
Retirement benefit obligations	19	**4,356,784**	4,424,347	5,043,333	**4,022,608**	4,139,518	4,784,071
Deferred revenue	22	**420,198**	417,949	-	**420,198**	417,949	-
Other payables	21	**373,857**	92,489	142,085	**369,831**	92,489	142,085
Total non-current liabilities		**7,926,624**	6,557,622	5,223,006	**7,413,857**	6,236,272	4,926,156
Current liabilities							
Loans	17	**43,021**	10,915	-	**1,128,244**	1,073,309	1,092,030
Lease liabilities	35	**114,259**	-	-	**56,888**	-	-
Trade payables	20	**2,088,059**	2,392,178	1,863,974	**1,188,841**	1,611,526	738,243
Other payables and accrued expenses	21	**1,755,759**	2,610,973	2,535,881	**5,207,681**	5,212,241	4,534,314
Deferred revenue	22	**352,172**	370,545	286,610	**226,969**	232,750	198,073
Security deposits		**417,555**	392,979	379,261	**417,555**	392,979	379,261
Dividend payable		**327,413**	535	-	**327,413**	535	-
Current tax liabilities	18	**263,615**	377,012	286,688	**-**	66,907	21,790
Provisions	23	**369,468**	368,168	353,000	**326,408**	307,955	312,363
Bank overdraft	36	**144,664**	-	-	**144,664**	-	-
Total current liabilities		**5,875,985**	6,523,305	5,705,414	**9,024,663**	8,898,202	7,276,074
Total liabilities		**13,802,609**	13,080,927	10,928,420	**16,438,520**	15,134,474	12,202,230
Total equity and liabilities		**23,074,061**	22,290,764	18,642,197	**20,330,334**	19,967,524	16,306,814

Approved by the Board of Directors and authorised for issue on 20 July 2020.

N.K. Ballah
CHAIRMAN

D.K.Dabee
DIRECTOR

The notes on pages 92 to 158 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

THE GROUP

	Note	2019	2018
			Restated
		Rs 000s	Rs 000s
Revenue	24	**10,494,749**	10,566,519
Cost of sales		**(2,659,810)**	(3,083,503)
Gross profit		**7,834,939**	7,483,016
Other income	26	**210,368**	148,539
Operating expenses		**(6,965,008)**	(6,155,820)
(Impairment losses)/reversal of impairment losses on trade receivables and contract assets	12	**(169,710)**	30,647
Profit from operations	25	**910,589**	1,506,382
Finance income	28	**34,464**	28,194
Finance costs	29	**(219,143)**	(108,649)
Net finance costs		**(184,679)**	(80,455)
Other gains and losses	27	**(35,164)**	202,599
Share of profits from associate	8	**-**	19,979
Profit before tax		**690,746**	1,648,505
Income tax expense	18	**(47,881)**	(344,525)
PROFIT FOR THE YEAR		**642,865**	1,303,980
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligations	19	**160,675**	616,464
Impact of changes in financial assumptions on termination benefits		**-**	(15,501)
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	**(50,926)**	(105,067)
Fair value gain on investments designated at FVTOCI	9,16	**107,421**	4,255
		217,170	500,151
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(15,620)**	(45,871)
Other comprehensive income for the year, net of tax		**201,550**	454,280
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**844,415**	1,758,260
BASIC AND DILUTED EARNINGS PER SHARE	30	**3.38**	6.86

The notes on pages 92 to 158 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

THE COMPANY

	Note	2019	2018
			Restated
		Rs 000s	Rs 000s
Revenue	24	**7,028,877**	7,145,339
Cost of sales		**(1,665,320)**	(1,953,173)
Gross profit		**5,363,557**	5,192,166
Other income	26	**1,017,258**	1,015,786
Operating expenses		**(6,273,205)**	(5,599,117)
(Impairment losses)/reversal of impairment losses on trade receivables and contract assets	12	**(159,820)**	51,196
(Loss)/profit from operations	25	**(52,210)**	660,031
Finance income	28	**53,514**	49,320
Finance costs	29	**(448,068)**	(301,579)
Net finance costs		**(394,554)**	(252,259)
Other gains and losses	27	**(65,262)**	202,004
(Loss)/profit before tax		**(512,026)**	609,776
Income tax expense	18	**121,740**	(115,426)
(LOSS)/PROFIT FOR THE YEAR		**(390,286)**	494,350
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligation	19	**173,615**	611,521
Impact of changes in financial assumptions on termination benefits		**-**	(15,501)
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	**(49,186)**	(103,959)
Fair value gain on investments designated at FVTOCI	9,16	**107,421**	4,255
Other comprehensive income for the year, net of tax		**231,850**	496,316
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(158,436)**	990,666

The notes on pages 92 to 158 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Stated Capital	Fair value reserve	Translation reserve	Retained Earnings	Total
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
THE GROUP						
BALANCE AT 1 JANUARY 2018, AS PREVIOUSLY REPORTED		190,000	4,632	(21,474)	7,541,893	7,715,051
Prior year adjustment – Deferred tax impact IFRS 9	42	-	-	-	113,595	113,595
Prior year adjustment – Other receivables	42	-	-	-	(68,449)	(68,449)
RESTATED BALANCE AT 1 JANUARY 2018		190,000	4,632	(21,474)	7,587,039	7,760,197
Effects of initial application of IFRS 9		-	24,463	-	(66,601)	(42,138)
Effects of initial application of IFRS 15		-	-	-	(4,282)	(4,282)
RESTATED BALANCE AT 1 JANUARY 2018, AFTER ADOPTION OF NEW STANDARDS		190,000	29,095	(21,474)	7,516,156	7,713,777
Total comprehensive income for the year						
Profit for the year		-	-	-	1,303,980	1,303,980
Other comprehensive income for the year net of tax		-	4,255	(45,871)	495,896	454,280
Total comprehensive income for the year		-	4,255	(45,871)	1,799,876	1,758,260
Movement in reserves		-	-	68,729	(68,729)	-
Dividend	14	-	-	-	(262,200)	(262,200)
AT 31 DECEMBER 2018		190,000	33,350	1,384	8,985,103	9,209,837
BALANCE AT 1 JANUARY 2019		**190,000**	**33,350**	**1,384**	**8,985,103**	**9,209,837**
Total comprehensive income for the year						
Profit for the year		**-**	**-**	**-**	**642,865**	**642,865**
Other comprehensive income for the year net of tax		**-**	**107,421**	**(15,620)**	**109,749**	**201,550**
Total comprehensive income for the year		**-**	**107,421**	**(15,620)**	**752,614**	**844,415**
Dividend	14	**-**	**-**	**-**	**(782,800)**	**(782,800)**
AT 31 DECEMBER 2019		**190,000**	**140,771**	**(14,236)**	**8,954,917**	**9,271,452**

THE COMPANY					
BALANCE AT 1 JANUARY 2018, AS PREVIOUSLY REPORTED		190,000	4,632	3,919,292	4,113,924
Effects of initial application of IFRS 9		-	24,463	(29,521)	(5,058)
Effects of initial application of IFRS 15		-	-	(4,282)	(4,282)
RESTATED BALANCE AT 1 JANUARY 2018		190,000	29,095	3,885,489	4,104,584
Total comprehensive income for the year					
Profit for the year		-	-	494,350	494,350
Other comprehensive income for the year, net of tax		-	4,255	492,061	496,316
Total comprehensive income for the year		-	4,255	986,411	990,666
Dividend	14	-	-	(262,200)	(262,200)
AT 31 DECEMBER 2018		190,000	33,350	4,609,700	4,833,050
AT 1 JANUARY 2019 (AS REPORTED)		**190,000**	**33,350**	**4,609,700**	**4,833,050**
Total comprehensive income for the year					
Loss for the year		**-**	**-**	**(390,286)**	**(390,286)**
Other comprehensive income for the year, net of tax		**-**	**107,421**	**124,429**	**231,850**
Total comprehensive income for the year		**-**	**107,421**	**(265,857)**	**(158,436)**
Dividend	14	**-**	**-**	**(782,800)**	**(782,800)**
AT 31 DECEMBER 2019		**190,000**	**140,771**	**3,561,043**	**3,891,814**

The notes on pages 92 to 158 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		THE GROUP		THE COMPANY	
		2019	2018 Restated	2019	2018 Restated
	Note	Rs 000s	Rs 000s	Rs 000s	Rs 000s
CASH FLOWS FROM OPERATING ACTIVITIES					
PROFIT/(LOSS) FOR THE YEAR		**642,865**	1,303,980	**(390,286)**	494,350
Adjustments for: -					
Income tax expenses		**47,881**	344,525	**(121,740)**	115,426
Profit on disposal of property, plant and equipment		**(1,186)**	(20,734)	**(1,074)**	(20,734)
Interest expense		**174,431**	108,649	**420,427**	301,579
Interest on lease assets		**44,712**	-	**27,641**	-
Interest income		**(34,464)**	(28,194)	**(53,514)**	(49,320)
Dividend income		**(10,006)**	(7,792)	**(10,006)**	(18,567)
Retirement benefit obligations		**93,112**	(2,522)	**56,705**	(33,032)
Termination benefits		**261,447**	(143,806)	**277,342**	(143,806)
Share of profit from associates		**-**	(19,979)	**-**	-
Depreciation and amortisation		**2,250,953**	2,093,018	**1,857,500**	1,698,187
Depreciation on lease asset		**145,352**	-	**78,813**	-
Provision for obsolete stock		**5,516**	4,263	**(391)**	124
Impairment losses/(reversal of impairment losses) on trade receivables and contract assets		**169,710**	(30,647)	**159,820**	(51,196)
Unrealised exchange gain/loss		**(8,945)**	(169,765)	**21,534**	(179,937)
Loss on winding up of a subsidiary		**-**	2,929	**-**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,781,378**	3,433,925	**2,322,771**	2,113,074
Increase in inventories		**(101,300)**	(178,633)	**(122,266)**	(158,416)
Increase in trade receivables and contract assets		**(614,409)**	(703,789)	**(345,366)**	(591,779)
Decrease in other receivables		**252,811**	525,018	**136,984**	588,874
(Decrease)/increase in trade payables		**(308,357)**	548,323	**(395,086)**	889,737
(Decrease)/increase in other payables and accrued expenses		**(145,787)**	48,646	**582,430**	388,522
(Decrease)/Increase in deferred revenue		**(45,180)**	497,602	**(32,588)**	448,344
Increase/(decrease) in provisions		**1,300**	(4,278)	**18,452**	(20,266)
CASH GENERATED FROM OPERATIONS		**2,820,456**	4,166,814	**2,165,331**	3,658,090
Taxes paid		**(251,527)**	(207,761)	**(5,696)**	(8,045)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**2,568,929**	3,959,053	**2,159,635**	3,650,045
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(3,000,401)**	(5,414,046)	**(2,702,018)**	(4,621,599)
Purchase of intangible assets		**(336,875)**	(231,426)	**(253,393)**	(791,452)
Proceeds from sale of property, plant and equipment and intangible assets		**273,380**	27,925	**273,231**	21,059
Net cash outflow on winding up of subsidiary		**-**	(1,065)	**-**	-
Cash outflow/inflow from placement in other deposits		**(2,396)**	30,000	**(1,483)**	30,000
Interest received		**14,285**	24,242	**14,275**	24,008
Dividend received		**10,006**	18,567	**10,006**	18,567
NET CASH USED IN INVESTING ACTIVITIES		**(3,042,001)**	(5,545,803)	**(2,659,382)**	((5,319,417)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan repayment from subsidiary		**-**	-	**22,115**	20,219
Loan received		**504,087**	1,584,656	**504,087**	1,584,656
Payment of lease liability		**(165,007)**	-	**(90,874)**	-
Interest paid		**(34,593)**	(59,073)	**(38,572)**	(15,029)
Dividend paid		**(455,921)**	(262,200)	**(455,921)**	(262,200)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(151,434)**	1,263,383	**(59,165)**	1,327,646
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(624,506)**	(323,367)	**(558,912)**	(341,726)
Cash and cash equivalents at beginning of the year		**752,944**	975,122	**624,985**	874,357
Effect of exchange rate changes on cash and bank balances held in foreign currencies		**76,888**	101,189	**69,417**	92,354
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	36	**205,326**	752,944	**135,490**	624,985

The notes on pages 92 to 158 form an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Mauritius Telecom Ltd ("the Company") is a public company incorporated in Mauritius. Its registered office and principal place of business is Telecom Tower, Edith Cavell Street, Port Louis. It is engaged in the provision of telecommunication services and the principal activities of its subsidiaries are described in note 7.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and complied with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis of preparation

The consolidated and separate financial statements are presented in Mauritian Rupees (Rs), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2019.

Changes in significant accounting policies

The Group and the Company initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Group's consolidated and the Company's separate Financial Statements.

The Group and the Company applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated- i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group and the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Agreement contains a Lease. Under IFRS 16, the Group and the Company now assess whether a contract is or contains a lease based on the definition of a lease, as explained in note 3(o).

On transition to IFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group and the Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Group and the Company lease assets including land, buildings and plant and equipment. The Group and the Company previously classified leases as operating leases based on their assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group and the Company. Under IFRS 16, the Group and the Company recognise right-of-use assets and lease liabilities for most of these leases- i.e. these leases are on-balance sheet.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

At commencement or on modification of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Group and the Company have elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

(i) Leases classified as operating leases under IAS 17

Previously, the Group and the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's and Company's incremental borrowing rate as at 1 January 2019.

Right-of-use assets are measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Group and the Company applied this approach to all other leases.

The Group and the Company have tested right-of-use assets for impairment on the date of transition and concluded that there is no indication that the right-of-use assets are impaired.

The Group and the Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group and the Company:

(a) did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

(b) did not recognise right-of-use assets and liabilities for leases of low value assets.

(c) excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

(d) used hindsight when determining the lease term.

