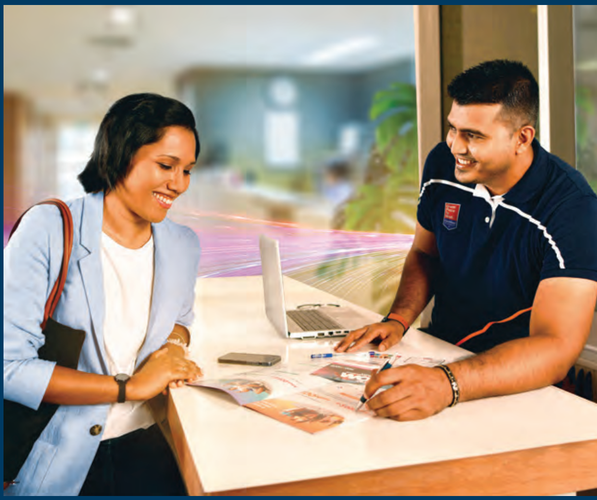
FASTER CLOSER

ANNUAL REPORT 2021



mauritius telecom

FASTER

connectivity

CLOSER

connection

In a world where the way we work, live and play is constantly evolving, building closer connection through faster connectivity is crucial. With the 1Gbps fib e broadband and 5G Experience Zones launched in 2021, Mauritius Telecom is continuously providing businesses, families and individuals with the best connectivity experience for their everyday life.

mauritius telecom

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

CONTENTS

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2021

REVENUE

Despite the challenging environment linked to Covid-19, MT Group revenue grew by +4.5% over the year to reach Rs 10.9 billion.

GROSS PROFIT

Gross Profit is at Rs 8.2 billion representing a year on year growth of +4.1%.

NET PROFIT

The Group reported a net profit of Rs 594 million. The result was affected by an exceptional voluntary retirement scheme, national lockdown for almost two months due to the Covid-19 and the ongoing impact of the pandemic felt throughout the year.

REVENUE

Rs 10.9 bn

NET PROFIT

Rs 0.6 bn

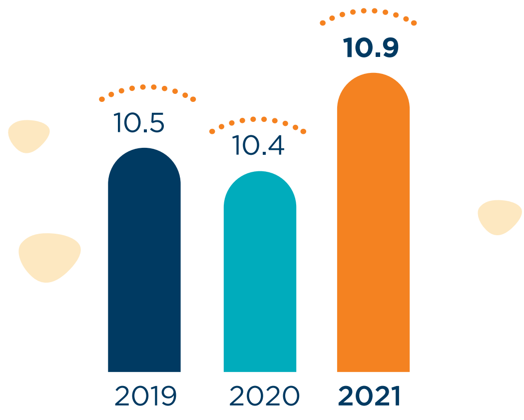
CAPITAL EXPENDITURE

Rs 2.2 bn

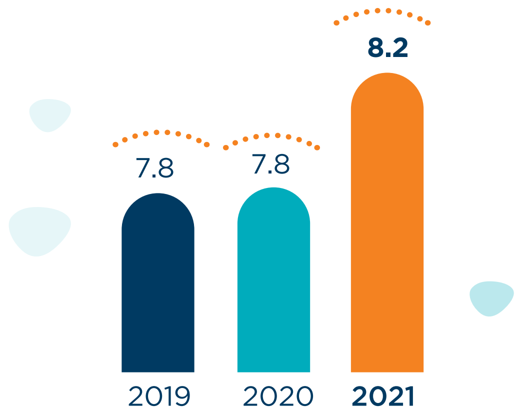
TOTAL ASSETS

Rs 24 bn

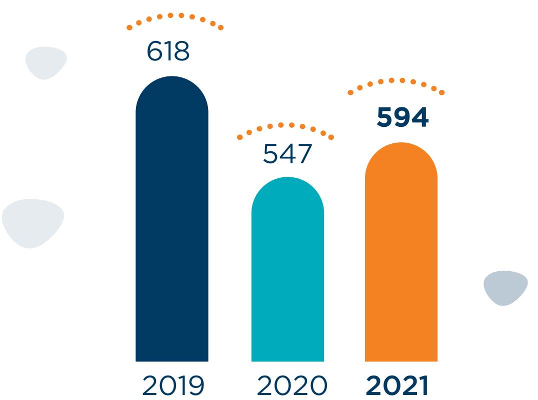
REVENUE
(in billion Rs)



GROSS PROFIT
(in billion Rs)



NET PROFIT
(in million Rs)



KEY FINANCIAL FIGURES

	The Group	
	2021 Rs Million	**2020** Rs Million
INCOME STATEMENT		
Revenue	10,877	10,412
Gross Profit	8,153	7,834
Net Profit	594	547
Earnings per share (Rs)	3.13	2.88

	2021 Rs Million	**2020** Rs Million
BALANCE SHEET		
Total Assets	24,328	24,099
Total Liabilities	15,571	17,042
Total Equity	8,757	7,057
Capital Expenditure	2,211	2,642

5G

Hello 5G

Faster speed, lower latency and better bandwidth. With the my.t 5G Experience Zones in 2021, Mauritius Telecom brings tomorrow's technology today.

CORPORATE PROFILE

NUMBER 1

LEADING FIXED-LINE, MOBILE, TV & BROADBAND NETWORK IN MAURITIUS

ABOUT US

Mauritius Telecom Ltd (Mauritius Telecom or MT) is the leading provider of an extensive range of ICT services and solutions for both residential customers and businesses in Mauritius, including fixed, mobile, internet, TV, mobile money and ICT 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 telecommunications infrastructure connecting Mauritius to the world through sustained investment in international bandwidth and capacity, and through the launch of innovative services to meet its customers' evolving needs. Through its numerous initiatives, Mauritius Telecom has paved the way for the growth of the ICT industry, which has become a major pillar of the Mauritian economy. 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.

Innovation is embedded in the Company's DNA. In recent years, several game-changing services and products have been introduced: my.t money, a service that has revolutionised the payments industry, was launched in 2019, followed by the first truly unlimited prepay and postpay data packages, the payment of all utility bills (CEB, CWA and MT bills) via a single digital platform, the my.t billpay app.

In 2021, MT once again led Mauritius' digital evolution, bringing in a new era of connectivity on mobile and fibre through the launch of the first my.t 5G Experience Zones and the first 1Gbps fibre internet offer in Mauritius.

KEY FIGURES

399,000
FIXED LINE CUSTOMERS

272,000
HOUSEHOLDS AND BUSINESSES CONNECTED TO HIGH-SPEED BROADBAND

100%
FIBRE-READY HOMES

195,000
MY.T TV CUSTOMERS

965,000
MOBILE CUSTOMERS

99.2%
PERCENTAGE OF 4G COVERAGE
NUMBER OF 4G SITES : 519
NUMBER OF 3G SITES : 547

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.

24 COMMERCIAL OUTLETS IN STRATEGIC LOCATIONS

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

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 COVERAGE

- Minimum home broadband speed of 10 Mbps
- Availability of ultra-fast home broadband 1Gbps

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 AND 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.

THE MAURITIUS TELECOM BRAND

Top-of-mind brand

Mauritius Telecom is the premier provider of fixed, mobile, broadband and IPTV services in the country. It keeps people, homes, businesses and government connected through a wide range of innovative integrated solutions, all regrouped under one single umbrella brand, my.t, delivering ultra-fast broadband speeds, top-notch mobile and fixed services, a broad suite of premium TV content and fintech solutions. Overall, the my.t brand is focused on innovation, delighting customers and building a digital future for everyone.

my.t home

my.t mobile

my.t

my.t business

my.t money

An innovative customer-centric approach

Recent months have seen an unparalleled acceleration in society's reliance on connectivity and Mauritius Telecom, like other tech companies, has found itself at the heart of a fast-changing world, in which homes have become the epicentre for work, education, entertainment and much else. More than ever, connectivity and digital solutions empower the way Mauritians live, work and play; they have even become a lifeline for all citizens.

The portfolio of broadband residential offers was therefore reviewed with new packages and price reductions on existing offers. This has given children access to more learning opportunities and enabled adults to work smoothly from home and also be entertained. These broadband offers were all bundled with enriched premium TV content so as to provide customers with affordable all-in-one offers.

One of the key aspects of 2021 was the Company's launch of its Life Extraordinary Initiative, propelling Mauritius into the Gigabit era to enable Mauritians to get connected to internet speeds of up to 1Gbps on fibre, Wi-Fi and 5G. Indoors or outdoors, at home or on the move, customers can live to the fullest the Gigabit experience. Mauritius Telecom's ultrafast network now delivers the fastest available broadband speeds to homes and businesses.

In the mobile segment, the Company prides itself on having revolutionised the leading postpay and prepay unlimited offers on the fastest and most reliable mobile network in the country. MT can now provide island-wide 4G coverage and, in some regions, 5G.

Its state-of-the-art Tier IV Data Centre in Rose Belle meets the highest standards required by enterprises. It provides businesses with peace of mind and guarantees continuity in case of disasters. Occupancy of the Data Centre has continued to increase, reflecting strong customer trust and confidence in this facility.

Rodrigues connected to the world

Through the Mauritius and Rodrigues Submarine Cable (MARS) Rodrigues was connected to mainland Mauritius and to the rest of the world in 2019. This transformed internet usage for customers there, enabling deployment of a fibre network and thereby offering them the same services, contents and experience as in Mauritius.

Building a digital society

The new normal accelerated the shift towards a more digital world. Mauritius Telecom adapted rapidly to the changing landscape and paradigm shift through self-service platforms, enabling its customers to easily view

CORPORATE PROFILE (CONT'D)

and pay bills, manage services or check usage, leading to reduced queues in its shops.

The platforms have also made it easier for customers to send their requests and place orders remotely from the comfort and safety of their homes, so that applying for a new fixed line and subscribing to an internet package or a TV pack is just a few clicks away. The customer does it all from the comfort and safety of his home.

Mauritius Telecom's fintech venture, my.t money, launched in 2019, proved to be an effective and reliable digital financial service, not least during the pandemic, when cashless and contactless payment methods proved invaluable. My.t money has now paved the way for all bill payments to be made using one single app, my.t billpay, allowing fast, simple and secure financial transactions. It was quickly adopted by the population and attracted partners from various sectors.

Inclusion for all

Over and above the technological solutions we provide, as part of its leading role, Mauritius Telecom is committed to improving life for everybody. Hence to cater for the increasing needs of connectivity for all, our internet and TV offers as well as mobile data offers, were revamped and made more affordable and accessible for our customers.