(ii) Leases classified as finance leases under IAS 17

The Group and the Company lease a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability as at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Cont'd)

Changes in significant accounting policies (Cont'd)

C. As a lessor

The Group and the Company lease security equipment under the Safe City project. The Group has classified these leases as operating leases. The Group and the Company are not required to make any adjustments on transition to IFRS 16 for leases in which they act as lessor.

The Group and the Company have applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impact on the consolidated and separate financial statements

Impact on transition

On transition to IFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	1 January 2019	
	THE GROUP	THE COMPANY
Right of use assets (Rs'000s)	848,444	512,088
Lease liabilities (Rs'000s)	867,727	592,022

When measuring lease liabilities for leases that were classified as operating leases, the Group and the Company discounted lease payments using their incremental borrowing rate at 1 January 2019. The incremental borrowing rate ranged from 5.05% to 6.44% depending on the duration of the lease.

	1 January 2019	
	THE GROUP	THE COMPANY
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the consolidated and separate financial statements	776,171	1,043,456
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the consolidated and separate financial statements (Re-Stated) (Rs'000s)	1,140,653	1,111,593
Discounted using the incremental borrowing rate at 1 January 2019 (Rs'000s)	867,727	592,022
Finance lease liabilities recognised as at 31 December 2018	-	-
Lease liabilities recognised at 1 January 2019 (Rs'000s)	**867,727**	**592,022**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

IFRIC 23 Uncertainty over tax treatments (IFRIC 23)

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

(i) The Group and the Company to determine whether uncertain tax treatments should be considered separately or together as a group, based on which approach provides better predictions of the resolution;

(ii) The Group and the Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and

(iii) If it is not probable that the certain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using the tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

IFRC 23 does not have material impact on the Group's and Company's consolidated and separate financial statements.

Standards and interpretations in issue but not yet effective

A number of new standards, amendments to standards and imterpretations are effective for annual periods beginning on or after 1 January 2019; however, the Group and the Company have not early adopted the new or amended standards in preparing these consolidated and separate Financial Statements.

The Group and the Company are still assessing the impact of the following amended standards and interpretations on the consolidated and separate financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Accounting for proceeds before an asset use (Amendments to IAS 16)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company are set out below.

The terms Group and Company are used interchangeably and applicable to either the Group or the Company or both depending on the nature of the accounting policies and/or the notes that are disclosed.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (collectively referred to as the ''Group'').

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.

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The 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 IFRS 9 Financial Instruments when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(b) 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.

(c) Investments in associates

An associate is an entity over which the Group and the Company have significant influence and is not 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 associate but has no control over those policies.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (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 an 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 measured at cost less impairment at Company level from the date the investee becomes an associate.

An investment in an associate is measured using the equity method from the date on which the investee becomes an associate at Group level.

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 36 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 when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 IFRS 9. The difference between the carrying amount of the associate 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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 the Group transacts with its associate, profits and losses resulting from the transactions are recognised in the consolidated and separate financial statements only to the extent of interests in the associate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group and the Company recognise revenue when it transfers control over a good and service to a customer.

The consideration to which the Group and Company expects to be entitled in a contract with a customer excludes amount collected on behalf of third parties and takes into consideration any financing component arising on transfer of control passed on over time for a period more than one year.

The main revenue streams are recognised as follows:

1. Telephone services

The Group and the Company offer fixed and mobile telephone services, fixed and mobile internet access services and content offers to their customers. Some contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice. Service revenue is recognised when the service is provided, based on usage (minutes of traffic, number of SMS or bytes of data processed) or the period (e.g monthly service costs). This gives rise to deferred revenue on prepaid services. Prepaid offers include expiry date. Any credits not yet consumed on prepaid services is recognised as revenue.

Contracts with customers generally do not include material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specific scope generally reflect their standalone selling prices. Service obligations transferred to the customer at the same pace are treated as a single obligation. Any initial service connection is recognised in revenue over the average term of the expected contractual period.

When contracts include contractual clauses in terms of commercial discounts or free offers, the Group or the Company defer these discounts or free offers, if material, over the enforceable period of contract which is the period over which the Company and the customer have a firm commitment.

2. Sales of equipment

The Group and the Company offer equipment (primarily mobile phones) either separately or bundled with service offers. When sold separately, the amount invoiced is recognised in revenue on delivery. The proceeds are receivable immediately or in instalments over a period of 12 months or more for specific contracts. Where payment is received in instalments over a period of more than 24 months, the offer comprises a financial component and interest is calculated and deducted from the amount invoiced and recognised over the payment period in finance income.

When equipment is bundled with service, the Group and the Company recognise the equipment as revenue on delivery and service revenue is recognised over the contract period. Where the Group and Company have the rights to consideration for equipment delivered during the year but not billed at the reporting date, the Group and the Company recognised these as contract assets. Revenue is allocated to each component in proportion to their individual selling prices.

3. Wholesale contracts

Contracts with Operator customers for domestic and international wholesale activities can be in two types pay-as-you-go model or send-or-pay model. Pay-as-you-go model applies mainly to regulated activities with domestic operators (call termination). These contracts are not covered by a volume commitment. Revenue is recognised as the services are provided over the contractual terms.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Under a send-or-pay model, the price, volume and terms are defined. Such contracts include some roaming contracts with foreign operators. The operator has a commitment to pay the amount as per the contract irrespective of actual traffic consumed over the contract period. Revenue, reduced for any discount, is recognised progressively based on actual traffic during the contract period.

4. Commission

Commission represents income from activities performed by the Group in relation to media planning services. Revenue is recognised at a point in time upon delivery of services.

5. Co-location

Co-location income is derived from tower sites sharing arrangements with other operators. It is recognised over time on a contractual basis.

(e) Other income

Other income earned by the Group and Company are recognised on the following bases: -

- Interest income is accrued over time, 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.
- Management fees are accrued over time at the consideration received/receivable.
- Surcharge relates to late payment fee at 10% of the amount invoiced and is applicable once the credit period of 30 days is exceeded. The fee is recognised on an accrual basis over time, reduced for any expected waiving and is included in other income in profit or loss account.

(f) Property, plant and equipment

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

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

Plant and equipment	- 5 to 20 years
Buildings on leasehold land	- 25 years
Furniture, fittings and equipment	- 5 to 10 years
Motor vehicles	- 5 years

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

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

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

Plant and equipment in progress are capitalised based on the percentage of completion method and are stated at cost. No depreciation is provided until such time as the relevant assets are completed and available for use. No depreciation is provided on freehold land and assets in progress. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the Company.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible assets

Intangible assets acquired by the Group and the Company comprise of computer software that is not considered to form an integral part of any hardware equipment. The software is capitalised at cost, amortised over its estimated useful life of 5 years and is recognised in profit or loss. They are measured at cost less accumulated amortisation and accumulated impairment losses. The Group and the Company start amortisation of intangible assets when they are ready for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(h) Impairment of non-financial assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

(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.

(j) Foreign currencies

In preparing the consolidated and separate 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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction and subsequently these are not re-translated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated and separate 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.

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

(k) Taxation

Income tax expense comprises current 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.

Current tax assets and liabilities are offset only if,

- The Group and the Company have a legally enforceable right to set the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Taxation (Cont'd)

(ii) Deferred tax (Cont'd)

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 their 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 their current tax assets and liabilities on a net basis.

(iii) Current and deferred taxes for the year

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

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits and are measured at amortised cost. 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. Cash and cash equivalents are measured at amortised cost.

(m) Retirement benefit costs and termination benefits

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at 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, gains and losses on curtailments and settlements).
- Net interest expense or income.
- Re-measurement.

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

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

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

The present value of other retirement benefits in respect of The Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability. The recognition and presentation of the components of the retirement gratuities are similar to the defined benefit plan (as above).

(n) Financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets (unless it is a trade receivable without a significant financing component) 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. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (Cont'd)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and 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 amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Equity instruments designated as at fair value through other comprehensive income (FVTOCI)

On initial recognition, the entity may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

The Group and the Company have elected to present the changes in fair value of the investment in equity instruments in OCI as it is not held for trading.

Investments designated at FVTOCI are initially measured at fair value plus transaction costs. Fair value is determined using the most appropriate observable inputs for quoted entities and last transaction price/ most recently available net assets value proportion as basis for fair value determination of unquoted entities. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in fair value reserve. The cumulative gain or loss is transferred to retained earnings on disposal.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are recognised in profit or loss.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on trade and other receivables that are measured at amortised cost except for loan and receivables that are determined to have low credit risk at reporting date. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measure expected credit losses (ECL) using an allowance equal to 12-month ECL for stage 1 assets or a lifetime expected loss allowance stage 2 or stage 3 for all trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions (when the trends are observable) and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Assessment of default range

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

(i) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering of the contractual cash flows. The Group and Company have a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. Financial assets written off may still be subject to enforcement activities under the Group and the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

(ii) Recognition of expected credit losses

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial instruments (Cont'd)

(iii) 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 when 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 Company recognises 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 Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities and equity

Financial Liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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 arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

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

Financial liabilities

(i) Borrowings

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost using the effective interest method. Deferred interest accounted for borrowings below market rate, is amortised throughout the life of the loan.

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

(iii) Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Security Deposit

The Company requires new customers to pay a security deposit upon subscription of fixed lines services. These deposits are refundable to the customers upon cancellation of the services. They are recognised in the statement of financial position as liabilities.

(o) Leases

Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Policy applicable from 01 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component and one or more additional non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leases

Policy applicable from 01 January 2019 (Cont'd)

(i) As a lessee (Cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Company is reasonably certain to exercise; and
- an extension option, and penalties for early termination of a lease unless the Group and the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Company change their assessment of whether they will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Company present right-of-use assets that do not meet the definition of investment property and lease liabilities in the statement of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group and the Company act as lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case the lease is a finance lease; if not, then it is an operating lease. As part of this assessment the Group and the Company consider certain indicators such as whether the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.

When the Group and the Company are intermediate lessor, it accounts for its interests in the head lease and the sub lease separately. It assesses the lease classification of sub-leases with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company apply the exemption described above, then they classify the sub lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group and the Company apply IFRS 15 to allocate the consideration in the contract.

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Generally, the accounting policies applicable to the Group and the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered before 1 January 2019, the Group and the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of specific asset or assets: and
- the arrangement has conveyed the right to use the asset. An arrangement had conveyed the right to use an asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; and
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leases

Policy applicable before 1 January 2019 (Cont'd)

(i) As a lessee

In the comparative period, as a lessee the Group and the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Minimum lease payments were payments over the lease term that lessee was required to make, excluding any contingent rent. Subsequent to initial recognition the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified under operating leases and were not recognised in the Group's and Company's statement of financial position. Payments made under operating leases were recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentive received was recognised as an integral part of the total lease expense over the term of the lease.

(ii) As a lessor

When the Group and the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Company and the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not then it was an operating lease. As part of this assessment, the Group and the Company considered certain indicators such as whether the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset.

(p) 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.

(q) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group and the Company. Contingent liabilities are not recognised but disclosed in the notes to the consolidated and separate financial statements, unless the possibility of an outflow of economic resources is remote.

(r) Comparative figures

Comparative figures have been regrouped and reclassified where necessary to conform to the current year's presentation.

(s) Assets held for sale

The Group and the Company qualify an asset or group of assets as "held for sale" when:

- the management is committed to a plan to sell;
- the asset is available for immediate sale in its current state (subject to any conditions precedent that are usual in such disposals); and
- the sale is highly probable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Thus, when the Group and the Company are committed to a plan to sell involving the loss of control or significant influence over one of its assets, they classify all assets and liabilities of the entities concerned under a separate line in the statement of financial position: "Assets/Liabilities held for sale", are measured at the lower of the net carrying value and the fair value net of disposal costs. In addition, when the asset or group of assets held for sale represents a major line of business, its contribution to profit or loss and cash flows are presented separately. Losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, the property, plant and equipment are no longer depreciated, and any equity accounted investee is no longer equity accounted. Subsequent to initial classification as held-for-sale, assets that are measured at fair value less costs to sell, are subject to a limit on the amount of any gain that can be recognised as a result of an increase in fair value less costs to sell before disposal. The maximum increase (and therefore gain) that can be recognized is the cumulative amount of impairment losses recognised in accordance with IFRS 5 and previously in accordance with IAS 36.

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 consolidated and separate financial statements. Actual results may differ as a result of changes in these estimates.

Critical judgements in applying the Group's and the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated and separate financial statements.

(i) 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.

(ii) Deferred tax assets

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

(iii) Credit risk

As explained in note 3(n), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The directors have assessed the credit risk to be low for the following elements within financial assets and contract assets either because they are reputable financial institutions and/or have high credit ratings:

- Cash at bank
- Contract assets under guaranteed contracts

The Group and the Company have not recognised any provision for ECL on these elements due to the immaterial amounts involved.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(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 changes and obsolescence. The directors have used current information relating to expected use of assets and have benchmarked with its counterparts within the same industry in order to determine the useful lives and residual values of property, plant and equipment.

(ii) Revenue recognition - Use of estimates

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

(iv) Calculation of loss allowance

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and coverage by credit insurance).

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(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) Calculation of number of tons of copper cables

In order to estimate the total number of tons of copper to be retrieved for disposal, management has made use of estimated distance and weight between an exchange and the customer. On average, in copper technology, a customer is located between 1 km to 2 km from the exchange and uses a pair of cable weighing approximately 14 kg to 27 kg.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Land and Building	Plant and equipment	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Assets in progress	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2018 (As previously stated)	102,780	30,446,474	2,142,538	1,601,468	262,054	2,601,100	37,156,414
Reclassification between categories	2,503,818	(303,536)	(2,142,538)	(401,919)	(62,436)	406,611	-
Restated balance at 1 January 2018	2,606,598	30,142,938	-	1,199,549	199,618	3,007,711	37,156,414
Additions	1,235	-	-	582	-	4,959,663	4,961,480
Disposals	-	(215,075)	-	(3,208)	(20,760)	-	(239,043)
Transfer from assets in progress	87,639	3,019,899	-	61,111	60,364	(3,229,013)	-
Assets write off on winding up of subsidiary	-	-	-	(11,890)	-	-	(11,890)
At 31 December 2018	2,695,472	32,947,762	-	1,246,144	239,222	4,738,361	41,866,961
Additions	2,602	-	-	869	-	2,180,687	2,184,158
Disposals	-	(512,591)	-	(10,873)	(5,176)	-	(528,640)
Transfer from assets in progress	10,897	4,083,468	-	82,283	8,945	(4,185,593)	-
Assets write off	-	(6,184,257)	-	-	-	-	(6,184,257)
Asset transferred to assets held for sale	-	(2,349,771)	-	-	-	-	(2,349,771)
At 31 December 2019	**2,708,971**	**27,984,611**	**-**	**1,318,423**	**242,991**	**2,733,455**	**34,988,451**
DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2018 (As previously stated)	-	22,389,843	799,625	747,680	104,122	-	24,041,270
Reclassification between categories	1,057,370	(448,513)	(799,625)	190,769	(1)	-	-
Restated balance as at 1 Jan 2018	1,057,370	21,941,330	-	938,449	104,121	-	24,041,270
Reclassification from intangible assets (note 6)	-	2,048	-	113	-	-	2,161
Disposals	-	(209,626)	-	(3,208)	(20,434)	-	(233,268)
Charge for the year	102,065	1,772,777	-	65,833	43,430	-	1,984,105
Impairment loss	-	11,208	-	-	-	-	11,208
Reversal of impairment loss	-	(62,984)	-	-	-	-	(62,984)
Assets write off on winding up of subsidiary	-	-	-	(10,372)	-	-	(10,372)
At 31 December 2018	**1,159,435**	**23,454,753**	**-**	**990,815**	**127,117**	**-**	**25,732,120**
Charge for the year	148,282	1,795,878	-	41,177	38,023	-	2,023,360
Disposals	-	(498,510)	-	(10,873)	(4,573)	-	(513,956)
Asset transferred to assets held for sale	-	(1,897,452)	-	-	-	-	(1,897,452)
Impairment loss	-	33,038	-	-	-	-	33,038
Assets write off	-	(6,184,257)	-	-	-	-	(6,184,257)
At 31 December 2019	**1,307,717**	**16,703,450**	**-**	**1,021,119**	**160,567**	**-**	**19,192,853**
CARRYING AMOUNT							
At 31 December 2019	**1,401,254**	**11,281,161**	**-**	**297,304**	**82,424**	**2,733,455**	**15,795,598**
At 31 December 2018	1,536,037	9,493,009	-	255,329	112,105	4,738,361	16,134,841
At 01 January 2018	1,549,228	8,201,608	-	261,100	95,497	3,007,711	13,115,144

Impairment loss recognised for the year amounting to Rs'000s 33,038 relates to mobile 2G Switch Core Network. In the prior year, the directors had re-assessed the useful life of copper network and had partially reversed the provision based on objective evidence that these assets have a scope of being used for a longer period, as compared to initial assessments. The impairment loss and subsequent reversal in relation to plant and equipment are included in operating expenses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Following a technical survey carried out in the financial year ended December 2019, the Group and the Company identified some fully depreciated and scrapped assets which were still included in the fixed asset register. Consequently, the board approved to write off the assets in the current financial year.

During the financial year 2019, management decided to reclassify figures between asset categories to reconcile property, plant and equipment note in the consolidated and separate financial statements with the Group's and the Company's fixed asset register.

Following this decision, a reclassification adjustment was made in the consolidated and separate financial statements and the opening balances as at 1 January 2018 were restated. These reclassifications do not impact the statement of profit or loss nor statement of cash flows for the year ended 31 December 2019.

(b) THE COMPANY

	Land and Building	Plant and equipment	Buildings on leasehold land	Furniture, fittings and equipment	Motor vehicles	Assets in progress	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2018 (As previously stated)	23,749	25,213,268	1,630,492	1,387,321	255,835	2,092,296	30,602,961
Reclassification between categories	1,994,298	(13,529)	(1,630,492)	(573,328)	(62,436)	285,487	-
Restated balance at 01 January 2018	2,018,047	25,199,739	-	813,993	193,399	2,377,783	30,602,961
Additions	-	-	-	-	-	4,758,964	4,758,964
Transfer from assets in progress to asset	87,454	2,528,621	-	60,654	60,364	(2,737,093)	-
Disposals	-	(81,702)	-	(3,208)	(20,760)	-	(105,670)
At 31 December 2018	2,105,501	27,646,658	-	871,439	233,003	4,399,654	35,256,255
Additions	-	-	-	-	-	1,831,431	1,831,431
Transfer to assets held for sale	-	(2,349,771)	-	-	-	-	(2,349,771)
Transfer from assets in progress to asset	6,463	4,034,090	-	81,015	8,945	(4,130,513)	-
Disposals	-	(506,591)	-	(10,873)	(5,176)	-	(522,640)
Write off during the year	-	(6,184,257)	-	-	-	-	(6,184,257)
At 31 December 2019	**2,111,964**	**22,640,129**	**-**	**941,581**	**236,772**	**2,100,572**	**28,031,018**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2018 (As previously stated)	-	18,329,447	616,763	580,509	97,903	-	19,624,622
Reclassification between categories	874,956	(337,796)	(616,763)	79,604	(1)	-	-
Restated balance at 01 January 2018	874,956	17,991,651	-	660,113	97,902	-	19,624,622
Reclassified from intangibles	-	2,161	-	-	-	-	2,161
Charge for the year	72,425	1,468,779	-	49,302	43,430	-	1,633,936
Disposals	-	(81,702)	-	(3,208)	(20,435)	-	(105,345)
Reversal of impairment loss	-	(62,984)	-	-	-	-	(62,984)
At 31 December 2018	947,381	19,317,905	-	706,207	120,897	-	21,092,390
Charge for the year	120,429	1,517,841	-	26,040	38,023	-	1,702,333
Disposals	-	(492,510)	-	(10,873)	(4,573)	-	(507,956)
Write off during the year	-	(6,184,257)	-	-	-	-	(6,184,257)
Transfer to assets held for sale	-	(1,897,452)	-	-	-	-	(1,897,452)
At 31 December 2019	**1,067,810**	**12,261,527**	**-**	**721,374**	**154,347**	**-**	**14,205,058**
CARRYING AMOUNT							
At 31 December 2019	**1,044,154**	**10,378,602**	**-**	**220,207**	**82,425**	**2,100,572**	**13,825,960**
At 31 December 2018	1,158,120	8,328,753	-	165,232	112,106	4,399,654	14,163,865
At 01 January 2018	1,143,091	7,208,088	-	153,880	95,497	2,377,783	10,978,339

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

In the prior year, the directors have re-assessed the useful life of copper network and have partially reversed the provision based on objective evidence that these assets have a scope of being used for a longer period, as compared to initial assessments. The impairment loss and subsequent reversal in relation to plant and equipment are included in operating expenses.

6. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY		
	Computer software in progress	Computer software	Total	Computer software in progress	Computer software	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST						
At 1 January 2018 (As previously stated)	-	2,230,911	2,230,911	-	1,516,231	1,516,231
Reclassification between categories	200,468	(200,468)	-	95,732	(95,732)	-
Restated balance as at 1 January 2018	200,468	2,030,443	2,230,911	95,732	1,420,499	1,516,231
Transfer from assets in progress to assets	(262,769)	262,769	-	(161,795)	161,795	-
Additions - acquired	809,171	13,480	822,651	791,452	-	791,452
Disposal	-	(1,573)	(1,573)	-	-	-
Assets write off on winding up of subsidiary	-	(3,530)	(3,530)	-	-	-
At 31 December 2018	746,870	2,301,589	3,048,459	725,389	1,582,294	2,307,683
Transfer from assets in progress to assets	(760,518)	760,518	-	(714,024)	714,024	-
Additions-acquired	330,752	6,123	336,875	253,393	-	253,393
Adjustment	-	(900)	(900)	-	(900)	(900)
At 31 December 2019	**317,104**	**3,067,330**	**3,384,434**	**264,758**	**2,295,418**	**2,560,176**
AMORTISATION						
At 1 January 2018	-	1,746,646	1,746,646	-	1,134,792	1,134,792
Reclassified to property, plant and equipment (note 5)	-	(2,161)	(2,161)	-	(2,161)	(2,161)
Charge for the year	-	160,688	160,688	-	127,235	127,235
Disposal	-	(157)	(157)	-	-	-
Assets write off on winding up of subsidiary	-	(3,530)	(3,530)	-	-	-
At 31 December 2018	-	1,901,486	1,901,486	-	1,259,866	1,259,866
Charge for the year	-	194,585	194,585	-	155,167	155,167
Adjustment	-	(90)	(90)	-	(90)	(90)
At 31 December 2019	**-**	**2,095,981**	**2,095,981**	**-**	**1,414,943**	**1,414,943**
CARRYING AMOUNT						
At 31 December 2019	**317,104**	**971,349**	**1,288,453**	**264,758**	**880,475**	**1,145,233**
At 31 December 2018	746,870	400,103	1,146,973	725,389	322,428	1,047,817
At 01 January 2018	200,468	283,797	484,265	95,732	285,707	381,439

Intangible assets pertain to computer software used in the Group's and the Company's operations and financial information systems. Amortisation expense in relation to intangible assets is included in operating expenses.

During the financial year 2019, management decided to reclassify figures between asset categories to reconcile intangible assets note in the consolidated and separate financial statements with the Group's and the Company's fixed asset register. Following this decision, a reclassification adjustment was made in the consolidated and separate financial statements and the opening balances as at 1 January 2018 were restated. These reclassifications do not impact the statement of profit or loss nor statement of cash flows for the year ended 31 December 2019.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
AT COST, UNQUOTED		
At 1 January and 31 December	**842,408**	842,408

The directors have assessed, at reporting date, for indication of impairment in investment in subsidiaries. Following the results of this assessment, the directors have noted that there is no impairment loss that needs to be recognised at 31 December 2019 (2018: Nil).

The subsidiaries of MAURITIUS TELECOM LTD are as follows:

Name of company	Country of Incorporation	Class of Shares	Proportion of ownership interest 2019	Proportion of ownership interest 2018		Principal activity
Cellplus Mobile Communications Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Mobile phone operator
Call Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Call centre services
Teleforce Limited	Mauritius	Ordinary	**100%**	100%	Direct	Directory publication
Telecom Plus Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Internet service provider
MT Properties Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Property management
MT International Ventures PCC	Mauritius	Ordinary	**100%**	100%	Direct	Investment vehicle
MT Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Human resources management

Following a Board resolution dated 14th 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 upon completion of customer migration.

8. INVESTMENTS IN ASSOCIATES

THE GROUP

	2019	2018 Restated
	Rs 000s	Rs 000s
Opening balance	-	308,573
Share of profit during the year	-	19,979
Dividend received for the year	-	(10,775)
Translation adjustments	-	(26,857)
	-	290,920
Transfer to assets held for sale (note 38)	-	(290,920)
Closing balance	-	-

THE COMPANY

	2019	2018
	Rs 000s	Rs 000s
AT COST		
At beginning of the year	**71,310**	117,656
Transfer to assets held for sale (note 38)	-	(40,935)
Transfer to investments designated as FVTOCI	-	(5,411)
At end of the year	**71,310**	71,310
IMPAIRMENT LOSS		
At beginning of the year	**71,310**	76,721
Transfer to investments designated as FVTOCI	-	(5,411)
At end of the year	**71,310**	71,310
Carrying amount	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. INVESTMENTS IN ASSOCIATES (CONT'D)

The Company owns 24.5% of the share capital of Telsea Investment Ltd. In April 2018, management committed to dispose its investment in Telsea Investment Ltd. The sale is expected to materialise by end of 2020. Thus, the investment has been reclassified to asset held-for-sale.

Details of material associate to the Group and the Company:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest			Principal activity
			2019	2018		
Telsea Investment Ltd	Mauritius	Ordinary	-	24.50%	Direct	Investment holding

Details of non-significant associates to the Group and the Company:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest			Principal activity
			2019	2018		
Eon Reality (Mauritius) Ltd	Mauritius	Ordinary	25.00%	25.00%	Direct	Interactive digital centre hub
HDM Interactive Ltd *	Mauritius	Ordinary	30.00%	30.00%	Direct	Internet kiosks

The above investments have been fully impaired in prior years.

* As of 31 December 2018, HDM Interactive Ltd has been reclassified from associate to FVTOCI investments as the Group and Company no longer have significant influence over the associate as it does not participate in the financial and operating policy decisions of that investee. The carrying amount transferred to the FVTOCI is nil.

9. INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
At 1 January	**39,825**	11,107
Adjustment upon initial adoption of IFRS 9	**-**	24,463
Fair value movement	**107,421**	4,255
At 31 December	**147,246**	39,825

Fair value is determined at the end of each reporting date by making reference to recent publicly available NAV prices, most recent traded prices and net asset value approach.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. LOAN TO SUBSIDIARY

	THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
At beginning of year	**186,499**	206,718
Repayment	**(22,115)**	(20,219)
At end of year	**164,384**	186,499
Disclosed as follows:		
Current	**24,190**	22,115
Non-current	**140,194**	164,384
	164,384	186,499

The loan is unsecured, repayable on a monthly basis and will mature in June 2025. The loan bears fixed interest at 9% per annum (2018: 9%). The carrying value of the loan to subsidiary approximate the fair value.