Through every single action, MT strives to always deliver the best.

OUR INTERNATIONAL RECOGNITIONS AND AWARDS

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

2021

- **AfricaCom Awards**
  - Connectivity Project of the year Award for MT's Life Extraordinary initiative
  - Most innovative product or service Award for my.t 360° Digital Operation project
- **"Great Place to Work' certification**

CORPORATE PROFILE (CONT'D)

MAURITIUS TELECOM'S PEOPLE

Passion, pride and collaboration - these are the driving forces of Mauritius Telecom where we believe that our people are the critical ingredient for our continued success. As a retrospective for the past year, the company, through the structure and philosophy in place, embraced the creativity and collaboration of its diverse workforce who not only help enhance the company's current services and commercial offerings but also welcomed the various challenges that the global pandemic posed. As a matter of fact, the cross department work streams are now the norm to develop creative ideas and bring quick results.

In terms of the company's commitment to have an engaged and motivated workforce, it partnered with the global leader in terms of certifying employee experience and internal culture, Great Place to Work® to have an independent snapshot of how employees feel and the overall feedback based on certain key areas. The survey was administered by Great Place to Work and based on the responses received, the company was awarded the Great Place to Work certification in record time. In terms of the responses received, the company can safely say that the various employee centric measures implemented during the last few years have been well received company wide. As for the way forward, the detailed responses will be used by the company to further improve and strengthen its people practices.

CORPORATE SOCIAL RESPONSIBILITY

Mauritius Telecom is fully committed to upholding its corporate social responsibilities (CSR). Through the Mauritius Telecom Foundation (MTF), it 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.

mauritius telecom FOUNDATION

Rs 190 million

injected into CSR projects between 2015 and 2021 in the Republic of Mauritius.

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

2016

- **Remittance of cheques to NGOs/institutions**
  - Breast Cancer Care, Autisme Maurice, La Source Women Association Quatre Bornes, Plaine des Papayes Government School, Mo`zar Espace Artistic.
- **Distribution of an electric wheelchair and school materials at La Laura.**
- **Distribution of school materials for the Independence Day at Ramsoomer Balgobin Government School at Dagotiere.**
- **Support to the Electronic Mauritian Sign Language by The Society for the Welfare of the Deaf.**
- **Contribution in the construction of social housing at St. Catherine.**
- **Distribution of commode wheelchairs to persons with disabilities.**

2017

- **350 free Wi-Fi hotspots in public locations** such as community centres, social welfare centres, women's centres, youth centres, village halls and post offices.
- **School materials**
  Distribution of school materials to needy students.
- **Toys**
  Distribution of toys to children from vulnerable groups.
- **Wheelchairs**
  Distribution of wheelchairs in Goodlands, Sainte Croix, Bambous etc.
- **Financing of NGOs in Rodrigues**

2018

- **Inauguration of first MUGA at Phoenix**
- **School materials**
  Distribution of school materials to needy students.
- **Toys**
  Distribution of toys to children from vulnerable groups.
- **Wheelchairs**
  Distribution of wheelchairs in Riviere du Rempart, L'Esperance Trebuchet, Midlands etc.
- **Financing of NGOs in Rodrigues**

2019

- **Inauguration of MUGA Tyack and MUGA Triolet**
- **School materials**
  Distribution of school materials to needy students.
- **Toys**
  Distribution of toys to children from vulnerable groups.
- **Wheelchairs**
  Distribution of wheelchairs in Riviere du Rempart, Rose Hill, Phoenix etc.
- **Financing of NGOs in Rodrigues**
- **Agalega**
  The donation of wheelchairs and school materials such as exercise books and school bags.

MUGA

2020

- **Inauguration of MUGA La Source, Quatre Bornes and MUGA Goodlands**
- **A better environment for a better tomorrow – Wakashio**
  The collection of straw from fields and filling sacks for the construction of barriers against oil spills.
- **School materials**
  Distribution of school materials to needy students in Mauritius and Agalega.
- **Toys**
  Distribution of toys to children from vulnerable groups.
- **Wheelchairs**
  Distribution of wheelchairs in Bon Accueil, Phoenix, Camp de Masque etc.
- **Financing of NGOs in Rodrigues**

2021

- **School materials**
  Distribution of school materials to needy students in Mauritius and Agalega.
- **Providing technological support to NGOs in Mauritius**
- **Wheelchairs**
  Distribution of wheelchairs in Brisée Verdiere, Rose Hill, Dagotiere and also the donation of a reclining electric wheelchair to a grade 10 student from the vulnerable groups who suffers from severe physical handicap.
- **Financing of 11 NGOs in Rodrigues**

AWARDS

Making Mauritius proud in Africa

In November 2021, MT won the AfricaCom Connectivity Project of the Year Award for its Life Extraordinary initiative and the Most Innovative Product or Service Award for its my.t 360° project, putting Mauritius at the forefront of the world stage.

BOARD OF DIRECTORS

NAYEN KOOMAR
BALLAH, GOSK - CHAIRMAN
Resigned in July 2022.

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

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

He has 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 in senior positions and as Permanent Secretary in various ministries, such as the Ministry of Agriculture, Fisheries and Natural Resources, the Ministry of Arts and Culture, the Ministry of Youth and Sports, the 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 SBM Bank Holdings Ltd, Mauritius Telecom, the Mauritius Revenue Authority, Multi-Carrier (Mauritius) Ltd and The Metro Express Ltd, and Director on the Board of Mauritius Duty Free Paradise and Air Mauritius Ltd.

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
Resigned in July 2022.

After a short spell in the secondary education sector, Ramesh Bheekhoo joined the public service in 1983. Having worked in various ministries and departments ever since, he has acquired wide experience and acumen in the formulation and execution of policies and strategies.

Over the last decade, his engagement in the ICT sector, which includes telecommunications, has exposed him to the spectacular evolution of technology as well as the ins and outs that surround this fast evolving domain, both from technical and commercial perspectives. His past experience and present duties as Deputy Permanent Secretary at the Ministry of Information Technology, Communication and Innovation require him, among others, to co-ordinate with industry players as well as international organisations dealing with the sector, such as the International Telecommunication Union and the African Telecommunication Union.

He holds an MSc in Public Sector Management, in addition to tertiary level qualifications in Accountancy and Human Resources.

He is a council member of the Mauritius Research and Innovation Council, which has kept him at the forefront of Mauritius' research and innovation landscape, as well as dealing with the promises and challenges of both emerging and established, yet evolving, technologies.

KOOSIRAM
CONHYE
Resigned in July 2022.

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

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

He was assigned the duties of Secretary to the Public Service Commission and Disciplined Forces Service Commission from September 2016 to April 2018. He also served the Commission of Inquiry on Drug Trafficking in Mauritius as Secretary from July 2015 to July 2018.

He has since been assigned the duties of Senior Chief Executive and is currently posted at the Ministry of Gender Equality and Family Welfare.

DHEERENDRA KUMAR
DABEE, GOSK SC
Resigned in July 2022.

D K Dabee, Senior Counsel, is Legal Adviser/Consultant in the Attorney-General's Office. He graduated in Law and Political Science from Birmingham University and was called to the bar in the UK in 1981 at the Middle Temple Inn of Court.

He joined the Crown Law office in Mauritius in 1982 and occupied all senior positions in the Attorney-General's Office, including those of Parliamentary Counsel and Acting Director of Public Prosecutions, until his appointment as Solicitor-General in 1998, a post he held until his retirement in September 2021.

As Solicitor-General, during 23 years, he was 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, and in private commercial arbitration cases.

Besides his nearly 39 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. He has in the past been a member of the Arbitral Tribunal of the Commonwealth Secretariat.

He is currently also the Chairperson of the Control and Arbitration Committee of the Mauritius Cane Industry Authority and of a division of the Medical Tribunal, and the Chairman of the Financial Intelligence Unit since November 2016.

He has been the Agent for the Republic of Mauritius in the Chagos Marine Protected Area Arbitration (Mauritius v. the United Kingdom) in the Request to the ICJ for an Advisory Opinion on the Legal Consequences of the Separation of the Chagos Archipelago from Mauritius in 1965 and in the ongoing Dispute before a Special Chamber of the ITLOS concerning the Delimitation of the Maritime Boundary between Mauritius and Maldives in the Indian Ocean.

BOARD OF DIRECTORS (CONT'D)

OLIVIER
FROISSART (TO 30 SEPTEMBER 2021)

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.

ALBAN
LO GATTO

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 currently serves as General Counsel and Company Secretary of Orange Middle East Africa and Orange Middle East and Africa Management, leading the legal activities of Orange in 17 countries. He also holds the position of non-executive director in several companies in the telecoms sector.

ELSA
MAINVILLE (FROM 30 SEPTEMBER 2021)

Elsa Mainville holds a Master's degree In Engineering from Telecom Paris and in Public Administration from Columbia University. She is currently Vice-President of Corporate Development in charge of B2B, cybersecurity and international wholesale in Orange Group's Finance Department. In this role, she has led acquisitions in cybersecurity, cloud and digital services, representing investments of 1 billion euros.

Elsa has over 20 years' experience in international telecommunications and B2B IT services, and in management and corporate development roles. She joined France Telecom North America in New York in 1996, and after several years became local president and board member of the B2B subsidiary, France Telecom Corporate Solutions. She joined Orange Business Services in 2005 where she held various senior management positions, dealing with multinational customers and global operations.

She is passionate about digital transformation and inclusion, and is active in several non-profit organisations.

DHARAM DEV
MANRAJ, GOSK

Resigned in July 2022.

Dev Manraj is currently the Financial Secretary at the Ministry of Finance, Economic Planning and Development. 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.

He has, additionally, 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, especially the Metro Express.

He has likewise participated actively in the implementation of major projects in Mauritius such as the Ebene Cybercity and the Cote d'Or Data Technology Park. Mr Manraj has also contributed intensively to the setting up of numerous public sector organisations, including the State Investment Corporation (SIC), State Informatics Ltd (SIL), the National Computer Board, Business Parks of Mauritius Ltd and the Economic Development Board (EDB). He has also been a Visitor of the University of Mauritius. He is currently the Chairperson of the COVID-19 Projects Development Committee, the National COVID-19 Vaccination Programme Fund and Airport Holdings Ltd (AHL).