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories	**185,192**	212,935	**30,579**	37,361
Provision for obsolete stock	**(49,742)**	(44,226)	**(12,629)**	(13,020)
	135,450	168,709	**17,950**	24,341
Non -trading inventories	**604,916**	475,873	**598,580**	469,532
Provision for obsolete stock	**(4,910)**	(4,910)	**(4,910)**	(4,910)
	600,006	470,963	**593,670**	464,622
	735,456	639,672	**611,620**	488,963

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

The cost of inventories recognised as an expense in cost of sales during the year was **Rs 000's 827,646** (2018: Rs 000's 1,194,919) and **Rs 000's 200,050** (2018: Rs 000's 581,853) for the Group and the Company respectively.

Provision for obsolete stock recognised as an expense includes **Rs 000's 5,516** (2018: Rs 000's 4,263) and **Rs 000's 391** (2018: Rs 000's 124) for the Group and the Company respectively.

12. TRADE RECEIVABLES /CONTRACT ASSETS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	**2,601,988**	2,020,478	**1,877,723**	1,555,561
Contract assets	**721,302**	671,456	**456,396**	428,188
Provision for doubtful debts	**(1,208,000)**	(1,038,290)	**(946,509)**	(786,689)
	2,115,290	1,653,644	**1,387,610**	1,197,060

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. TRADE RECEIVABLES /CONTRACT ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Disclosed as follows:				
Non-current	**394,203**	392,294	**394,203**	392,294
Current	**1,721,087**	1,261,350	**993,407**	804,766
	2,115,290	1,653,644	**1,387,610**	1,197,060

Contract assets amounting to **Rs 000's 456,396** (2018: Rs 000's 428,188) held with Government of Mauritius are assessed to have low credit risk at the reporting date. The identified impairment loss is immaterial.

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.

Before accepting any new customer, the Group and the Company use an internal credit assessment system to determine whether to give credit. The concentration of credit risk is limited due to the customer base being large and unrelated.

More information on credit risk management is provided in note 31.

The Group and the Company measure the loss allowance for trade receivables as described in note 4(iii). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers' general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

THE GROUP AND THE COMPANY

The following tables detail the risk profile of trade receivables based on the Group's and the Company's provision matrix. The Group and the Company have segmented the trade receivables by customer type between Business Market, Consumer Market and Public Market sectors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

TOTAL	Trade receivables - past due-2019						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	5%-7%	14%-16%	22%-29%	40%-50%	57%-62%	94%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	1,062,300	126,835	132,380	79,609	193,814	739,181	2,334,119
Lifetime ECL (Rs 000's)	43,658	19,480	38,344	39,879	111,240	693,908	946,509
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	1,275,707	165,202	186,815	184,896	470,280	1,053,815	3,336,715
Lifetime ECL (Rs 000's)	57,305	23,719	42,929	51,101	166,351	866,595	1,208,000

Business Market	Trade receivables - past due-2019						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	12%-14%	19%-23%	25%-27%	29%-32%	52%-60%	96%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	236,880	44,015	65,930	33,947	62,353	378,536	821,661
Lifetime ECL (Rs 000's)	30,821	8,549	16,234	10,913	32,333	361,703	460,553
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	385,402	68,981	90,450	98,939	136,660	607,638	1,388,070
Lifetime ECL (Rs 000's)	40,254	10,653	18,548	18,143	72,465	452,338	612,401

Consumer Market	Trade receivables - past due-2019						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	2%-3%	11%-14%	32%-38%	59%-66%	71%-88%	94%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	288,786	68,055	49,451	25,543	46,534	303,375	781,744
Lifetime ECL (Rs 000's)	8,695	9,653	18,626	16,974	40,787	284,943	379,678
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	350,138	81,000	79,009	65,562	247,514	380,908	1,204,131
Lifetime ECL (Rs 000's)	12,639	11,606	20,750	20,790	54,911	359,552	480,248

Public Market	Trade receivables - past due-2019						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	1%-5%	3%-9%	8%-20%	45%-60%	45%-62%	83%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	536,634	14,765	16,999	20,119	84,927	57,270	730,714
Lifetime ECL (Rs 000's)	4,142	1,278	3,484	11,992	38,120	47,262	106,278
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	540,167	15,222	17,357	20,394	86,106	65,029	744,275
Lifetime ECL (Rs 000's)	4,412	1,460	3,630	12,169	38,975	54,705	115,351

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

12. TRADE RECEIVABLES /CONTRACT ASSETS (CONT'D)

TOTAL	**Trade receivables - past due -2018**						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	5%-6%	14%-16%	22%-26%	40%-42%	60%-62%	100%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	590,447	120,591	93,552	49,706	104,582	632,577	1,591,455
Lifetime ECL (Rs 000's)	30,389	17,467	20,533	21,066	64,657	632,577	786,689
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	1,034,414	142,060	109,553	61,109	137,399	817,501	2,302,036
Lifetime ECL (Rs 000's)	60,895	23,189	28,065	25,055	83,585	817,501	1,038,290

Business Market	**Trade receivables - past due 2018**						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	12%-14%	21%-23%	25%-27%	29%-31%	56%-60%	100%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	182,306	51,054	41,196	29,044	47,616	354,065	705,281
Lifetime ECL (Rs 000's)	22,998	10,972	6,665	8,715	26,572	354,065	429,987
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	338,483	66,499	54,751	36,993	68,915	457,847	1,023,488
Lifetime ECL (Rs 000's)	43,107	15,381	13,242	10,622	38,230	457,847	578,429

Consumer Market	**Trade receivables - past due -2018**						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	2%-3%	11%-12%	32%-33%	59%-60%	71%-72%	100%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	291,040	58,030	40,119	17,923	45,734	228,746	681,592
Lifetime ECL (Rs 000's)	6,623	6,152	12,842	10,664	32,983	228,746	298,010
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	572,765	63,580	41,922	21,161	56,210	296,877	1,052,515
Lifetime ECL (Rs 000's)	16,878	7,460	13,750	12,683	39,758	296,877	387,406

Public Market	**Trade receivables - past due-2018**						
	<30	31-60	61-120	121-180	181-360	>360	Total
Expected credit loss rate	1%-2%	3%-4%	8%-9%	45%-46%	60%-62%	100%	
THE COMPANY							
Estimated total gross carrying amount at default (Rs 000's)	117,102	11,507	12,238	2,739	11,232	49,766	204,584
Lifetime ECL (Rs 000's)	768	343	1,026	1,686	5,103	49,766	58,692
THE GROUP							
Estimated total gross carrying amount at default (Rs 000's)	123,166	11,981	12,880	2,955	12,275	62,777	226,034
Lifetime ECL (Rs 000's)	909	348	1,073	1,750	5,597	62,777	72,454

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Provision on trade receivables/contract assets

	The Group		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2018 under IAS 39	-	992,959	992,959
Adjustment upon initial application of IFRS 9	188,160	(112,182)	75,978
Balance at 1 January 2018 - As restated	188,160	880,777	1,068,937
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(11,327)	41,105	29,778
Receivables written off during the year as uncollectible	-	(60,425)	(60,425)
Balance at 31 December 2018	176,833	861,457	1,038,290
Balance at 1 January 2019	176,833	861,457	1,038,290
Increase/(decrease) in loss allowance recognised in profit or loss during the year	378,846	(194,122)	184,724
Receivables written off during the year as uncollectible	-	(15,014)	(15,014)
Balance at 31 December 2019	**555,679**	**652,321**	**1,208,000**

	The Company		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2018 under IAS 39	-	807,492	807,492
Adjustment upon initial application of IFRS 9	145,788	(115,395)	30,393
Balance at 1 January 2018 - As restated	145,788	692,097	837,885
(Decrease)/Increase in loss allowance recognised in profit or loss during the year	(5,365)	9,939	4,574
Receivables written off during the year as uncollectible	-	(55,770)	(55,770)
Balance at 31 December 2018	140,423	646,266	786,689
Balance at 1 January 2019	140,423	646,266	786,689
Increase/(decrease) in loss allowance recognised in profit or loss during the year	192,375	(21,749)	170,626
Receivables written off during the year as uncollectible	-	(10,806)	(10,806)
Balance at 31 December 2019	**332,798**	**613,711**	**946,509**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**501,656**	414,327	**474,818**	285,945
Prepayments	**174,918**	514,226	**167,840**	496,602
Subsidiaries	**-**	-	**-**	719
Related parties	**22,923**	15,064	**22,923**	15,064
	699,497	943,617	**665,581**	798,330
Disclosed as follows:				
Current	**612,380**	856,738	**578,464**	711,451
Non-current	**87,117**	86,879	**87,117**	86,879
	699,497	943,617	**665,581**	798,330

The other receivables from third parties are unsecured, interest free and have fixed terms of repayment.

The amounts due from subsidiaries represent current account balances and are unsecured, bear interest which varied between 6.75% and 6.85% per annum (2018: 6.85% per annum) and do not have any fixed repayment terms. The Company does not hold collaterals over these balances.

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

Expected losses over the other receivables relating to third parties have been individually assessed and the impact recorded is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Initial adoption of IFRS 9, booked through statement of changes in equity	**-**	5,175	**-**	5,175
Additional impairment booked for the financial year	**9,643**	(113)	**9,643**	(113)

14. DIVIDEND

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
Dividend	**782,800**	262,200

On 11 June 2019, a dividend of Rs 4.12 per share amounting to Rs 000s 782,800 (2018: Rs 000s 262,200) was declared for the year ended 31 December 2018 and was partly paid during the financial year ended 31 December 2019.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
Authorised share capital		
Authorised, 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 22nd 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 each and carry a right to dividends.

16. FAIR VALUE RESERVE

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

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
At 1 January	**33,350**	4,632
Initial application of IFRS 9 adjustment	**-**	24,463
Fair value gain for the year	**107,421**	4,255
At end of year	**140,771**	33,350

17. LOANS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Bank loan (i)	**2,168,620**	1,597,231	**2,168,621**	1,597,231
Loan from subsidiary (ii)	**-**	-	**1,085,222**	1,062,394
	2,168,620	1,597,231	**3,253,843**	2,659,625
Disclosed as follows:				
Current	**43,021**	10,915	**1,128,244**	1,073,309
Non-Current	**2,125,599**	1,586,316	**2,125,599**	1,586,316
	2,168,620	1,597,231	**3,253,843**	2,659,625

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

17. LOANS (CONT'D)

	THE GROUP AND THE COMPANY	
	2019	2018
	Rs 000s	Rs 000s
BANK LOAN		
Opening balance	**1,225,024**	-
Additions	**504,087**	1,584,656
Fair value arising on initial recognition	**(116,472)**	(372,207)
Interest expense for the year at effective interest rate	**58,417**	20,908
Interest expense paid at contractual rate	**(29,501)**	(1,821)
Foreign exchange loss/(gain)	**67,442**	(6,512)
Loan balance	**1,708,997**	1,225,024
Deferred Interest	**459,623**	372,207
Closing balance at year end	**2,168,620**	1,597,231

(i) In 2018, the Group and the Company entered into a "preferential buyer credit loan agreement" with the Export-Import (EXIM) Bank of China in order to finance the Safe City project. This is a project to provide security equipment, related hardware, software and licenses to the Government of Mauritius. According to the loan agreement, the EXIM Bank of China will make available a loan facility of up to Rs 000's 2,567,974 to the Group and the Company and the Government of Mauritius is the guarantor. The loan is denominated in USD and the agreement is a for a period of 20 years commencing on 1st April 2018. Contracted interest rate on the loan at the rate of 2% per annum is applicable on the outstanding balance as from the first disbursement. There is a grace period of seven years as from the commencement date for capital repayment after which the capital will be repayable over the next thirteen years on twenty-six equal instalments.

On initial recognition, the loan received was assessed for fair value using prevailing market interest rates for an equivalent loan 4.42%, the fair value of the proceeds of the loan as at 31 December 2019 has been estimated at **Rs 000's 1,708,997** (2018: Rs 000's 1,225,024). The difference of **Rs'000s 459,623** (2018: Rs 000's 372,207) between the gross proceeds and fair value of the loan is the benefit derived from the preferential interest rate of 2% which has been classified under the loan at reporting date. The deferred interest will be amortised over the life of the loan.

(ii) The loan from subsidiary is denominated in Euro, carries interest rate of Libor plus 3% per annum, is unsecured and repayable on demand.

18. INCOME TAXES

Income tax

Income tax is calculated at the rate of 15% (2018: 15%) for the Group and the Company on the profit for the year as adjusted for income tax purposes. The Group has accumulated tax losses at 31 December 2019 of **Rs 000's 2,758,512** (2018: Rs 000's 1,241,218) and **Rs 000's 2,517,857** (2018: Rs 000's 932,614) for the Company to offset against future taxable income.