BOARD OF DIRECTORS (CONT'D)

ELISABETH
MEDOU BADANG

Elisabeth Medou Badang is Senior Vice-President Africa and Indian Ocean and Spokesperson for Orange Middle East & Africa. She has a post-graduate degree in Finance and certificates in Executive Business programs from EM Lyon Business School, Cranfield University and ESCP. She also successfully completed a certification course in corporate governance with IFA -Sciences Po Paris.

With more than twenty years' experience in an executive position in telecommunications, she heads a cluster of six countries and represents her company in conferences, media relations and in top executive panel discussions on ICT and mobile money.

She was previously the CEO of Orange Cameroon for four years. During her tenure, she drove the mobile money revolution in the country. Before that, she led Orange Botswana for four years and is the first African woman to lead an Orange affiliate.

She is passionate about the ICT development potential in Africa and digital inclusion in general and its ability to transform people's lives. She sits in several boards and audit committees in the region.

Medou Badang has received widespread recognition, 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; Best mobile Operator in Cameroon 2017, and as the first female Innovator of the year at Africa Com 2019. She was included among the 50 most influential women in African business in 2018.

JEAN-FRANÇOIS
THOMAS

Jean-François Thomas is a graduate in Business Management and Information Technologies from the Ecole Nationale Supérieure des Télécommunications, France. He also graduated in Physics, Mathematics and Economics from the Ecole Polytechnique.

He has over 30 years' experience in the communications business where he occupied marketing, sales, business development, operations and management positions.

He served as Regional Director (September 2006–February 2008) at France Telecom, Orange Alsace, Strasbourg. He previously held several senior management positions at France Telecom in France, Japan and Hong Kong. He was subsequently appointed Deputy Chief Executive and Chief Operating Officer at Mauritius Telecom from February 2008 to September 2012, and served as CEO of Orange Jordan / Jordan Telecom from October 2012.

In 2015, he was appointed Head of Orange Group Business Development before joining Orange Middle East and Africa as Chief Strategy Officer in 2020.

Note:
- Messrs Ballah, Bheekhoo, Conhye, Dabee and Manraj are citizens of Mauritius.
- Messrs Lo Gatto and Thomas and Mrs Medou Badang and Mrs Mainville are citizens of France.

COMPANY SECRETARY

CONRAD
COLIMALAY

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.

CERTIFICATE BY COMPANY SECRETARY

CERTIFICATE BY SECRETARY REQUIRED UNDER THE MAURITIUS 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 Section 166(d) of the Mauritius Companies Act 2001 as at 31 December 2021.

P C **Colimalay**
COMPANY SECRETARY

14 April 2022

ACHIEVEMENTS

Great Place To Work. Certified NOV 2021-NOV 2022 MU

A great place to work!

Mauritius Telecom was certified 'Great Place to Work' in 2021, an acknowledgement of its internal accomplishments. This was the third international recognition for the year and a source of great pride for MT!

CHAIRMAN'S STATEMENT

Resigned in July 2022.

I have once again great pleasure in presenting Mauritius Telecom's Annual Report, this time for 2021.

Our world has become increasingly complex, with the Covid-19 pandemic causing unprecedented disruption in people's lives and creating a global economic crisis. Against this background, I am satisfied that Mauritius Telecom, under the guidance of its CEO and management team, has once again proved its solidity and resilience.

I am particularly proud of MT's unwavering commitment to our country, providing support to the Government of Mauritius and society at large, as evidenced by the various initiatives taken following the second lockdown in March 2021.

Despite the difficult circumstances, MT maintained its leadership in innovation, bringing in a major revolution on the mobile and internet fronts with its Life Extraordinary offers – the 1 Gbps offer and the my.t 5G Experience Zones.

Overall, Mauritius Telecom performed well in 2021, demonstrating the Company's ability to respond rapidly to changing and very challenging circumstances.

Financial Results

Mauritius Telecom Group revenue increased by +4.5% over the year to reach Rs 10.9 billion, with gross profit at the end of the year reaching Rs 8.2 billion, representing year-on-year growth of +4.1%. Taking into account all the factors impacting on our performance, the Group's net profit of Rs 594 million was a commendable result. Those factors included the persistent impact of the Covid-19 pandemic with a second national confinement, on-going work from home, the negative consequence on the tourism industry of our borders remaining closed during a long period and an exceptional voluntary retirement scheme, during which more than a hundred MT Group employees retired from service.

Corporate Governance

While ensuring value for all our stakeholders, in such a uniquely challenging business environment, our Group believes it is especially important to maintain and, when necessary, enhance the good corporate governance practices to which we have long adhered. During the period under review, I can safely and happily assert that MT remained compliant in all material respects with the best corporate governance principles.

Improving Our Service

Purchasing patterns and consumer behaviour have been shifting worldwide and Mauritius has been no exception as people look for more safety and flexibility. Both the pandemic and the new normal have sped up the transition towards a more digital world and the adoption of new technology.

Providing our customers with the highest level of customer service is one of our top priorities. Mauritius Telecom has therefore striven to protect its customers' health and enhance what they experience when using our products and services, by advocating the use of various digital and contactless alternatives for service provisioning, bill payment and service issue resolution.

I have been happy to note that our overall service levels continued to improve. Our two key indicators (the Customer Satisfaction Index and the Net Promoter Score) have remained stable towards the high end. Improvements were reflected in service delivery, in a reduction in the number of complaints registered, as well as a general improvement in complaint resolution and fault clearance.

On another note, in December 2021 we added a new Telecom Shop in the Coeur Cap Tamarin shopping centre to provide closer proximity to those living or working in the Black River area.

> **"I am particularly proud of MT's unwavering commitment to our country, providing support to the Government of Mauritius and society at large, as evidenced by the various initiatives taken following the second lockdown in March 2021."**

CHAIRMAN'S STATEMENT (CONT'D)

Our Employees

All companies claim to value their employees. I consider that Mauritius Telecom goes somewhat further than most in this respect. Fully aware of the risks to our colleagues during this unprecedented period, our Group remained devoted to taking care of our employees' mental and physical wellbeing. We fully adhered to safety protocols and provided the necessary safety kits and protective equipment to staff to ensure their maximum protection. We also facilitated the vaccination programme against Covid-19 for MT employees, who were exceptionally granted two days special leave following their vaccinations.

Meanwhile, as part of the collective agreement with our trade unions, the Company implemented a salary increase with some enhanced employee benefits for a segment of the Group. However, perhaps the best indication of how MT looks after its staff was the certification we received in November 2021 that our Company is a Great Place to Work, a label obtained from the eponymous world leader in terms of certifying employee experience and internal culture. It is a testament to the positive impact of the HR strategies, policies and practices adopted at all levels within the MT Group and I wish to commend the whole MT team for obtaining this certification.

Corporate Social Responsibility (CSR)

One of the areas from which I derive a great deal of pleasure is the way that Mauritius Telecom pursues its social initiatives, through the Mauritius Telecom Foundation (MTF), in a diversity of ways. Between 2015 and 2021, Rs 190 million was injected into CSR projects throughout the Republic of Mauritius.

Specifically in 2021, the MTF donated electric wheelchairs as well as commode wheelchairs where they were most needed. As per our usual yearly practice, MTF had children's wellbeing at heart when it distributed schoolbags and exercise books to children from vulnerable backgrounds to help them in their school life as well as giving gifts during the Christmas period. It also distributed school materials to various NGOs. Indeed, in Rodrigues alone, the MTF donated Rs 1 million of its CSR funds to help 11 NGOs there.

In a different direction, and concerned about building a better, eco-friendly environment in Mauritius, the Foundation also distributed long-lasting and reusable bags to the general public.

**"...our Company is a Great Place to Work, a label obtained from the eponymous world leader in terms of certifying employee experience and internal culture.
It is a testament to the positive impact of the HR strategies, policies and practices adopted at all levels within the MT Group and I wish to commend the whole MT team for obtaining this certification."**

Note Of Appreciation

Mauritius Telecom is a team. I not only sincerely thank my fellow Board members for their support but I also wish to express my appreciation to our Chief Executive Officer, MT management and every member of our staff for maintaining MT's success and for their 2021 achievements. I would equally like to thank our shareholders for their trust and our customers for their loyalty.

The market environment in Mauritius and in the world is showing ever-increasing volatility. The impact of the pandemic may last for many months, and unfortunately perhaps longer, and the war in Ukraine is also putting additional pressure on the global economy. I have every confidence in the ability of the MT management team to confront these challenges with serenity, to pursue our ongoing strategy and to maintain high focus on the well-being of our customers, employees and society.

Nayen Koomar
Ballah GOSK

Chairman

May 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

Resigned on 1st July 2022.

I am honoured to present Mauritius Telecom's Annual Report for 2021.

Our country and the world at large are doing their best to cope with the lingering effects of the Covid-19 pandemic. Major disruptions in logistics and supply chains, rising prices generally and a depressed business, investment and consumer mood are just some of the challenges we all have been facing.

Fortunately, our resilience as an industry, our early decisions as a group and our creativity as a team have enabled Mauritius Telecom to maintain sound results despite the circumstances.

We have maintained profitability, improved service levels, launched very innovative offers, enhanced the wellness of our staff, stood by the population in trying times and continued to grow significantly on all fronts. At the time of writing, in May 2022, we have now passed the landmark figure of one million mobile customers, no mean feat in a country with a population of nearly 1.3 million.

Financial results

For the year 2021, I am proud to report the excellent performance of Mauritius Telecom with a net profit of Rs 594 million. The Group's revenue grew by +4.5% over the year to reach Rs 10.9 billion. At Rs 8.2 billion, gross profit also showed year-on-year growth of +4.1%.

This performance is exceptional as highlighted by our board especially given that we were directly and financially impacted by: a lack of revenue in inbound roaming, increase in the exchange rates causing our costs to soar, an increase in staff costs following a stipulated salary negotiation exercise, a voluntary retirement scheme (VRS) requested by our staff and approved by the Board of Directors amounting to Rs 375m, disrupted worldwide logistics causing a lack of stock for the year end and a business market reducing its consumption due to economic challenges.

Mauritius Telecom, standing by the nation

We have remained steadfast in our commitment to our people and country, helping the authorities and standing by the nation.

beSafeMoris was critical in the dissemination of official information. The digital work-access permits (WAP), for the second consecutive year, allowed Mauritians to circulate during the second lockdown. New features launched in 2021 included the digital vaccination pass, QR scanning and red zone information. beSafeMoris has been a tremendous success with over 750,000 users (web & mobile).