The tax loss arising on Telecom Plus Ltd are available for set off against future taxable profit of the Company for the next five financial years as follows:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Up to the year ending:

		THE GROUP	
Financial year	**Expiry year**	**2019**	2018
		Rs 000s	Rs 000s
2015	**2020**	**73,493**	133,291

For other entities accumulated tax losses arose out of annual allowances which can be carried forward indefinitely.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
FINANCIAL YEAR	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Tax Loss Year 2012	-	19,561	-	-
Tax Loss Year 2013	13,127	28,606	-	-
Tax Loss Year 2014	34,479	34,479	-	-
Tax Loss Year 2015	34,851	34,851	-	-
Tax Loss Year 2017	606,879	606,879	577,376	577,376
Tax Loss Year 2018	383,550	383,550	355,238	355,238
Tax Loss Year 2019	1,612,133	-	1,585,242	-
	2,685,019	1,107,926	**2,517,857**	932,614
Total accumulated losses	**2,758,512**	1,241,218	**2,517,857**	932,614

The Group and the Company are required to set up a Corporate Social Responsibility ("CSR") fund equivalent to 2% of chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

18.1 Income tax recognised in profit or loss

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
CURRENT TAX				
Current tax	**208,174**	171,054	**2,732**	9,237
CSR expense	**25,324**	19,440	**-**	1,232
Overprovision in income tax and CSR	**(36,057)**	(35,236)	**-**	(9,326)
DEFERRED TAX				
Deferred tax movement	**(119,442)**	80,933	**(71,260)**	73,096
(Over)/under provision of deferred tax	**(6,620)**	9,520	**(22,116)**	9,489
	71,379	245,711	**(90,644)**	83,728
SOLIDARITY LEVY				
Solidarity levy	**42,551**	110,980	**-**	31,698
Reversal of provision	**(66,049)**	(12,166)	**(31,096)**	-
Transfer to operating expenses	**-**	-	**-**	-
Tax expense	**47,881**	344,525	**(121,740)**	115,426

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

18. INCOME TAXES (CONT'D)

18.2 Tax reconciliation

	THE GROUP		THE COMPANY	
	2019	2018 **Restated**	**2019**	2018 **Restated**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit/(loss) before tax	**690,746**	1,648,505	**(512,026)**	609,776
Tax at the rate of 17%	**117,427**	280,246	**(87,044)**	103,662
Tax effect of:				
Non-allowable expenses	**91,637**	49,356	**65,934**	21,670
Expenses eligible for 200% deduction	**(8,348)**	(21,492)	**(8,348)**	(6,861)
Exempt income	**(56,398)**	(33,787)	**(41,802)**	(45,375)
(Over) / Under provision in income tax and CSR	**(36,057)**	(35,236)	**-**	(9,326)
- Current Tax	**13,838**	-	**2,732**	9,237
- Additional CSR	**-**	-	**-**	1,232
Under provision of deferred tax	**(6,620)**	18,637	**(22,116)**	9,489
Deferred tax not recognised	**13,357**	(1,269)	**-**	-
Deferred tax impact on ECL	**(47,291)**	-	**-**	-
Tax loss of a subsidiary utilised	**(10,166)**	(9,638)	**-**	-
Profit of subsidiary not eligible to tax	**-**	(1,106)	**-**	-
	(46,048)	(34,535)	**(3,600)**	(19,934)
	71,379	245,711	**(90,644)**	83,728

(i) Expenses not allowable for tax purposes comprise food & beverages, entertainment, legal, consultancy & professional fees, non-operating revenue, balancing charge, unrealised loss on revaluation and can also include other non-significant items.

(ii) Expenses eligible for 200% deduction comprise of disabled & Rodrigues employees.

(iii) Exempt income comprises of dividend received from resident companies, unrealised gain on revaluation, provision solidarity levy turnover, provision for fiscal tax risk, gain on disposal of assets.

18.3 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax				
Re-measurement of defined benefit obligation	**(50,926)**	(105,067)	**(49,186)**	(103,959)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

18.4 Deferred tax assets

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At beginning of year	**518,328**	700,363	**366,837**	547,334
Prior year adjustment-IFRS 9	**-**	12,445	**-**	6,047
Other adjustments	**2,519**	-	**-**	-
At beginning of year (as restated)	**520,847**	712,808	**366,837**	553,381
(Over)/under provision of deferred tax	**6,620**	(8,480)	**22,116**	(9,489)
Transfer from deferred tax liabilities	**(36,521)**	-	**-**	-
Deferred tax movement in profit or loss	**119,442**	(80,933)	**71,260**	(73,096)
Movement in other comprehensive income	**(50,926)**	(105,067)	**(49,186)**	(103,959)
At the end of the year	**559,462**	518,328	**411,027**	366,837

Deferred tax assets arise from the following:

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Temporary differences				
Property, plant and equipment	**(1,077,720)**	(786,303)	**(969,261)**	(773,165)
Tax Losses	**456,319**	188,059	**428,036**	158,544
Provision for doubtful debts	**205,680**	130,714	**163,406**	128,551
Other temporary differences	**218,762**	52,252	**45,352**	39,050
Retirement benefit obligation	**756,421**	820,011	**743,494**	807,810
Prior year adjustment-IFRS 9	**-**	113,595	**-**	6,047
	559,462	518,328	**411,027**	366,837

18.5 Deferred tax liabilities

	THE GROUP	
	2019	2018
	Rs 000s	Rs 000s
At beginning of year	**36,521**	37,588
Prior year adjustment-IFRS 9	**-**	(2,107)
At beginning of year (as restated)	**36,521**	35,481
Under provision of deferred tax	**-**	8,433
Transfer to deferred tax assets	**(36,521)**	-
Deferred tax movement in profit or loss	**-**	(9,117)
Movement in other comprehensive income	**-**	1,724
At the end of the year	**-**	36,521
Temporary differences		
Property, plant and equipment	**-**	97,212
Other temporary differences	**-**	(42,043)
Retirement benefit obligation	**-**	(18,648)
	-	36,521

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

18. INCOME TAXES (CONT'D)

18.6 Current tax liabilities /Tax Receivable

	THE GROUP		THE COMPANY	
INCOME TAX AND CSR	**2019**	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At the beginning of the year	**74,612**	102,617	**(1,232)**	5,670
Provision for the year	**208,174**	171,054	**2,732**	9,237
CSR provision	**25,324**	22,223	**-**	1,232
Over provision of tax in previous years	**(36,057)**	(35,236)	**-**	(9,326)
Tax offset in annual return	**154**	-	**154**	-
Tax paid	**(204,574)**	(186,046)	**(5,696)**	(8,045)
At the end of the year	**67,633**	74,612	**(4,042)**	(1,232)

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Solidarity levy provision				
At the beginning of the year	**302,400**	270,368	**68,140**	71,172
Reclassification to other payables	**-**	(86,297)	**-**	(55,052)
	302,400	184,071	**68,140**	16,120
Provision for the year	**42,551**	110,980	**-**	31,698
Additional provision	**-**	41,230	**-**	20,322
Under provision of Solidarity levy in previous years	**(40,009)**	-	**(37,044)**	-
Reversal of provision	**(66,049)**	(12,166)	**(31,096)**	-
Solidarity levy paid	**(46,953)**	(21,715)	**-**	-
At the end of the year	**191,940**	302,400	-	68,140
Tax receivable	**(4,042)**	-	**(4,042)**	-
Current tax liabilities	**263,615**	377,012	**-**	66,907

19. RETIREMENT BENEFIT OBLIGATIONS

The Group and the Company operate defined benefits pension plans. All of the plans are based on final salary, which provide benefits to members in the form of a guaranteed level of pension payable for remaining life after retirement. The level of benefits provided depends on members' length of service and last salary. The benefit payments are from administered funds. Plan assets are governed by local regulations and practice. Responsibility for governance of the plans, including investment decisions and contributions schedules, lies with the fund administrator.

The Group also operates a defined contribution plan which receive fixed contributions from the subsidiary. The Group's legal or constructive obligation for these plans is not limited to the contributions. There could be additional retirement gratuity obligations due to existence of local regulations. The amounts included in the statements of financial position arising from the Group's and the Company's obligations in respect of retirement benefit plans are as follows:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	THE GROUP 2019 Rs 000s	THE GROUP 2018 Rs 000s	THE COMPANY 2019 Rs 000s	THE COMPANY 2018 Rs 000s
Defined benefit plans	19(a)	**4,267,457**	4,360,058	**3,976,017**	4,113,469
Retirement gratuities under Employment Rights Act 2008	19(b)	**89,327**	64,289	**46,591**	26,049
Present Value of unfunded obligation		**4,356,784**	4,424,347	**4,022,608**	4,139,518

(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 4,267,457 (2018: Rs 000s 4,360,058) and Rs 000s 3,976,017 (2018: Rs 000s 4,113,469) 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 2019. The assets of the funded plans are managed and administered by State Insurance Company of Mauritius Ltd and Swan Life.

The plans expose the Group and 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.

	THE GROUP 2019 Rs 000s	THE GROUP 2018 Rs 000s	THE COMPANY 2019 Rs 000s	THE COMPANY 2018 Rs 000s
Present value of funded obligations	**9,974,654**	9,397,178	**9,549,492**	9,040,405
Fair value of plan assets	**(5,707,197)**	(5,037,120)	**(5,573,475)**	(4,926,936)
	4,267,457	4,360,058	**3,976,017**	4,113,469

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined Benefit Plans (Cont'd)

RECONCILIATION OF NET DEFINED BENEFIT LIABILITY

	THE GROUP		THE COMPANY	
	2019 Rs 000s	2018 Rs 000s	**2019** Rs 000s	2018 Rs 000s
Opening balance	**4,360,126**	5,018,166	**4,113,469**	4,784,071
Amount recognised in profit or loss	**613,226**	501,984	**573,833**	466,350
Amount recognised in other comprehensive income	**(173,356)**	(620,780)	**(193,011)**	(611,521)
Less: Employer Contributions	**(532,539)**	(539,312)	**(518,274)**	(525,431)
Closing Balance	**4,267,457**	4,360,058	**3,976,017**	4,113,469

RECONCILIATION OF FAIR VALUE OF PLAN ASSETS

	THE GROUP		THE COMPANY	
	2019 Rs 000s	2018 Rs 000s	**2019** Rs 000s	2018 Rs 000s
Opening balance	**5,037,052**	4,889,278	**4,926,936**	4,793,539
Interest income	**325,925**	292,535	**317,936**	285,926
Employer contributions	**532,539**	539,312	**518,274**	525,431
Employee contributions	**6,426**	6,920	**6,426**	6,920
Benefits paid	**(444,211)**	(249,014)	**(441,792)**	(245,335)
Return on plan assets excluding interest income	**249,466**	(441,911)	**245,695**	(439,545)
Closing Balance	**5,707,197**	5,037,120	**5,573,475**	4,926,936

RECONCILIATION OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

	THE GROUP		THE COMPANY	
	2019 Rs 000s	2018 Rs 000s	**2019** Rs 000s	2018 Rs 000s
Opening balance	**9,397,178**	9,907,444	**9,040,405**	9,577,610
Current service cost	**201,223**	224,294	**180,191**	203,789
Employee contributions	**6,426**	18,915	**6,426**	6,920
Interest expense	**595,192**	558,230	**570,620**	548,487
Other benefits paid	**(444,211)**	(249,014)	**(441,792)**	(245,335)
Liability loss/(gain) due to change in financial assumptions	**232,974**	(713,760)	**208,878**	(719,671)
Liability experience (gain)	**(156,864)**	(348,931)	**(156,194)**	(331,395)
Past service cost	**142,736**	-	**140,958**	-
Closing balance	**9,974,654**	9,397,178	**9,549,492**	9,040,405

COMPONENTS OF AMOUNT RECOGNISED IN PROFIT OR LOSS:

	THE GROUP		THE COMPANY	
	2019 Rs 000s	2018 Rs 000s	**2019** Rs 000s	2018 Rs 000s
Current service cost	**201,223**	224,294	**180,191**	203,789
Past service cost	**142,736**	-	**140,958**	-
Service cost	**343,959**	224,294	**321,149**	203,789
Net interest on net defined benefit liability	**269,267**	277,690	**252,684**	262,561
Components of defined benefit costs recognised in profit or loss	**613,226**	501,984	**573,833**	466,350

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FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

COMPONENTS OF AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Return on plan assets below/(above) interest income	**(249,466)**	441,911	**(245,695)**	439,545
Liability experience (gain)	**(156,864)**	(348,931)	**(156,194)**	(331,395)
Liability loss/(gain) due to change in financial assumptions	**232,974**	(713,760)	**208,878**	(719,671)
Components of defined benefit costs recognised in other comprehensive income	**(173,356)**	(620,780)	**(193,011)**	(611,521)

The current and past service costs and the net interest expense for the year are included in operating expenses.

Past service cost

A Voluntary Retirement Scheme (VRS) plan was launched in 2019 to all eligible employees who may wish to apply for early retirement. This has resulted in an additional cost (termed as past service cost) amounting to Rs'000 142,736 for the Group and Rs'000 140,958 for the Company. These costs, which has been charged to profit and loss in the current year, represent the difference between past service reserve for each member opting for VRS and their respective cost for early retirement pension as at actual date for early retirement. Additionally, this has resulted at year end in termination benefits payables for the Group and Company of Rs'000 340,259 and Rs'000 335,586 respectively.

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

ALLOCATION OF PLAN ASSETS AT END OF YEAR

	2019	2018
	%	%
Equity - Local quoted	**13**	13
Equity - Local unquoted	**1**	1
Debt - Local quoted	**1**	1
Debt - Local unquoted	**56**	57
Property Local	**1**	1
Investment Funds	**22**	20
Cash and other	**6**	7
Total	**100**	100

Principal Assumptions used at the End of the Period

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	%	%
Discount rate	**4.9 - 7.6**	5.2 -7	**7.6/5.9/5.8/4.9**	6.9/6.5/6.1
Rate of salary increases	**6.5 - 7.5**	6.5 - 7.5	**7.5**	7.5
Rate of pension increases	**1 - 4**	1 - 4	**3.3**	4
Average retirement age	**63Yrs-65Yrs**	63Yrs-65Yrs	**63 Yrs**	63 Yrs
Average life expectancy for:				
- Male at ARA	**12.3 - 17.3**	9.8 - 17.3	**17.3 Yrs**	17.3 Yrs
- Female at ARA	**13.6 - 21.7**	11.48 - 21.7	**21.7 Yrs**	21.7 Yrs

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined Benefit Plans (Cont'd)

SENSITIVITY ANALYSIS ON DEFINED BENEFIT OBLIGATION AT THE END OF THE PERIOD

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**1,692,732**	1,779,149	**1,597,927**	1,587,268
Decrease due to 1% increase in discount rate	**1,356,776**	1,404,908	**1,282,256**	1,263,909

The above sensitivity analysis has been carried out by recalculating the present value of the obligation at the end of the 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 cash flows

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 527,895 to its pension plan in 2020 and the weighted average duration of the defined benefit obligation is 15 years for the Company. The Group expects to contribute Rs 000s 543,298 to its pension plan in 2020. The weighted average duration of the defined benefit obligation varies between 16 years and 26 years for the Group. Retirement benefit obligations have been based on the report submitted by AON Hewitt Ltd dated 18 February 2020 for the year ended 31 December 2019.

(b) Retirement gratuities obligation

Reconciliation of present value of unfunded obligations

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening Balance	**64,289**	25,167	**26,049**	-
Amount recognised in profit or loss	**12,551**	34,553	**1,146**	26,049
Amount recognised in other comprehensive income	**12,681**	4,569	**19,396**	-
Less Employer contribution	**(194)**	-	**-**	-
Closing Balance	**89,327**	64,289	**46,591**	26,049

Reconciliation of present value of unfunded obligations

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Opening balance	**64,289**	25,167	**26,049**	-
Current service cost	**10,057**	5,665	**1,763**	-
Interest expense	**4,302**	1,672	**1,645**	-
Past service cost	**(1,808)**	27,469	**(2,262)**	26,049
Other benefit paid	**(194)**	-	**-**	-
Liability experience (gain)/loss	**20,718**	(3,000)	**20,472**	-
Liability (gain)/loss due to change in financial assumptions	**(8,037)**	7,316	**(1,076)**	-
Closing balance	**89,327**	64,289	**46,591**	26,049

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Components of amount recognised in Profit or Loss

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	**10,057**	5,665	**1,763**	-
Past service cost	**(1,808)**	27,469	**(2,262)**	26,049
Service cost	**8,249**	33,134	**(499)**	26,049
Net interest on present value of unfunded obligation	**2,636**	1,672	**1,645**	-
Components of present value of unfunded obligation recognised in profit or loss	**10,885**	34,806	**1,146**	26,049

Components of amount recognised in Other Comprehensive Income

	THE GROUP	
	2019	2018
	Rs 000s	Rs 000s
Liability experience loss	**20,718**	6,445
Liability loss due to change in financial assumptions	**(8,037)**	8,864
Closing balance	**12,681**	15,309

Principal Assumptions used at end of period

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	%	%	%	%
Discount rate	**5.9-7.6**	6.4-6.9	**5.9/7.6**	6.1/6.5/6.9
Rate of salary increases	**6.5-7.5**	6.5- 7.5	**7.5**	7.5
Average retirement age	**63-65 yrs**	63-65 yrs	**63 Yrs**	63 Yrs

Sensitivity Analysis on present value of unfunded obligation

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**20,133**	16,726	**5,373**	3,137
Decrease due to 1% increase in discount rate	**15,741**	12,749	**4,640**	2,681

The weighted average duration of the defined benefit obligation is 10 years for the Company.

The Group expects to contribute Rs 000s 4,032 to its pension plan in 2020.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Defined Contribution Pension

A subsidiary of the Group contributes to the National Pension Scheme and defined contribution payments are expensed to profit or loss in the period in which they fall due. Contributions during the year were Rs 20,413,900 (2018: Rs 19,869,084).

The subsidiary and its employees contribute to a Defined Contribution Pension Scheme administered by SICOM.

20. TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**2,055,458**	2,255,993	**1,188,841**	1,576,961
Shareholders	**-**	85	**-**	-
Related parties	**32,601**	136,100	**-**	34,565
	2,088,059	2,392,178	**1,188,841**	1,611,526

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

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

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

21. OTHER PAYABLES AND ACCRUED EXPENSES

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Other operating taxes	**110,624**	33,697	**104,901**	108,317
Subsidiaries	**-**	-	**3,960,047**	3,018,377
Other payables and accrued expenses	**1,297,391**	1,373,242	**874,578**	910,784
Termination benefits accrued	**428,075**	186,754	**428,075**	186,754
Accrual for capital expenditure	**293,526**	1,109,769	**209,911**	1,080,498
	2,129,616	2,703,462	**5,577,512**	5,304,730

Analysed as:

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current	**1,755,759**	2,610,973	**5,207,681**	5,212,241
Non-current	**373,857**	92,489	**369,831**	92,489
	2,129,616	2,703,462	**5,577,512**	5,304,730

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

The amounts due to subsidiaries represent current account balances and are unsecured, bear interest at 6.75% per annum (2018: between 6.85% per annum) and have no fixed terms of repayment.

Capital expenditure in progress pertains to capital projects still incomplete as at 31 December 2019 and as at 31 December 2018.

Following the legal case lodged by EMTEL against Information & Communication Technologies Authority, Mauritius Telecom Ltd, Cellplus Mobile Communications Ltd and the Ministry of Telecommunications, the Supreme Court has ruled in Jointly and solido against three parties (Information & Communication Technologies Authority, Mauritius Telecom Ltd & Cellplus Mobile Communications Ltd). All three parties have made an appeal in the Supreme Court of Mauritius.

22. DEFERRED REVENUE

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At the beginning of the year	**788,494**	286,610	**650,699**	198,073
Net movement on services	**(33,864)**	85,435	**(21,272)**	36,179
Net movement on ICT equipment	**17,740**	416,449	**17,740**	416,447
At the end of the year	**772,370**	788,494	**647,167**	650,699

Analysed as:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current	**352,172**	370,545	**226,969**	232,750
Non-current	**420,198**	417,949	**420,198**	417,949
	772,370	788,494	**647,167**	650,699

23. PROVISIONS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Employee benefits	**314,987**	321,435	**303,136**	300,919
Dismantling costs	**54,481**	46,733	**23,272**	7,036
	369,468	368,168	**326,408**	307,955

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

	THE GROUP		THE COMPANY	
	Employee Benefits	Dismantling Costs	Employee Benefits	Dismantling Costs
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 31 December 2018	321,435	46,733	300,919	7,036
Additional provisions recognised	99,536	8,822	99,155	12,635
Finance cost	-	(1,074)	-	3,601
Utilised in current year	(105,984)	-	(96,938)	-
At 31 December 2019	**314,987**	**54,481**	**303,136**	**23,272**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

23. PROVISIONS (CONT'D)

(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.

24. REVENUE

The Group and the Company derive revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	THE GROUP		THE COMPANY	
	2019	2018 Restated	2019	2018 Restated
	Rs 000s	Rs 000s	**Rs 000s**	Rs 000s
Sale of equipment	**980,971**	1,217,702	**234,441**	501,416
Rental income	**252,250**	205,761	**176,327**	130,528
Rendering of services	**9,261,528**	9,143,056	**6,618,109**	6,513,395
	10,494,749	10,566,519	**7,028,877**	7,145,339

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 **10,269** (2018: Rs 000s 10,890) and has been included in operating expenses.

The volume of incoming international minutes terminated by Mauritius Telecom Ltd in 2019 was 10.88 million minutes (2018: 12.81 million minutes).

25. PROFIT/(LOSS) FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	**Rs 000s**	Rs 000s
Depreciation and amortisation of property, plant and equipment and intangible assets	**2,250,983**	2,093,018	**1,857,500**	1,698,187
Depreciation of right of use asset	**145,352**	-	**78,813**	-
Staff costs	**3,215,321**	2,665,408	**2,910,738**	2,358,034
Costs of inventories recognised as expense	**827,646**	1,194,919	**200,050**	581,853
Impairment loss net of reversal recognised on trade receivables	**169,710**	(30,647)	**159,820**	(51,196)
Directors' emoluments	**3,777**	2,585	**3,777**	2,585
Auditors' remuneration	**5,431**	3,290	**3,372**	1,826
Donation	**1,070**	170	**1,070**	170

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Post-employment benefits				
- Defined benefit plan	**613,226**	501,984	**573,833**	466,350
- Termination benefits	**375,670**	(35)	**375,670**	(35)
	988,896	501,949	**949,503**	466,315

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
		Restated		Restated
	Rs 000s	Rs 000s	**Rs 000s**	Rs 000s
Management fees	**-**	-	**834,802**	868,450
Surcharge	**165,429**	113,269	**138,086**	97,669
Other non-operating revenue	**34,933**	27,478	**34,364**	31,100
Dividend income	**10,006**	7,792	**10,006**	18,567
	210,368	148,539	**1,017,258**	1,015,786

27. OTHER GAINS/ (LOSSES)

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Net exchange gains/(losses):				
- Realised exchange gain/(loss)	**(45,295)**	15,029	**(44,802)**	1,333
- Unrealised exchange gain/(loss)	**8,945**	169,765	**(21,534)**	179,937
Gain on disposal of property, plant and equipment	**1,186**	20,734	**1,074**	20,734
Loss on winding up of a subsidiary	**-**	(2,929)	**-**	-
	(35,164)	202,599	**(65,262)**	202,004

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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest income				
- Bank deposits	**6,207**	13,901	**6,196**	13,638
- Treasury bills	**809**	10,046	**809**	10,046
- Current accounts with subsidiaries	**-**	-	**3,172**	3,576
- Loan to subsidiaries	**-**	-	**15,887**	17,784
- Financing component on advance payment	**20,179**	-	**20,179**	-
- Others	**7,269**	4,247	**7,271**	4,276
	34,464	28,194	**53,514**	49,320

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest expense				
- Bank borrowings	**58,417**	20,908	**58,417**	20,908
- Loan from subsidiaries	**-**	-	**31,975**	51,158
- Current accounts with subsidiaries	**-**	-	**238,214**	189,404
- Financing component on deferred cost	**36,694**	-	**36,694**	-
- Lease interest expense	**44,712**	-	**27,641**	-
- Financing component on voluntary retirement scheme	**19,763**	13,209	**19,763**	13,209
- Others	**59,557**	74,532	**35,364**	26,900
	219,143	108,649	**448,068**	301,579

30. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on profit for the year after taxation attributable to owners of the Group of Rs 000s 642,865. (2018: Rs 000s 1,303,980) and on 190,000,001 shares in issue for the years ended 31 December 2018 and 31 December 2019.

31. FINANCIAL INSTRUMENTS

31.1 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 strategy of the Group and the Company remain unchanged from 2018.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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.

31.2 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 consolidated and separate financial statements.

31.3 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL ASSETS				
Amortised cost	**3,217,556**	2,743,357	**2,417,122**	2,334,517
FVTOCI	**147,246**	39,825	**147,246**	39,825
	3,364,802	2,783,182	**2,564,368**	2,374,342
FINANCIAL LIABILITIES				
Amortised cost	**7,897,765**	7,253,951	**10,995,893**	10,116,431

31.4 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.

31.5 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.

31.6 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 year end exchange rates.

The Group and the Company are risk averse with respect to foreign currency transactions and their approach to foreign currency risk management is not of a speculative nature.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31.6 Currency risk management (CONT'D)

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 requirements 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 are no formal hedging contracts or arrangements.

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

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

Currency profile

THE GROUP

	2019		2018	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
Currency	Rs 000s	Rs 000s	Rs 000s	Rs 000s
EUR	**52,285**	**249,285**	96,579	1,500,210
MUR	**2,257,204**	**5,180,580**	860,243	3,069,259
USD	**328,042**	**2,454,699**	1,823,265	2,679,618
Others	**5,969**	**13,201**	3,095	4,864
	2,643,500	**7,897,765**	2,783,182	7,253,951

THE COMPANY

	2019		2018	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
Currency	Rs 000s	Rs 000s	Rs 000s	Rs 000s
EUR	**12,318**	**1,163,441**	43,956	1,098,502
MUR	**1,926,896**	**7,509,077**	1,600,318	6,453,292
USD	**162,879**	**2,310,174**	727,056	2,559,774
Others	**5,879**	**13,201**	3,012	4,863
	2,107,972	**10,995,893**	2,374,342	10,116,431

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	THE GROUP			
	Euro Impact		USD Impact	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit/ (loss)	**(19,700)**	(140,363)	**(212,665)**	(85,635)
Equity (net of tax)	**(16,745)**	(119,309)	**(180,765)**	(72,790)

	THE COMPANY			
	Euro Impact		USD Impact	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Profit or loss	**(115,112)**	(105,454)	**(214,729)**	(183,271)
Equity (net of tax)	**(97,846)**	(89,636)	**(182,520)**	(155,780)

31.7 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 contracts with fixed interest rates.

The Group's and the Company's financial assets include cash and cash equivalents and fixed deposits at fixed interest rates and therefore are not subject to interest rate risks during the validity period of the investment. The loan to subsidiary carry fixed interest rate

Cash and cash equivalents include fixed deposit accounts whose fixed interest rate range is as shown below:

	THE GROUP AND THE COMPANY	
	2019	2018
	% Interest Rate p.a.	% Interest Rate p.a.
CURRENCY		
MUR	**1.8-2.60**	0.80-2.40
USD	**0.0-2.35**	n. a
EUR	**0.0-0.35**	n. a

Interest rate risk arising on all variable interest-bearing financial instruments for the Group and for the Company are **Rs'000s (6,243)** (2018: Rs 000's 3,579) and **Rs 000's (70,515)** (2018: Rs 000's (35,533)) respectively.

31.8 Credit risk management

The Group and Company are exposed to credit risk, being the 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31.8 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.

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 services are 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.

During the financial year, the Group and the Company recognised impairment losses amounting to Rs 000's 169,710 (2018 : Rs 000's (30,647)) and Rs 000's 159,820 (2018: Rs 000's (51,196)) respectively on financial assets and contract assets.

31.9 Liquidity risk management

The Group and Company's liquidity management are overseen by the Corporate Treasury Function, the latter ensuring that necessary funds are available at all times to meet payment commitments when due.

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 the Company's expected maturity for their non-derivative financial assets and remaining contractual maturity of their 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

The Group and Company have reported net current liability as at 31 December 2019. However, analysis of the current liabilities shows that some liabilities will not give rise to payments or do not have fixed payment terms and management believes that these will not give rise to a payment during 2020. Excluding these items, the working capital as reworked becomes positive. The Company has negotiated for a bank overdraft facility of up to Rs 500m in case there is a need for cash and is in a position to negotiate for additional facilities if need be.