MT also developed a press conference management software to allow the authorities to communicate with the public at large more efficiently.

During the second national confinement, we again offered free viewing of more than 100 my.t TV channels, doubled the volume allowance of our broadband packages, and suspended penalties for late payment and disconnection for non-payment.

Our business partners also matter to us. Many of our retailers were adversely affected by the pandemic. To help them during this difficult period, we launched several schemes for our e-vouchers and starter packs. We also rewarded the best performers with a lucky draw, which had a star prize of Rs 1 million.

"our resilience as an industry, our early decisions as a group and our creativity as a team have enabled Mauritius Telecom to maintain sound results despite the circumstances."

CHIEF EXECUTIVE OFFICER'S REVIEW (CONT'D)

A new league of connectivity

Our customers' usage and behaviour have changed rapidly over the years. This trend has only been accelerated by the pandemic, with even more people connected, more users at home, more devices and more people working and studying from home and keeping connected virtually with their families. Connectivity had become truly indispensable.

With the way our lives have been impacted, we knew that if we didn't want to hold back our people, businesses and our country, just access to internet would not be sufficient. Excellent Access in terms of speed, capacity and resilience had to be the norm.

A few years ago, we started a revolution by rolling out fibre island-wide, thus placing Mauritius as the 8th most fibered country in the world. We thus laid a solid foundation in terms of our infrastructure for the next digital evolution.

2021 was a defining year in that evolution: we propelled Mauritius into the gigabit era and revolutionised connectivity on mobile and through fibre. In July, we became the first telco operator in Mauritius to launch 5G with the my.t 5G Experience Zones in the Ebene Cybercity, Bagatelle Mall, University of Mauritius and La City Trianon. This effectively took mobile data connectivity to the next level, with superfast data connectivity, speeds of up to 1 Gbps and lower latency opening a plethora of possibilities.

Yet another milestone came with the launch of the first ever 1 Gbps fibre internet offer in Mauritius in September 2021. To give a wider choice to our customers, MT reviewed its portfolio of residential offers to make available a new range of connectivity solutions, launching a new 500 Mbps package and making a significant price reduction on the 100 Mbps and 50 Mbps packages. We also reviewed our TV offerings and packs to make quality TV more affordable.

Innovating for the people

Mauritius Telecom strives to go beyond helping its own customers to supporting everyone in the country. Four years back we developed the Citizen Support Unit website. We went further in 2021 by launching the CSU mobile app, which enables users to register their complaints, suggestions or queries with more than 300 government entities and gives access to a variety of other features.

Specifically for our own customers and to keep them safe, MT launched Alias, a my.t mobile service, that allows prepay customers to keep their mobile numbers private when recharging through an e-voucher at any retail outlet or in a Telecom shop.

Payment using digital means became a must during the public health crisis. To keep students safe, we worked with the University of Mauritius and the Open University of Mauritius to ease the payment process for administrative fees through my.t money and my.t billpay. We later extended this facility to the students of Polytechnics Mauritius.

Our groundbreaking partnership with Showmax, a leading streaming provider in Africa, was a source of utter delight for my.t customers and football fans. We thus brought live UEFA Champions League and other major football league matches (Premier League, La Liga, Europa Conference League, Europa League etc.) to Mauritius.

"With the way our lives have been impacted, we knew that if we didn't want to hold back our people, businesses and our country, just access to internet would not be sufficient. Excellent Access in terms of speed, capacity and resilience had to be the norm."

International recognition

Our various initiatives have been recognised internationally and we can justifiably take pride in having been nominated three times for the 2021 AfricaCom Awards ceremony. AfricaCom Awards celebrate outstanding contributions for connectivity, digital inclusion and development in Africa.

Even better, we won two awards which we dedicate to our country: the Connectivity Project of the year Award for our Life Extraordinary initiative i.e. the launch of the 1 Gbps fibre internet offer in September 2021 and the deployment of the first my.t 5G Experience Zones. Our second award was the Most Innovative Product or Service Award for the my.t 360° Digital Operation project.

In 2021, we were also recognised for our internal initiatives: Mauritius Telecom was conferred the official Great Place to Work certification. We are thrilled with this achievement as it places us amongst the elite companies who are considered as best-in-class employers.

Looking forward

The forthcoming year will certainly be very challenging as the impact of the Covid-19 outbreak lingers on and now the war in Ukraine further affects the global economy with disrupted supply chains and prices soaring.

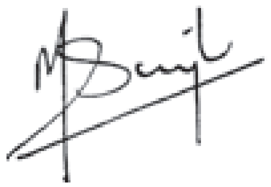
Nonetheless, I am fully convinced that Mauritius Telecom will be able to withstand fresh challenges. We have already shown our resilience and we are fully prepared to meet whatever new ones may come our way.

We will continue to focus on building greater efficiency across the MT Group and on consolidating our market position in key sectors such as content and the enterprise market. Last but not least we will pursue our diversification strategy into fintech and managed cloud services.

In all this, the unwavering support and guidance of our Chairman and Board of Directors have been invaluable. As ever, I am also indebted to our MT Group family for their passion, dedication, and faith in our vision. They are the real strength of Mauritius Telecom.

We are also very grateful to our customers, who have remained loyal and who are the core reason we exist.

With such support from all our stakeholders, despite a lack of visibility as to what the future may hold, we are confident that Mauritius Telecom now has a solid foundation and is ready to surf any wave that may come our way.



Manvendra (Sherry) **Singh**

Chief Executive Officer

May 2022

SHOWMAX

A groundbreaking partnership

Through its partnership with Showmax, a leading streaming provider, Mauritius Telecom brings the major and most popular football leagues, live sports together with the best entertainment to Mauritius.

GROUP EXECUTIVE COMMITTEE

MANVENDRA (SHERRY) SINGH

Resigned on 1st July 2022.

CHIEF EXECUTIVE OFFICER

Sherry Singh, Chief Executive Officer of Mauritius Telecom since February 2015, 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 was Senior Adviser to the Vice Prime Minister and Minister of Finance and Economic Development from July 2010 to July 2011, a period when he was also a board director of the State Investment Corporation, Mauritius Duty Free Paradise and the State Land Development Company.

In February 2017, Sherry Singh was appointed as Special Adviser to the Prime Minister of Mauritius, and in early 2020, he joined the Board of Air Mauritius, where he was given the responsibility of chairing the airline's Transformation Steering Committee.

The FTTX Council Africa recognised Sherry Singh's strategic role in making Mauritius the most connected country in Africa, granting him its Industry Personality of the Year award in 2017 and then its Leadership Award in 2018.

In July 2019, Middlesex University London conferred the degree of Doctor Honoris Causa on him and, in the same year, Sherry Singh was appointed as SATA Chairman for 2019-2020, a mandate unanimously extended for 2020-2021.

Mauritius Telecom has thrived under his leadership. This is reflected in the obtention of three more prestigious international awards in 2021. MT's Life Extraordinary initiative received AfricaCom's Connectivity Project of the year Award while my.t's 360° Digital Operation project won the Most innovative product or service Award. Sherry Singh himself was nominated for its CXO of the Year Award, which recognises the outstanding achievements of CEOs, CTOs, CIOs, CDOs and others in driving development within the African tech space. One of his greatest satisfactions, however, was Mauritius Telecom's receipt of Great Place to Work certification in 2021, recognition of the strong team spirit that reigns throughout the Company.

GROUP EXECUTIVE COMMITTEE

MICHEL
DEGLAND

DEPUTY CHIEF EXECUTIVE AND CHIEF OPERATING OFFICER

Michel Degland holds a Master's Degree from HEC School of Management in Paris and has over 30 years' international experience in the telecommunication and ICT industries. Prior to joining Mauritius Telecom, he was CEO of Orange Madagascar and Chairman of Orange Money Madagascar for five years, during which time he successfully implemented a turnaround strategy, launching 4G and broadband services, and developing innovative mobile money and energy services. From 2009 to 2016 he led SoftAtHome, a software telecommunications company dedicated to the digital home, introducing IoT news services for its telecommunications and utilities customers, such as The Orange Group, Etisalat, Swisscom and Direct Energy. Previous to that, from 1998 to 2008 he held the post of COO in Viaccess, a digital content protection company.

While in Madagascar, Michel Degland was decorated *Chevalier de l'Ordre National Malagasy*. He is also an advisor on French international trade.

He was appointed as MT's Deputy Chief Executive and Chief Operating Officer in October 2021.

ARNAUD JACQUES PATRICE
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.

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 and Executive Training and Development, as well as Manager People Acquisition and Analytics, and Head of HR.

BABOO NOOTUN SHAMSINGH (GIRISH)
GUDDOY

CHIEF TECHNICAL OFFICER

Girish Guddoy holds a degree in Electronics and Communications Engineering from the University of Birmingham, UK. He further completed an MBA with specialisation in Finance in 2006.

He joined MT in 2000 as an Engineer before taking up the managerial role of overseeing the operations of my.t's mobile network in 2008. In 2015, he was appointed Head of Network Strategy and Development to spearhead the evolution of the mobile, ISP and transmission networks. Girish Guddoy was subsequently appointed Chief Technical Officer in May 2020.

GROUP EXECUTIVE COMMITTEE (CONT'D)

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, ensures compliance with fintech law and provides legal risk analysis and guidance in the realms of data privacy. Velamah also regularly appears before the Information and Communication Technologies Authority, the Independent Broadcasting Authority, the Data Protection Commission and the Competition Commission of Mauritius.

MUHAMMAD BILAL
MOLABACCUS

CHIEF MARKETING AND MOBILE FINANCIAL SERVICES OFFICER

Bilal has over two decades of marketing leadership expertise in various leading companies across multiple sectors including banking, retail and telecommunications. His role at Mauritius Telecom is to drive the Company's vision of improving customer lives by designing meaningful products and solutions, grow market share, create and drive demand, including enhancing loyalty and stickiness. His strength also lies in humanising telco and fintech products by making their adoption simple, fun, engaging and everything in between.

He also leads the Company's brand and communication strategy and is responsible for enhancing the pay TV landscape by leveraging on exclusive content and OTT partnerships. He leads with passion a great team of talented individuals.

VIREN K.
BISSOONAUTH

CHIEF INFORMATION OFFICER

Viren K. 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, Arizona, USA. He has held various senior positions in the private sector both 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 30 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 & RISK MANAGEMENT OFFICER

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

With more than 25 years' experience in the telecommunications 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

YOGENDRESING (AVINASH)
SOOBUL
CHIEF INNOVATION 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.

Avinash Soobul holds a Bachelor of Engineering Degree in Electronics and Communications with specialisation in the mobile and networking fields. He has over 17 years of hands-on experience in the field of ICT and Telecommunications within the MT Group. He is well acquainted with the deployment and operation of the mobile and broadband network and ICT related services.

From 2004 to 2014, he led the implementation of various value-added services and mobile prepaid projects for Mauritius Telecom. From 2015 to 2017, he headed the special project team for the implementation of various strategic projects. He is now leading the Innovation team and is contributing to bringing in new technologies and innovation for the digitalisation of the MT Group and its services.

CORPORATE GOVERNANCE REPORT

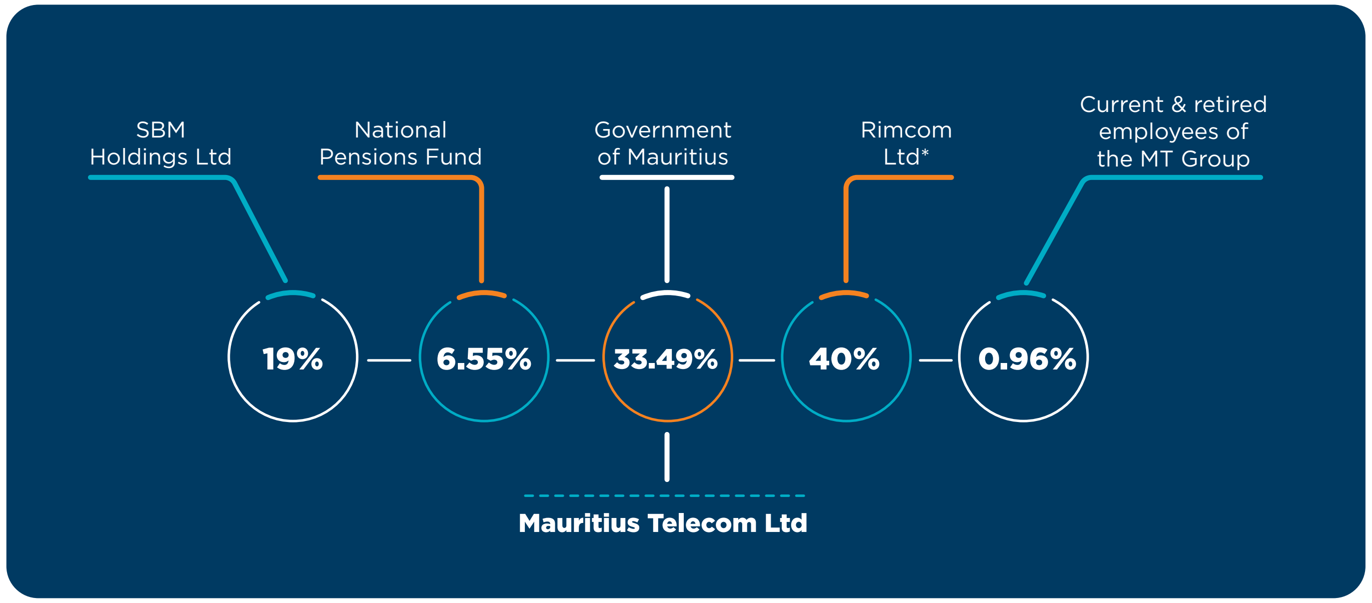
Mauritius Telecom Ltd ("the Company") is a public limited company and qualifies as a Public Interest Entity under the Financial Reporting Act 2004.

The application of the National Code of Corporate Governance (2016), for the reporting period ended 31 December 2021, 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, as far as practical, with the principles of the National Code of Corporate Governance (2016). 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 holding structure above.

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

DIVIDENDS

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

SHAREHOLDERS' AGREEMENT

The Shareholders' Agreement was signed in November 2000 between the Government of Mauritius and Rimcom Ltd (Mauritius Telecom'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 out of 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

The Company Organisational Website shall be updated for further compliance with the Code of Corporate Governance [see Statement of Compliance].

BOARD OF DIRECTORS

The detailed composition of the Board of Directors can be found on pages 20 to 25 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.

Mauritius Telecom does not have Executive Directors [see Statement of Compliance].

The Board is well balanced with members who have appropriate knowledge, skills and experience including within 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 of Mauritius Telecom hold shares in the Company nor in its subsidiaries.

Directors emoluments are provided in aggregate [see Statement of Compliance].

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, fulfills the duties of an executive director which comprise giving an overview of the health of the Company and its subsidiaries. There is no restriction on 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 Meeting of Shareholders.

Board meetings are normally held approximately 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 investments budgets, and any other capital expenses.

The Board is responsible for the monitoring of the Company's internal control mechanisms and its management information systems. To ensure their proper and effective implementation, the Company has established a separate Audit/Risk Management and Remuneration committee.

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 [See Statement of Compliance].

CHIEF EXECUTIVE OFFICER

Pursuant to Section 4.2 (c) of the Shareholders' Agreement, the Chief Executive Officer is appointed by the Board of Directors upon proposal of Government after consultation with Mauritius Telecom'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 Company and the Group, including responsibility for the conduct of the day-to-day operations of the Company and the Group.

SENIOR MANAGEMENT

The profiles of Senior Management members can be found on pages 40 to 46 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 34 to the consolidated and separate Financial Statements.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of Mauritius Telecom Ltd 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

MEMORANDUM AND ARTICLES OF ASSOCIATION (CONT'D)

There are no pre-emptive rights attached to shares.

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

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

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

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 27 to the consolidated and separate Financial Statements.

In view of commercial sensitivity and confidentiality requirements, the remuneration of directors has been disclosed in aggregate in note 27 of the consolidated and separate Financial Statements.

REMUNERATION POLICY

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

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

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. Committees set up are as follows:

Remuneration Committee

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

In 2021, the Remuneration Committee was composed of the following Board members:

Nayen Koomar Ballah GOSK - Chairman

Koosiram Conhye

Dheerendra Kumar Dabee GOSK SC

Olivier Froissart (to 30 September 2021)

Alban Lo Gatto

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.

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

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 subsidiary companies that form part of the MT Group.

Audit/Risk Management Committee

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

During the year 2021, the Audit/Risk Management Committee was composed of the following Board members:

- **Elisabeth Medou Badang** - Chairperson
- **Koosiram Conhye**
- **Olivier Froissart** (to 30 September 2021)
- **Dharam Dev Manraj** GOSK
- **Ramesh Bheekhoo**
- **Jean Francois Thomas**
- **Elsa Mainville** (from 09 December 2021)

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 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, conduct their affairs ethically, maintain effective control over employee conflict of interest and fraud, and adhere 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.
- 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 include Mauritius Telecom as well as the subsidiary companies which are part of the MT Group.

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. 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

COMMITTEES (CONT'D)

External Audit

The external auditors, Messrs Deloitte, were appointed for the statutory audit of the financial year ended 31 December 2021. The external auditors meet 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 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.
- 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 this 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

The pandemic has put a strain on the organisation resilience and created a health emergency. In fact, the coronavirus pandemic has been a stress test for the organisation's operational resilience and it has revealed how necessary it is to be prepared for the unexpected.

To ensure operational resiliency, Mauritius Telecom has put in place proactive measures to guarantee organisational efficiency and further strengthen its networks, human resource, working environment and supply chain. The unstable, volatile and uncertain moments we are experiencing implies that continuous changes are necessary to face contingencies and future challenges. Through an accelerated process of digital transformation and innovation, Mauritius Telecom has been able to meet the challenges and provide continuity of services to all its customers in a seamless manner.

Working from Home (WFH) for Mauritius Telecom and CSL employees was made possible through proactive measures such as continuous availability, confidentially and ease of access. Actions are being taken to have a resilient and active approach to minimise downtime and continuous access.

Mauritius Telecom's strong leadership approach has enabled the adoption of an agile and adaptive working culture which has contributed to the creation of an environment capable of prioritising simplified processes.

Mauritius Telecom will operate under the "new normal" by managing unknown disruption in a complex environment. Business continuity and operational resilience will be continuously tested and risk assessment revisited regularly.

Our collaboration and participation with external entities such as the National Disaster Risk Reduction and Management Centre (NDRRMC) through the National Emergency Operational Centre (NEOC) will be ongoing as well as with the Coalition of Disaster Resilient Infrastructure (CDRI) for setting up a resilient infrastructure to be used during a major catastrophe.

PHYSICAL SECURITY

Physical security is one of the priorities of Mauritius Telecom. CCTV cameras have been therefore deployed in Mauritius Telecom remote sites as well as critical sites.

Safety has been continuously enhanced over time and more recently, an electric fence system has been implemented in our premises including warehouses.

Our monitoring systems are up to date and innovative. They enable rapid intervention and close monitoring.

CONFLICTS OF INTEREST

Matters relating to conflicts 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 key management staff who are to report on instances of non-compliance to the Board and other relevant committees deemed appropriate.

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

Courses were delivered by a team of trainers so as to sensitise all staff to the Charter.

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 responsibility through the Mauritius Telecom Foundation, a subsidiary of Mauritius Telecom Ltd, 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 communication technology, socio-economic development, education, health, leisure & sports, and the environment.

HEALTH AND SAFETY

Mauritius Telecom complies with the requirements of health and safety legislation. Related company activities, including internal awareness campaigns, are detailed in the Business Review section.

In the context of COVID-19, all applicable measures were taken to ensure safety of customers and employees.

ANNUAL SHAREHOLDERS MEETING

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

ANNUAL SHAREHOLDERS MEETING (CONT'D)

The calendar of key events is as follows:

EVENTS	MONTH
Financial year	January to December
Dividend declaration	December, subject to adequate visibility on financial indicators
Annual 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 and the Company's successful progress:

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

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

DONATIONS

There was no donation made by the Group during the financial year ended 31 December 2021 (2020: Nil).

There was no political funding made during the financial year ended 31 December 2021 (2020: Nil).