Maturities of Financial Liabilities (Non-derivatives)

THE GROUP

2019	Weighted average effective Interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
	%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL LIABILITIES						
Fixed interest Rate	**2.57%-2.99%**	**-**	**10,916**	**-**	**1,698,082**	**1,708,998**
Variable interest rate instruments	**0.09%-6.9%**	**-**	**-**	**414,967**	**308,215**	**723,182**
Non-Interest Bearing	**-**	**375,406**	**2,598,400**	**2,032,156**	**459,623**	**5,465,585**
		375,406	**2,609,316**	**2,447,123**	**2,465,920**	**7,897,765**

2018	Weighted average effective Interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
	%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL LIABILITIES						
Fixed interest Rate	2.57%-2.99%	-	-	546,266	1,678,805	2,225,071
Non-Interest Bearing	-	168,098	3,034,847	1,825,935	-	5,028,880
		168,098	3,034,847	2,372,201	1,678,805	7,253,951

Maturities of Financial Liabilities (Non-derivatives)

THE COMPANY

2019	Weighted average effective Interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
	%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL LIABILITIES						
Non-Interest Bearing	**-**	**327,734**	**2,323,718**	**697,852**	**932,173**	**4,281,477**
Fixed interest Rate	**4.4**	**-**	**16,679**	**-**	**1,692,319**	**1,708,998**
Variable interest rate instruments	**0.09 - 6.9**	**-**	**-**	**5,168,096**	**369,831**	**5,537,927**
		327,734	**2,340,397**	**5,865,948**	**2,994,323**	**11,528,402**

2018	Weighted average effective Interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
	%	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL LIABILITIES						
Non-Interest Bearing	-	3,445	2,274,770	1,781,966	-	4,060,181
Fixed interest Rate	4.4	-	-	1,359,295	1,678,804	3,038,099
Variable interest rate instruments	0.09 - 6.9	-	-	3,018,151	-	3,018,151
		3,445	2,274,770	6,159,412	1,678,804	10,116,431

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31.9 Liquidity risk management (Cont'd)

The Group and the Company monitor capital using a ratio of net debt to equity. Net debt is calculated as total loans including any bank overdraft (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises of all components of equity.

The Group's and the Company's net debt to equity ratio at 31 December 2019 was as follows

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Total loans including bank overdraft	**2,313,284**	1,597,231	**3,398,507**	2,659,625
Less cash and cash equivalents	**(349,990)**	(752,944)	**(280,154)**	(624,985)
Net debt	**1,963,294**	844,287	**3,118,353**	2,034,640
Total equity	**9,271,452**	9,209,837	**3,891,814**	4,833,050
Net debt to equity ratio	**0.21**	0.09	**0.80**	0.42

The Group and the Company have reported net current liability as at 31 December 2019. However, analysis of the current liabilities shows that some liabilities will not give rise to payments or do not have a fixed payments terms and which management believes will not give rise to a payment during 2020. Excluding these items, the adjusted working capital becomes positive. The Company has negotiated for a bank overdraft facility of up to Rs'000s 500,000 in case there is a need for cash and is in a position to negotiate for any additional facility if need be.

32. FAIR VALUE MEASUREMENTS

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 consolidated and separate financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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.

	THE GROUP & THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2019				
Investment, designated at FVTOCI	**-**	**5,552**	**141,694**	**147,246**
2018				
Investment, designated at FVTOCI	-	5,185	34,640	39,825

Reconciliation of level 3 fair values

	THE GROUP & THE COMPANY	
	2019	2018
	Rs'000	Rs'000
Balance at 1 January	**34,640**	5,750
Fair value gain through OCI	**107,054**	28,890
Balance at 31 December	**141,694**	34,640

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in these consolidated and separate financial statements approximate their fair values. An increase in the share prices of the underlying investments will impact the fair value positively while a decrease in share prices will have a negative impact. The directors have assessed the impact of a 1% increase and decrease in the net asset value and the impact is considered to be immaterial. For quoted investment designated at FVTOCI, management has used quoted prices in active markets. For unquoted investment designated at FVTOCI, management has used net asset valuation method based on the latest available financial statements.

33. RELATED PARTY TRANSACTIONS

The main shareholders of the Company are the Government of Mauritius, SBM Holdings Limited, National Pension Fund and Orange SA. As per the exemption criteria of IAS 24 paragraph 25, the state-owned entities have not been disclosed. During the year ended 31 December 2019, the Group and the Company entered into the following transactions with related parties.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. RELATED PARTY TRANSACTIONS (Cont'd)

		THE GROUP		THE COMPANY	
		2019	2018	**2019**	2018
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
(i)	Sales of services				
	- Subsidiaries	-	-	**568,276**	697,717
	- Shareholders	**23,233**	54,217	**23,233**	54,217
	- Entities under common shareholding	**46,393**	166,583	**27,895**	43,341
(ii)	Purchases of services				
	- Subsidiaries	**-**	-	**1,002,844**	873,947
	- Shareholders	**1,167**	27,890	**1,167**	27,890
	- Entities under common shareholding	**203,401**	210,511	**202,772**	136,258
(iii)	Dividend income				
	- Associate	**-**	-	**-**	10,775
	- Entities under common shareholding	**10,006**	7,792	**10,006**	7,792
(iv)	Other income and management fees				
	- Subsidiaries	**-**	-	**834,802**	868,330
	- Entities under common shareholding	**-**	120	**-**	120
(v)	Interest expense				
	- Subsidiaries	**-**	-	**237,607**	189,761
	- On loan from subsidiary	**-**	-	**31,975**	32,654
(vi)	Interest income				
	- Subsidiaries	**-**	-	**417**	3,576
	- On loan to subsidiary	**-**	-	**15,887**	17,784
(vii)	Emoluments of Key management personnel				
	- Short term benefits	**71,642**	84,770	**71,642**	79,689
(viii)	Outstanding balances receivable included in				
	Current account				
	- Subsidiaries	**-**	-	**-**	695
	- Related parties	**27,162**	-	**22,923**	-
	- Entities under common shareholding	**-**	68,055	**-**	15,064
	Trade receivables				
	- Entities under common shareholding	**26,341**	26,263	**26,341**	26,263
(ix)	Outstanding balances payable to				
	- Subsidiaries	**-**	-	**3,913,966**	3,018,150
	- Shareholders	**-**	57	**-**	-
	- Entities under common shareholding	**66,417**	29,462	**33,816**	34,565
(x)	Loan to subsidiaries	**-**	-	**164,384**	186,499
	Loan from subsidiary	**-**	-	**1,085,222**	1,062,393

34. COMMITMENTS FOR EXPENDITURE

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Commitments for the acquisition of property, plant and equipment	**2,507,690**	1,884,559	**2,416,354**	1,831,897

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. LEASES

The Group and the Company lease land, buildings and equipment with lease terms exceeding one year. These rental facilities contain a renewal option upon termination of the lease period.

The Group and the Company as lessee

(i) Right-of-use assets

	Land and buildings	Plant and equipment	Total
The Group	Rs 000s	Rs 000s	Rs 000s
2019			
Balance as at 01January	**576,135**	**272,309**	**848,444**
Depreciation charge for the year	**(97,657)**	**(48,160)**	**(145,817)**
Additions to right-of-use assets	**19,746**	**-**	**19,746**
Derecognition of right-of-use assets	**(2,318)**	**-**	**(2,318)**
Balance as at 31 December	**495,906**	**224,149**	**720,055**
The Company	Rs 000s	Rs 000s	Rs 000s
2019			
Balance as at 01January	**512,089**	**-**	**512,089**
Depreciation charge for the year	**(78,813)**	**-**	**(78,813)**
Additions to right-of-use assets	**3,719**	**-**	**3,719**
Balance as at 31 December	**436,995**	**-**	**436,995**

(ii) Amounts recognised in profit or loss

2019 - LEASES UNDER IFRS 16	THE GROUP	THE COMPANY
	Rs 000s	Rs 000s
Depreciation - Land and buildings	**97,192**	78,813
Depreciation - Plant and Equipment	**48,160**	-
Interest expense on lease liabilities	**44,712**	27,641
	190,064	106,454
2018- Operating leases under IAS 17		
Lease expense	**131,229**	125,658
(iii) Amounts recognised in statement of cash flows		
Total cash outflow for leases	**165,007**	90,874

(iv) Maturity analysis of lease liability as at 31 December 2019

The following table sets out a maturity analysis of lease payables as at 31 December 2019. Under IAS 17, the Group and the Company did not have any finance leases as a lessee.

	THE GROUP	THE COMPANY
	Rs 000s	Rs 000s
Within one year	114,256	56,888
Between two and three years	183,101	45,525
After three years	467,085	430,096
Total	764,442	532,509

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. LEASES (Cont'd)

OPERATING LEASE ARRANGEMENTS

Leasing arrangements

Operating leases relate to leases of land for a term of five years and space of 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 period.

Non-cancellable operating lease commitments

	THE GROUP		THE COMPANY	
	2019	2018 Restated	**2019**	2018 Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**-**	165,013	**-**	90,874
Between two and five years	**-**	492,518	**-**	212,925
After five years	**-**	483,122	**-**	807,794
	-	1,140,653	**-**	1,111,593

THE COMPANY AS LESSOR

Leasing arrangements

During the financial year 2018, the Group and the Company have entered into a contract in relation to the Safe City project with the Mauritius Police Force ("the lessee") for a period of 20 years for the provision of leased security equipment. The Group and the Company have classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the asset and the lessee does not have the option to purchase the asset at the expiry of the lease period.

Non-cancellable operating lease receivables

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**42,271**	88,208	**132,675**	178,998
Between two and five years	**109,938**	204,475	**109,939**	204,474
After five years	**21,148**	37,955	**21,148**	37,955
	173,357	330,638	**263,762**	421,427

Rental income recognised by the Group and the Company during 2019 was Rs 000's 93,746 (2018: nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash at Bank	**349,990**	752,944	**280,154**	624,985
Bank overdraft	**(144,664)**	-	**(144,664)**	-

As at 31 December 2019, the Group and its Subsidiary has Rs 35,837,508 in its bank accounts from clients/merchants having a my.t mobile money account. The Group and its subsidiary do not have authority to use this bank balance for its own use and as such this amount is excluded in the cash and cash equivalents as at 31 December 2019.

37. OTHER DEPOSITS

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**105,913**	139,091	**105,000**	139,091
Between two and five years	**66,483**	30,909	**66,483**	30,909
	172,396	170,000	**171,483**	170,000

Other deposits comprise of fixed term deposits placed with reputable financial institutions.

38. ASSETS HELD FOR SALE

Further to management's commitment to dispose the following assets, the Group and the Company have re-classified the below as held for sale:

(i) Investment in Telsea Investment Ltd previously included in investment in associate; and

(ii) Underground copper cables previously included in Property, Plant and equipment.

(i) Investment in associates

In April 2018 management committed to a plan to dispose its investment in Telsea representing 24.5% of its share capital. Efforts to sell the investment in Telsea have started and the sale is expected by end of 2020. Accordingly, this investment is presented as an asset held-for-sale. At 31 December 2019, the asset is measured at the lower of the carrying amount and fair value less costs to sell as shown below:

	THE GROUP		THE COMPANY	
	2019	2018	**2019**	2018
		Restated		Restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Investment in associate held for sale	**290,920**	290,920	**40,935**	40,935

There was no impairment loss on reclassification to asset held for sale.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. ASSETS HELD FOR SALE (Cont'd)

(ii) Underground copper cables

In February 2019 management also committed to dispose copper cables following deployment of fibre network. Accordingly, the copper cables were reclassified to asset held for sale. The sale is expected to be completed by June 2020. Following this classification, a write-down of Rs'000 19,256 was recognised in profit or loss on 1 February 2019 to reduce the carrying amount of the assets to their fair value less costs to sell. At 31 December 2019, the asset is measured at the lower of the carrying amount and fair value less costs to sell as shown below:

	THE GROUP AND THE COMPANY
	Rs 000s
Cost transferred as at 01 Feb 2019	**2,349,771**
Accumulated depreciation as at 01 Feb 2019	**(1,897,452)**
Disposal during the year	**(237,407)**
Impairment loss recognised during the year	**(19,256)**
At 31 December 2019	**195,656**

As at 31st December 2019, there was no further write-down as the carrying amount of the asset did not fall below its fair value less costs to sell. The fair value measurement of the copper cables is based on a total of 850 cabinets over the island.

39. CONTINGENT LIABILITIES

There are contingent liabilities not provided for in the consolidated and separate financial statements in respect of bank guarantees amounting to Rs 000s 677,909 (2018: Rs 000s 667,727) for the Group and Rs 000s 702,520 (2018: Rs 000s 688,033) for the Company respectively. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

40. GOING CONCERN

At 31 December 2019, the Group and the Company had net current liabilities of Rs'000s 1,861,000 (2018: Rs'000s 2,583,000) and Rs'000s 6,191,000 (2018: Rs 000's 6,066,000) respectively. Included in the net current liabilities are non-financial liabilities which would not result in cash outflows of the Group and the Company and these include deferred revenue, provision for untaken leaves, security deposits, subordination agreements with subsidiaries amongst others which amount to Rs000's 1,148,000 (2018: Rs'000s 1,354,000) and Rs 000's 5,994,000 (2018: Rs000's 5,268,000) respectively.

Management has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and Company have the resources to continue in business for the foreseeable future.

Management has prepared cash flow forecasts based on reasonable and supportable assumptions, including the effects of COVID-19, which will provide the Group and the Company with sufficient funds to finance future operations and enable the Group and the Company to realise its assets and settle its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Management has also considered the potential funding agreements in the process of being finalised and the transactions concluded post year end to reach the above conclusion.