On behalf of the Board of Directors

P C **Colimalay**
COMPANY SECRETARY

14 April 2022

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 2021**

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 National Code of Corporate Governance (2016) in all material aspects, except for the following:

- Mauritius Telecom does not have executive directors and independent directors in the light of the Shareholders' Agreement between the Government of Mauritius and Rimcom Ltd.
- Directors' emoluments are disclosed in aggregate, and not individually, in Note 27 of the Financial Statements, for confidentiality.
- The Organisational Website will be updated to address compliance with the Code of Corporate Governance in relation to Organisation, Constitution, Code of Ethics, Organisational Chart and job descriptions of senior governance positions.
- Steps are being taken for the assessment of Board Committees and Board members, as per the Code of Corporate Governance, to address current non-compliance with the Corporate Governance Report in respect of the assessment of Board Committee and Board members.

Signed by:

Nayen Koomar **Ballah** GOSK	Dharam Dev **Manraj** GOSK
Chairman	Director
14 April 2022	14 April 2022

beSafeMoris

A Digital WAP solution

MT's innovative mind helped Mauritians again. The Digital WAP eased the movement of those who had to work during the second national lockdown. New features like Digital vaccination pass, QR scanning and red zones were included. The mobile app and web portal recorded over 750,000 users.

BOARD AND BOARD COMMITTEE ATTENDANCE DURING 2021

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	3	1	2
Directors			
N K Ballah GOSK	3	1	n/a
R Bheekhoo	3	n/a	2
K Conhye	2	-	2
D K Dabee GOSK SC	3	1	n/a
O Froissart (to 30 September 2021)	2	1	1
A Lo Gatto	3	1	n/a
E Mainville (from 30 September 2021)	1	n/a	1
D D Manraj GOSK	2	n/a	1
E Medou Badang	2	n/a	2
J F Thomas	3	n/a	2

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

DIRECTORS' ANNUAL REPORT

The Directors have pleasure in presenting 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 2021.

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 is the media and communications arm of the Mauritius Telecom Group. It manages the Group's media strategy, media planning and advertising programmes using a range of print, electronic, digital and outdoor platforms.
- 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.
- MT International Ventures PCC holds investments in other entities for the Group.
- MT Services Ltd recruits employees for the Mauritius Telecom Group.

MAURITIUS TELECOM FOUNDATION

Mauritius Telecom Foundation, which is a company limited by guarantee, administers the Group's corporate social responsibility (CSR) activities and programmes.

RESULTS FOR THE YEAR

The Group's and Company's profits/(losses) after tax, for the financial year were:

Rs'000s 594,087 (2020: Rs'000s 547,454) and Rs'000s ((74,654)) (2020: Rs'000s ((194,876)) respectively.

Earnings per share for the year were Rs 3.13 (2020: Rs 2.88 per share).

The audited consolidated and separate financial statements for the year ended 31 December 2021 are annexed.

BOARD OF DIRECTORS

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

The following members held office as directors of companies within the Group during 2021:

Mauritius Telecom Ltd

Nayen Koomar Ballah GOSK - Chairman

Ramesh Bheekhoo

Koosiram Conhye

Dheerendra Kumar Dabee GOSK, SC

Olivier Froissart (to 30 September 2021)

Alban Lo Gatto

Elsa Mainville (from 30 September 2021)

Dharam Dev Manraj GOSK

Elisabeth Medou Badang

Jean Francois Thomas

Cellplus Mobile Communications Ltd

Manvendra Singh - Chairman

Nirmala Ramjhuria

Yogendrasingh Soobul

Babou Nootun Shamsingh Guddoy

DIRECTORS' ANNUAL REPORT (CONT'D)

BOARD OF DIRECTORS (CONT'D)

Call Services Ltd

Manvendra Singh - Chairman

Conrad Colimalay

MT Services Ltd

Manvendra Singh - Chairman

Nirmala Ramjhuria

Teleforce Ltd

Manvendra Singh - Chairman

Conrad Colimalay

Telecom Plus Ltd

Manvendra Singh - Chairman

Leckraj Raja Rai Basgeet (to 8 November 2021)

Conrad Colimalay

Preetam Kumar Ramsoondur

Nirmala Ramjhuria

MT Properties Ltd

Manvendra Singh - Chairman

Nirmala Ramjhuria

MT International Ventures PCC

Manvendra Singh - Chairman

Leckraj Raja Rai Basgeet (to 8 November 2021)

Conrad Colimalay

Mauritius Telecom Foundation

Manvendra Singh - Chairman

Nirmala Ramjhuria

DIRECTORS' REMUNERATION

Total remuneration and benefits paid to Board directors by the Company during the year are disclosed in note 27 (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 MT subsidiary companies.

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 statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cashflows, together with the 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 2001 and Financial Reporting Act 2004.

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;
- 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 a going concern basis; and
- adhered to the National Code of Corporate Governance (2016) and maintained adequate accounting records and an effective system of internal control and risk management.

DECLARATION OF INTEREST

Nil.

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 which reviews business controls on an on-going basis.

RISK MANAGEMENT

Risk Management 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 275,500 were declared during the year ended 31 December 2021 (2020: Rs'000s 161,500).

DONATIONS

There was no donation made by the Group during the year ended 31 December 2021 (2020: Rs'000s nil).

There was no political funding made during the financial year ended 31 December 2021 (2020: nil).

AUDITORS

The fees payable to the auditors for audit services for the year ended 31 December 2021 are as follows:

	The Group		The Company	
	2021 Rs'000	2020 Rs'000	2021 Rs'000	2020 Rs'000
Audit services	6,510	6,200	2,940	2,800

Non-audit fees paid to Deloitte for consultancy work amounted to Rs 339,500 (2020: nil)

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

NOTE OF APPRECIATION

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

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

Signed by:

N K **Ballah** GOSK
Chairman

14 April 2022

D D **Manraj** GOSK
Director

14 April 2022

HIGHLIGHTS 2021

LIFE EXTRAORDINARY

Hello 5G

Following public consultations in February on the opening of frequency bands to 5G in Mauritius, the ICT Authority awarded 5G licences to three mobile operators. On behalf of Mauritius Telecom, CEO Sherry Singh received MT's licence from Dick Ng Sui Wa, Chairman of the ICT Authority, in a ceremony held on 18 June 2021.

On 29 July 2021, Mauritius Telecom became the first operator in Mauritius to deploy 5G technology. MT's CEO Sherry Singh launched four 'my.t 5G Experience Zones' in the presence of Deepak Balgobin, Minister of ITCI. The 'my.t 5G Experience Zones' are in Ebene, the University of Mauritius, Bagatelle Mall and La City Trianon.

HIGHLIGHTS 2021

1Gbps: A new league of connectivity

Mauritius entered the gigabit era with Mauritius Telecom's internet offer of 1Gbps for its residential subscribers. This superfast internet connectivity is unrivalled on the Mauritian market. It was launched on 9 September by Prime Minister Pravind Jugnauth together with Sherry Singh and ITCI Minister, Deepak Balgobin, during an event held at the SVICC in Pailles.

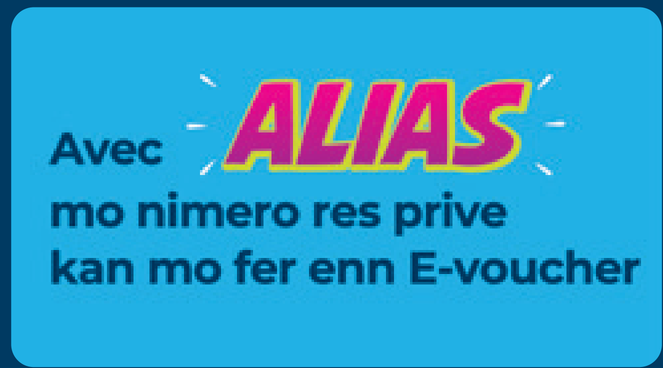
Other new residential offers included a new 500 Mbps package, significant price reductions on the existing 100 Mbps and 50 Mbps offers, as well as new innovative TV offers.

COMMERCIAL & INNOVATION

MT supporting its resellers

A 'lucky draw' was organised between October 2020 and January 2021 to support MT's E-voucher retailers in the wake of the Covid-19 crisis. On 22 July, the winning resellers were rewarded with cash prices ranging between Rs 100,000 and Rs 1,000,000.

On the same day, Alias was launched. The new my.t service allows customers to recharge their mobiles with E-voucher anonymously. All they need to do is to dial *200# and receive a code on their mobile to top up at any E-voucher reseller island-wide.



HIGHLIGHTS 2021

Payment of university admin fees made easy with my.t billpay and my.t money

Agreements were signed on 12 August with the University of Mauritius and with the Open University, for the payment of administrative fees using my.t billpay and my.t money. The cashless payment solution was later extended to students of Polytechnics Mauritius.

The CSU mobile app: for more convenience

Elaborated by Mauritius Telecom's Innovation Team, the CSU mobile app was presented on 17 August by Prime Minister Pravind Jugnauth, in the presence of MT's CEO Sherry Singh, at the New Treasury Building. The new app aims to further facilitate the citizens' complaints procedure using a mobile phone.

Euro 2020 contest winners rewarded

In June, Mauritius Telecom organised its 'Play & Win EURO2020 Facebook contest', which elicited a great public response. Two winners were rewarded for correctly predicting the winner of the 50th edition of the Euros: Italy.

ACHIEVEMENTS

MT shines again in Africa!

In November 2021, Mauritius Telecom successively won the Connectivity Project of the Year Award for its Life Extraordinary Initiative and the Most Innovative Product or Service Award for the my.t 360⁰ project from AfricaCom at the Africa Tech Festival 2021.

A Great Place to Work

The Company also received further international recognition in the same month in the form of a certification from Great Place to Work®, the global leader in certifying employee experience and internal culture.

Sherry Singh completes two years at the helm of SATA

In April 2021, Sherry Singh handed over his responsibility as Chairman of SATA after two successful years.

MT ranks 6th in The Top 100 Companies of Mauritius

Despite the impact of the global economic and health crises, Mauritius Telecom maintained its financial stability with revenues amounting to Rs 10.41 billion in 2020. MT climbed from the 8th to 6th place in the 2021 Edition of the Top 100 Companies in Mauritius, thus being the only state-owned company in the listing.

COVID INITIATIVES

beSafeMoris

New features were added to beSafeMoris, including the digital vaccination pass, QR scanning and red zone information. The platform had been first developed in 2020 by Mauritius Telecom in collaboration with the Ministry of Health and Wellness and the Ministry of Information Technology, Communication and Innovation.

Standing by the people

During the second national lockdown in 2021, my.t took exceptional measures to support its clients. These measures enabled free access to all my.t TV channels, the doubling of the monthly internet volume, zero penalty fees for late payment and zero disconnection for non-payment.

CLOSER TO OUR PEOPLE

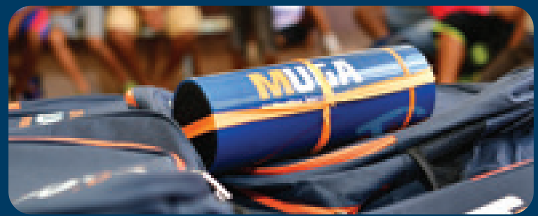
Pulse celebrates its first anniversary

July marked the first anniversary of Pulse, an app for MT employees. Since the conception of the mobile app, its functions have evolved from merely handling leave applications to access to individual payslips and personalised medical pages.

SOCIAL INITIATIVES

Support to school children

School uniforms were donated to 74 residents of SOS Villages, while school materials were offered to children of the Foyer Père Laval and the NGO, Mo Pense Toi. The Mauritius Telecom Foundation also granted technological support to the Angel Special School & Welfare Association, an NGO engaged in caring for people with special needs.



Rodrigues and Agalega

Eleven NGOs from Rodrigues received financial support from CSR funds at MT's 11th cheque awarding ceremony there in February. MT also put a smile on the faces of young Agaleans with a distribution of school materials.

BUSINESS REVIEW

REVENUE

ENTERPRISE SOLUTIONS

Business Environment

With the continuing prevalence of Covid-19 in 2021, the business environment faced several challenges during the year with a direct consequence on Enterprise Solutions (ES)'s turnover.

The 2021 revenue objective for Enterprise Solutions was prepared in 2020 at a time when the sanitary crisis was under control in Mauritius and a positive outlook was assumed. With a second confinement in March 2021 and with borders remaining closed, the revenue objective was subsequently reviewed.

The ES team was able to provide uninterrupted support to its customers throughout the year with the continued use of flexible working solutions. With the re-opening of borders in the latter part of 2021 and the progressive lifting of Covid restrictions, ES accompanied all its customers with their changing business needs. Services that had been downgraded or suspended were quickly re-installed to the changed level required.

The revenue from traditional telecommunications services, such as fixed voice and data, has been on a declining trend for several years and 2021 was no different. A decrease was also noted for Mobile Postpay, which was adversely impacted by a loss in outbound roaming revenue. Internet access services, however, remained a key requirement for businesses to operate and grow as more services were provided via digital platforms. Consequently, both revenue and customer numbers recorded positive growth in 2021.

Double-digit growth was noted in cloud and ICT services as businesses digitalised further and optimised their ICT infrastructure. Such sustained growth has been noted for several years thus validating Mauritius Telecom's initiative to shift from its role as a traditional telecommunications provider to a technology service provider.

Overall, the financial results for Enterprise Solutions were higher than the revised budget for 2021 but lower compared with 2020 results.

Global supply chain disruption and exchange rate fluctuation

The Covid-19 pandemic has led to a global disruption in supply chains as production levels fell, compounded by increasing demand resulting from e-commerce and technology adoption. ES was directly impacted by significant increases in its vendors' delivery lead times. Several projects awarded in 2021 could not be implemented as initially scheduled, thus negatively impacting ES's turnover.

Furthermore, the Mauritian rupee depreciated against the US dollar and the euro leading to a fall in customer purchasing power, with some projects downsized or postponed due to budgetary constraints.

Cloud and data centre solutions

The need for customers to digitalise their businesses and secure their ICT infrastructure has been accentuated by the pandemic. ES was at the forefront to assist its customers in this process by leveraging on its portfolio of cloud, security and data centre solutions. The ES team implemented personalised solutions for a number of customers seeking to relocate their equipment from in-house server rooms to MT's data centres. This trend is likely to grow as customers in the finance, hospitality and ICT/BPO sectors need a secure environment to host their critical application platforms.

Business continuity

To provide a turnkey solution, ES designed and implemented a work area recovery (WAR) solution in a purpose built space for a major customer in the financial sector. MT has multiple facilities where it can provide WAR services for its customers to meet their business continuity requirements.

Customer experience

MT has embarked on a digital journey to improve many aspects of its customers' experience. Digital shops are expected to become a reality for new product launches. The e-bill project, through which invoices are submitted electronically to customers via a digital channel, was initiated in 2020 and progressed well in 2021.

ES conducted a digital survey to understand customer expectations and perceptions. One of the key observations was the high level of trust customers have for MT. They also value MT's innovation and digitalisation projects.

Digital Service Centres Project for Mauritius Post

With the rapid digitalisation of many services, access to online platforms is essential to facilitate the day-

BUSINESS REVIEW (CONT'D)

to-day life of all residents. In this connection, MT was awarded a contract to provide high-speed internet and IT equipment, consisting of PCs and printers, in post offices around Mauritius and Rodrigues. This award forms part of a digital service centres project which provides internet access to individuals who do not otherwise have access to a computer.

CONSUMER MARKET

During the first confinement in March 2020, Mauritius Telecom introduced several go-digital initiatives for customers to have contactless access to MT services as an alternative to walking into a shop. These had a positive impact as the flow of customers decreased, resulting in shorter queues in all shops both for payments and subscriptions. In addition, cashless counters were introduced in shops to decrease the use of cash and promote the use of cards, thus decreasing the risk of virus transmission.

Dynamic Welcoming was also introduced to proactively manage queues and ensure that customers spent little time inside before being served. Customers without all required documents were identified prior to queuing and informed immediately. Customers who had begun part of the service process online were allowed to skip the queue and fast-tracked to a dedicated counter.

Meanwhile, a new software tool (my.t care) was brought in to better manage the aftersales service of mobile devices. Customers are kept informed via text messages of the status of the repair process, with online tracking now available. The time taken for device repair was also reviewed and improved.

The infrastructural set-up in MT's points of sale in Grand Bay, Trianon and Saint Pierre were enhanced, while at the same time providing customers with greater privacy.

In December 2021, Mauritius Telecom opened a new shop in the Coeur Cap Tamarin shopping centre to further increase the Company's geographical coverage.

RODRIGUES

Following the launch of fibre-to-the-home in Rodrigues in October 2020, by the end of December 2021, 3,900 customers (including 1,108 under the Social Register of Mauritius scheme) were connected and able to appreciate the enhanced quality of the fibre network.

In November 2021, a new base station was added to the mobile network at Camp Pintade, improving coverage and service quality.

Meanwhile, cloud PABX is now available in Rodrigues; the first installation was completed in September 2021.

GOVERNMENT SOLUTIONS AND SPECIAL PROJECTS (GSSP)

To help manage the Covid-19 pandemic, GSSP had collaborated closely with the Ministry of Information Technology, Communication and Innovation to come forward with a system for the Work Access Permit in 2020, and followed up in 2021 with a digitalised version of the vaccination pass. Both have been of great importance in the management of the pandemic.

Separately, Mauritius Telecom was awarded a contract to provide free Wi-Fi services in Mauritius and Rodrigues at 254 public locations. Project implementation has begun and it is expected to be completed in mid-2022.

In line with the Company's technology roadmap, GSSP also collaborated with other internal departments to refresh and revise processes and solutions in the fields of cloud PABX and managed services.

WHOLESALE DEPARTMENT

Roaming business was once again heavily impacted due to the COVID-19 pandemic, with few tourist arrivals since the beginning of 2021. Consequently roaming revenue decreased by 26% compared to 2020 and was only saved from falling further thanks to previously negotiated revenue commitments with partners. However, due to the gradual opening of borders in the last quarter of the year, a positive trend in revenue was then observed and this is expected to continue in 2022.

Revenue from app-to-person SMS business grew by 100% in 2021 thanks to MT's SMS firewall effectively blocking unofficial routes, new agreements signed with aggregators and pricing adjustments based on international benchmarks.

Meanwhile revenue from international data carrier business dropped by 7%, reflecting the impact of the pandemic on multinational companies. This trend is expected to continue in 2022, with businesses adopting a strategy to bring down their communication costs.

International voice costs have been increasing as part of a worldwide trend, with many countries no longer applying the cost-based tariffs prescribed by the International Telecommunication Union. Furthermore, regulators in some countries have been encouraging local operators to levy origin-based surcharges on incoming international traffic from high-cost destinations in order to balance income deficits. As Mauritius does not have such a mechanism, MT's costs have been increasing, negatively impacting the margin on retail international voice traffic. In addition to that, there has been a decreasing trend in international traffic volumes in recent years.

CELLPLUS

The my.t mobile network continues to offer high levels of service quality, with regular upgrades and the deployment of 4G and 5G.

More than 150 sites were upgraded in 2021 with the deployment of a new frequency band. This provided the network with additional data-handling capacity to support the increase in traffic resulting from new mobile data offers.

TELEFORCE LTD

Teleforce helps to secure the best media channels and maximise the impact of media and communications campaigns in an ever-changing media landscape. It provides country-wide visibility through print, digital and outdoor advertising channels.

BUSINESS REVIEW

MARKETING & NEW PRODUCTS

MARKETING AND MOBILE FINANCIAL SERVICES

Giga strategy

With more people urged to work and study from home due to the Covid pandemic, it became crucial to increase broadband speed to cater for new customer needs and demands. Mauritius Telecom therefore propelled Mauritius into the gigabit era, enabling people to get connected to broadband speeds of up to 1 Gbps.

MT also introduced the latest generation of premium Wi-Fi 6 routers and extenders for its premium gigabit customers, allowing superfast speed and providing a seamless user experience at home, even with multiple devices connected simultaneously. It was an initiative that delighted heavy internet users, gamers and tech-savvy customers.

Seamless connectivity with 5G became a reality with the launch of my.t's 5G experience zones in Ebene Cybercity, the University of Mauritius, Bagatelle Mall and La City Trianon, with customers able to enjoy a speed of up to 1 Gbps on their mobiles. This technological breakthrough was most beneficial for developers, tech workers and business people working in those regions and it placed the country among the first African countries to deploy 5G technology.

As Mauritius Telecom continued its transformation from being a telecommunications company to a technology (tech) company, it pushed the boundaries of connectivity solutions, taking Mauritius to a new level through its threefold gigabit strategy on fibre, Wi-Fi and 5G on mobile.