As a result of the above, the Group's and Company's forecasts and projections, taking account of reasonably possible changes in trading performance due to COVID-19, demonstrate that the Group and the Company should be able to operate within the level of their current and future financing and undrawn facilities available at the reporting date up to the next twelve months from the date of approval of these consolidated and separate Financial Statements. Therefore, the consolidated and separate financial statements will continue to be prepared on the going concern basis.

41. EVENTS AFTER REPORTING DATE

- As at 31st December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organization ("WHO"). Following the subsequent spread of the virus, the WHO declared the COVID-19 outbreak to be a pandemic on 11th March 2020. The identification of the virus post 31st December 2019 as a new coronavirus and its subsequent spread are considered as non-adjusting events after the reporting period. The results and carrying amounts of assets and liabilities in the consolidated and separate financial statements as at 31 December 2019 reflect the conditions known as at that date and do not factor in the effect of COVID-19 on those valuations.

  Lock down and travel bans by the Government of Mauritius and other countries is expected to impact some of the revenue streams of the Group and the Company subsequent to year end. Management is closely monitoring the situation and has considered the potential impacts of COVID-19 on the budgets and cash flows forecasts in assessing the liquidity of the Group and the Company. Refer to Note 40 for more detailed assessment performed on the going concern of the Group and the Company.

  Management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

- The Board of directors had its meeting held on 29th June 2020 and approved a dividend distribution of Rs 000s 161,500.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

42. PRIOR YEAR ADJUSTMENT

During the current year, management has identified the following prior period errors. The tables below summarise the impacts on the Group's and the Company's financial statements.

(i) In 2018, management was committed to dispose its investment in Telsea Investments Ltd and this should have been classified as asset held for sale in 2018.

The following restatement was made in the financial statements line items for the prior year period. Effect on the statement of profit or loss is considered as immaterial and no impact identified on statement of cash flows.

	THE GROUP			THE COMPANY		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on the statement of financial position at 31 December 2018:						
Investments in associates	290,920	(290,920)	-	40,935	(40,935)	-
Assets held for sale	-	290,920	290,920	-	40,935	40,935

(ii) In the year 2018, some elements of Assets in progress were classified as other non-current assets and management determined that these should have been classified under assets in progress -property, plant, equipment and intangibles as follows:

	THE GROUP			THE COMPANY		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on the statement of financial position at 31 December 2018:						
Other non-current assets	2,514,801	(2,514,801)	-	2,514,801	(2,514,801)	-
Asset in progress (Property, plant and equipment)	14,213,427	1,921,415	16,134,842	12,242,450	1,921,415	14,163,865
Asset in progress (Intangible assets)	553,586	593,386	1,146,972	454,431	593,386	1,047,817

The above reclassification does not affect the profit for the year as the asset was under construction. Thus, no impact identified on the statement of profit or loss and statement of cash flows.

(iii) The portion of solidarity levy which is based on turnover should have been recognised in operating expenses instead of income tax expense and the liability arising thereof should have been recognised in other payables and accrued expenses instead of tax liabilities as it does not meet the definition of income tax expense under IAS 12 Income Taxes. The following adjustments were made to correct the prior year solidarity levy based on turnover.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	THE GROUP			THE COMPANY		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on statement of profit and loss and other comprehensive income for the year ended 31 December 2018:						
Income tax expense	431,572	(87,047)	344,525	139,623	(24,197)	115,426
Operating expenses	6,038,126	87,047	6,125,173	5,523,724	24,197	5,547,921
Effect on statement of cash flows for the year ended 31 December 2018:						
Income tax expense	431,572	(87,047)	344,525	139,623	(24,197)	115,426
Tax paid	(265,939)	58,178	(207,761)	(8,045)	-	(8,045)
Movement in other payables and accrued expenses	19,777	28,869	48,646	364,325	24,197	388,522
Effect on statement of financial position at 01 January 2018:						
Current tax liabilities	372,985	(86,297)	286,688	76,842	(55,052)	21,790
Other payables and accrued expenses	2,449,584	86,297	2,535,881	4,479,262	55,052	4,534,314
Effect on statement of financial position at 31 December 2018:						
Current tax liabilities	489,395	(112,383)	377,012	146,156	(79,248)	66,908
Other payables and accrued expenses	2,498,590	112,383	2,610,973	5,132,993	79,248	5,212,241

(iv) The following errors were identified in relation to prior years financial statements and both had an impact on the opening retained earnings:

1. On initial application of IFRS 9, the subsidiaries did not recognise ECL provisions on the current account balances receivable from MAURITIUS TELECOM LTD. Therefore, comparatives have been adjusted in the accounts of the subsidiaries to reflect the provisions in the prior year. These adjustments did not have an impact on the Group since these are eliminated on consolidation. But, the deferred tax effect on the Group figures has been disclosed as follows:

	THE GROUP			THE COMPANY		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on the statement of financial position at 01 January 2018						
Retained earnings	7,541,893	113,595	7,655,488	-	-	-
Deferred tax assets	586,768	113,595	700,363	-	-	-
Effect on the statement of financial position at 31 December 2018:						
Retained earnings	8,939,957	113,595	9,053,552	-	-	-
Deferred tax assets	404,733	113,595	518,328	-	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

42. PRIOR YEAR ADJUSTMENT (CONT'D)

(iv) The following errors were identified in relation to prior years financial statements and both had an impact on the opening retained earnings (Cont'd):

2. In the current year, management has identified that other receivables balance was overstated since default debtors were not written off in previous years and as a result, the error has been corrected by restating the relevant financial statements line items.

	THE GROUP			THE COMPANY		
	As restated above	Adjustments	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on the statement of financial position at 01 January 2018						
Retained earnings	7,655,488	(68,449)	7,587,039	-	-	-
Other receivables	1,462,550	(68,449)	1,394,101	-	-	-
Effect on the statement of financial position at 31 December 2018:						
Retained earnings	9,053,552	(68,449)	8,985,103	-	-	-
Other receivables	925,187	(68,449)	856,738	-	-	-

(v) As per assessment performed, surcharge on late payment does not meet the definition of revenue under IFRS15 and should be recognised as other Income in the statement of profit or loss. Similarly, income from co-location meets the definition of revenue and should be recognised as revenue instead of other income. No impact identified on the statement of financial position at 01 January 2018 and 31 December 2018 and statement of cash flow for the year ended 31 December 2018.The following corrections have been made to the prior year profit or loss accordingly.

	THE GROUP				THE COMPANY			
	As previously reported	Co-location	Surcharge	As restated	As previously reported	Co-location	Surcharge	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on statement of profit and loss and other comprehensive income for the year ended 31 December 2018:								
Revenue	10,604,555	75,233	(113,269)	10,566,519	7,243,008	-	(97,669)	7,145,339
Other Income	102,711	(75,233)	113,269	140,747	899,550	-	97,669	997,219

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

(vi) As disclosed in notes 5 and 6, management decided to reclassify figures between asset categories to reconcile the property, plant and equipment and intangible assets notes in the consolidated and separate financial statements with the Group's and the Company's fixed asset register. Following this decision, a reclassification adjustment was made in the consolidated and separate financial statements and the opening balances as at 1 January 2018 were restated. These reclassifications do not impact the consolidated and separate statements of financial position, consolidated and separate statements of profit or loss nor the consolidated and separate statements of cash flows for the year ended 31 December 2018.

(vii) Refundable security deposits have been reclassified from trade payables to security deposit on the face of the consolidated and separate statements of financial position since the nature and class of the security deposit are different from trade payables. No impact identified on the consolidated and separate statements of profit or loss and consolidated and separate statements of cash flows.

The following table summarises the impact of this reclassification:

	THE GROUP			THE COMPANY		
	As previously reported	Reclassified	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on the statement of financial position at 01 January 2018						
Trade payables	2,243,235	(379,261)	1,863,974	1,117,504	(379,261)	738,243
Security deposit	-	379,261	379,261	-	379,261	379,621
Effect on the statement of financial position at 31 December 2018:						
Trade payables	2,785,157	(392,979)	2,392,178	2,004,505	(392,979)	1,611,526
Security deposit	-	392,979	392,979	-	392,979	392,979

(viii) During the current year, management noted that the disclosure note on operating lease commitments was inaccurate in the prior year. Consequently, the note was revised in 2019 with no impact on consolidated and separate statements of financial position, consolidated and separate statements of profit or loss and consolidated and separate statements of cash flows for financial year ended 31 December 2018.

	THE GROUP			THE COMPANY		
	As previously reported	Adjustment	As restated	As previously reported	Adjustments	As restated
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on disclosure						
Operating lease commitments	776,171	364,482	1,140,653	1,043,456	68,137	1,111,593

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

42. PRIOR YEAR ADJUSTMENT (CONT'D)

(ix) In accordance with the requirements of IAS1.82(ba), impairment losses and reversal of impairment losses on trade receivables and contract assets have been disclosed as a separate line item on the face of the consolidated and separate statements of profit and loss and other comprehensive income. Comparatives have been restated to meet the requirements of the standard. No impact on the consolidated and separate statements of financial position at 01 January 2018 and 31 December 2018.

	THE GROUP			THE COMPANY		
	As restated above	**Adjustment**	**As restated**	**As restated above**	**Adjustment**	**As restated**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on statement of profit and loss and other comprehensive income for the year ended 31 December 2018						
Operating expenses	6,125,173	30,647	6,155,820	5,547,921	51,196	5,599,117
Reversal of impairment losses on trade receivables and contract assets	-	(30,647)	(30,647)	-	(51,196)	(51,196)

	THE GROUP			THE COMPANY		
	As previously reported	**Adjustment**	**As restated**	**As previously reported**	**Adjustment**	**As restated**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Effect on statement of cash flows for the year ended 31 December 2018						
Provision for doubtful debts	29,665	(29,665)	-	4,466	(4,466)	-
Reversal Impairment losses on trade receivables and contract assets	-	(30,647)	(30,647)	-	(51,196)	(51,196)
Movement in trade receivables	(764,101)	60,312	(703,789)	(647,441)	55,662	(591,779)

GLOSSARY OF TERMS

3G	3G is the third generation of wireless mobile telecommunications technology.
4G	4G is a mobile communications standard intended to replace 3G, allowing wireless internet access at a much higher speed.
5G	5G is the 5th generation mobile network. Its benefits include increased speeds, improved reliability and lower latency.
All IP	IP stands for Internet Protocol. An all-IP network is a packet-based network in which all data is transferred the same way and independent of the access or transport technology.
Application to person	The process of sending mobile messages from an application to a mobile user.
BNG	Border network gateway is the access point for subscribers, through which they connect to the broadband network.
BPO	Business process outsourcing is a business practice in which an organisation hires another company to perform a task.
CES	Customer effort score is a single-item metric that measures how much effort a customer has to exert to get an issue resolved, a request fulfilled, a product purchased or a question answered.
Fintech	Financial technology (Fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services.
FTTH (Fibre-To-The-Home)	Fibre-optic access solutions designed for residential deployments.

GLOSSARY OF TERMS (CONT'D)

FTTX	Fibre to the X, a generic term for any broadband network architecture using optical fibre to provide all or part of the local loop used for last mile telecommunications.
Gbps	Gigabits per second, a data transfer speed measurement for high-speed networks such as Gigabit Ethernet. When used to describe data transfer rates, a gigabit equals 1,000,000,000 bits.
ICT	"Information and Communication Technologies" refers to technologies that provide access to information through telecommunications. It focusses primarily on communication technologies. This includes the internet, wireless networks, mobile phones and other communication media.
IMR	International mobile roaming is a service that allows mobile users to continue to use their mobile phone or other mobile device to make and receive voice calls and text messages, browse the internet, and send and receive emails, while visiting another country.
IoT	The Internet of things is a system of interrelated computing devices, mechanical and digital machines provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.
PoP	On the internet, a point-of-presence (**POP**) is an access point from one place to the rest of the internet.
ITES	Information technology enabled services is defined as the outsourcing of processes that can be enabled with information technology and covers diverse areas such as finance, HR, administration, health care, telecommunications, manufacturing. The focus is on service delivery.
LTE	Long Term Evolution, also known as 4G, is a standard for high-speed wireless communication for mobile devices and data terminals.

GLOSSARY OF TERMS (CONT'D)

MauCAS	Mauritius Central Automated Switch, a novel state-of-the art digital hub fully-owned and operated by the Bank of Mauritius for routing payments among operators on a 24x7 basis.
National Payment Switch	National Payment Switch, an infrastructure that can interface with any point of sale (POS) system, automated teller machine (ATM), Mobile Payment System and internet-based commerce portals, consolidate all electronic transactions and then intelligently channel them to one or more payment processors for authorisation and settlement.
NPS	Net Promoter Score is a metric used in customer experience programmes. It measures the loyalty of customers to a company. NPS is calculated by subtracting the percentage of customers who are detractors from the percentage who are promoters.
OTT	Over-the-top, the term used for delivery of film and TV content via the internet, without requiring users to subscribe to a traditional cable or satellite Pay-TV service.
SSO	Single sign-on (SSO) is a session and user authentication service that permits a user to use one set of login credentials for example, a name and password to access multiple applications.
Single RAN	Single radio access network, a technology that allows mobile telecommunications operators to support multiple mobile communications standards and wireless telephone services on a single network.
SRM	Social Register of Mauritius, a computer-based application to register and identify the poor and their socioeconomic profiles, designed to inform policymakers' decision-making.

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Fully 4G

Mobile Internet

Mobile Voice & SMS

Prepay & Postpay Abundance

Love Pack

Gift Data

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Mobile Money

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TV & Broadband

Fibre Broadband

Fibre Voice

my.t triple play

100 Mbps

TV Packs

Video on Demand

Dual Room

Catch-Up TV

Fixed Telephones

Wi-Fi Extender

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High Speed Internet

Data Centre and Cloud

Local Connectivity

Security

Productivity

International Connectivity

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