Bundled content and broadband offers

The broadband portfolio of residential offers was also revamped with a new 500 Mbps package and a significant price reduction on the existing 100 Mbps and 50 Mbps offers. All these broadband offers were coupled with TV content. These bundled content and internet offers were built based on evolving customer needs, behaviour and expectations, with more users working and studying at home, connecting more devices and consuming more content. The new my.t residential offers cater for the different internet requirements of customers, ranging from light to heavy, and therefore more demanding users. Moreover, in order that quality TV might be affordable for all, MT redesigned its TV offers by making some popular channels more accessible, starting as from only Rs 50/month and TV packs at only Rs 100/month.

Showmax on my.t

Mauritius Telecom also entered into partnership with Showmax, a leading streaming service that bundles some of the best of international entertainment with live sport. It features UEFA Champions League, Europa League, English Premier League, FA Cup, Serie A and La Liga matches, plus a wide range of live sport from SuperSport as well as a wide variety of international blockbusters, award-winning TV shows, popular series and movies, documentaries, children's programmes and more.

Two AfricaCom Awards

AfricaCom is the largest live tech event on the continent. It connects business leaders, tech experts, policymakers and investors at the forefront of Africa's digital transformation. The awards recognise and celebrate innovative and outstanding contributions to the African telecommunications industry.

Mauritius Telecom shone again and received two prestigious awards at the 2021 online AfricaCom Awards ceremony. The Connectivity Project of the year Award was conferred on MT for its Life Extraordinary initiative. This award celebrates the providers that go above and beyond to provide connectivity to Africa, particularly at a time when demand has never been higher and broadband has become a lifeline for education and economic activity.

At the same time, MT received the Most innovative product or service award for its my.t 360° Digital Operation project. This recognises a game-changing product or service that has provided its target market with significant new opportunities for revenue growth or customer satisfaction.

Alias

The launch of Alias is another example of Mauritius Telecom's customer-oriented initiatives. A my.t mobile service, it allows prepay customers to keep their mobile numbers private when recharging through e-vouchers at Telecom shops or any other retail outlet. They just use the alias associated with their mobile numbers for both airtime and data recharge.

BUSINESS REVIEW (CONT'D)

Retailers' incentive scheme

To assist retailers impacted by the Covid pandemic, Mauritius Telecom introduced e-voucher bonus and starter pack schemes.

A prize-giving ceremony, with a star prize of Rs 1 million, was also organised for the winners of a lucky draw linked to a previous incentive scheme. For every Rs 2,000 e-voucher sold, retailers had been given a ticket for the draw.

New TV channels

Several TV channels were added to the my.t portfolio to better suit customers' various viewing and entertainment needs. They can now enjoy popular Indian channels like Zee TV, Zee Cinema and Zing, as well as an English lifestyle channel (The Home Channel) and a news channel (Business Day TV).

my.t money: paving the way for all bill payments in one app

Since its launch in August 2019, my.t money has established itself as a reliable mode of payment and been embraced by thousands of Mauritians due to its ease of use, convenience and security. The number of my.t money partners has also constantly increased.

Launched in the first place to facilitate the payment of utility bills (MT, CEB and CWA), since 2021 my.t billpay also allows customers to pay their insurance premiums (Eagle Insurance, SICOM, MUA, Afri Life Insurance) and other regular payments, for example to the Mauritius Housing Company, Rogers Capital Finance and Moura Trading Investment Co Ltd directly from their smartphones, anywhere, anytime. MT also facilitated the payment of university fees for students of the University of Mauritius and the Open University using the my.t billpay app on their smartphones. This successful initiative was later extended to the students of Polytechnics Mauritius.

INNOVATION

In 2021, the Innovation Team focused on delivering software-related projects to strengthen MT's role as a technology company. In line with the Company's digitalisation strategy, the Team delivered a number of tools and software solutions to improve internal operations and customer experience. It also worked in close collaboration with various ministries to enhance citizens' lives, for example through digital solutions for mobile payments, the digital vaccination pass and smart services.

my.t billpay

The my.t billpay app allows customers to easily pay their bills via my.t money. Since its launch in June 2020, over a million transactions have been recorded on the app, for a total value of more than 1.1 billion rupees. On 7 May 2021, merchant payment was also introduced enabling quick payment to many major organisations such as the University of Mauritius, the University of Technology, DHL Mauritius and MUA.

my.t EuroMania

For the UEFA Euro 2020 football event, the my.t EuroMania competition was held from 11 June to 11 July 2021. Users had to register and predict football scores for the event. There were 5,700 participants in the game and the top ten received prizes.

beSafeMoris

BeSafeMoris' mobile app and web portal were developed during the first Covid-19 confinement, in collaboration with the Ministry of Health and Wellness, Ministry of Information Technology, Communication and Innovation and the Mauritius Police force. It features news, communiques, work access permits and official Covid-19 statistics and notifications. Digital vaccination passes, QR scanning and red zone features were added in 2021 and, by the end of the current reporting period, it had recorded over 750,000 web and mobile users.

Pulse app

The Pulse app is MT's internal corporate social network. In 2021, the app was redesigned to make it even more user friendly and new features were added.

CSU mobile app

Four years after the launch of the Citizen Support Unit's website, a CSU mobile app was launched on 28 May 2021. It allows customers to easily register their complaints, suggestions, or queries to over 300 government entities. Other features include news, notifications and complaint tracking.

INNOVATION (cont'd)

Debt recovery

In March 2021, a portal was developed to enable Sogerec, an MT partner, to be able to recover bad debts in a more efficient and effective manner.

5G

For the launch of 5G experience zones in 2021, a portal was developed to allow users to register and experience 5G for the first-time in Mauritius. The platform also allowed MT to collect valuable feedback from 5G users. Over 5,000 registrations were received.

New internet and TV offers

In September 2021, a new web self-service platform was developed, with a new user interface design, to facilitate and encourage the upgrade to and purchase of new internet and TV offers. The platform is currently being used in all Telecom shops to process online requests received from customers. Over 100,000 requests have since been processed by the platform.

BUSINESS REVIEW

SERVICE

CALL SERVICES LTD

Call Services Ltd (CSL), a wholly owned subsidiary of Mauritius Telecom (MT), started out as the first contact centre in Mauritius in 1999.

Over the years, CSL evolved into a BPO centre. This facilitated the introduction of an extensive range of digital services and platforms to match the evolving needs of MT's business partners.

CSL has handled a wide range of contact-centre management functions since its creation. Whilst providing a personalised human touch, it has continued to design new solutions, with a focus on full channel integration, enabling CSL to gather an all-encompassing view of customers' requirements.

CSL promotes and manages the integrated digital platforms it provides to its customers and its staff's versatility and expertise enable the company to provide an efficient and world-class service.

With the shift towards a knowledge/relationship hub and with increased personalised service, CSL is evolving towards predicting customer trends in order to pro-actively anticipate queries and ensure first-line resolution. CSL's digitalisation positioning relies on the capabilities of newly deployed state-of-the-art technology, so that it can offer a wide range of services to corporate clients, as well as SMEs and the mass market.

CSL also handles the helpdesk of the MT Group's fixed-line, mobile and broadband services, first and second level technical troubleshooting, and order-to-cash provisioning services, as well as telephone surveys, appointment setting, debt chasing and recovery, and data capture for MT.

CSL business continuity hybrid model – a mix of home and office working

During the Covid-19 pandemic and lockdown periods, CSL demonstrated its resilience and agility by being able to provide seamless business continuity for all critical services on a round-the-clock basis, as well as support to the authorities.

While health restrictions were in place, CSL operated on a hybrid operating model to ensure social distancing, a model it has retained.

CSI and NPS scores

A side outcome in 2021 was an improvement in the customer satisfaction index (CSI), and in the net promoter (NPS) and customer effort (CES) scores for the various hotline services. Notably, CSL improved its NPS score from 55 in the fourth quarter of 2020 to 59 in 2021. As per global NPS standards, any score over 50 in this industry is considered excellent.

Improvement in the quality of services

CSL worked towards bridging the gap between service delivery and customer expectations, not least by building on its employees' skills and approaches to customers. It also sets out to unify back- and front-office operations, streamlining and simplifying processes, as well as ensuring a higher complaint-resolution rate on first contact and integrating multiple technology and digital channels.

FIELD INTERVENTION

Customer connections and faults

As the demand for higher bandwidth increased drastically, especially during the Covid-19 pandemic, MT launched new 500Mbps and 1Gbps offers in September. More than 400 customers opted for these offers.

During the year, MT connected 29,000 new subscribers, including 4,000 business boosts, business lines, and data and PABX services.

Meanwhile, about 2,300 customers, together with 1,000 others on social registers, were able to enjoy the high-speed fibre network in Rodrigues.

During the course of the year, about 160,000 faults were cleared in the field for both residential and business customers.

Exchange optimisation

To further optimise its network and reduce operation costs, MT embarked on the relocation of several OLTs (optical line terminals) from smaller exchanges to other nearby exchanges. By the end of the year, 6 of them had been successfully relocated.

Metro Express Phase 2

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 between Rose Hill and Quatre Bornes.

Preventive maintenance

With the aim of further improving its network performance, MT repaired 7,000 customer lines identified as having degrading service levels, which would have led to faults in future.

SERVICE OPERATION CENTRE

The Service Operations Centre (SOC) ensures customers obtain the services they have subscribed to seamlessly and thereafter enjoy them hassle-free. It performs activities to add value to specific parts of customer-related processes, examines tasks executed by entities to ensure rigour, carries out service assurance and monitors the status of services in real time to avert deterioration.

The SOC has been organised around the following four main axes:

- Monitoring of functions in service delivery and supporting colleagues involved in the value chain.
- Management of complaints and assistance to sections involved in the complaint-handling process.
- Monitoring of service assurance, newly provisioned services and the repair of faulty services.
- Round-the-clock management of data services and complex networks for enterprises.

While there was an overall improvement in service delivery times, regular reconciliation exercises ensured customers, particularly enterprises, effectively enjoyed the set of services to which they had subscribed. The SOC orchestrated enhanced mutual collaboration and coordination among stakeholders for better visibility and for raising alerts before errors occurred.

In respect of customer complaint-handling activities, processes/workflows were simplified and root causes were analysed, resulting in an overall improvement in complaint management. The SOC also facilitated the implementation of an enhanced customer experience at touch points by organising and supporting the resolution of certain customer complaints on the spot.

Quality assurance was introduced to ensure that, when customers use their services, they feel and experience their technical quality. The quality of experience (QoE) felt by new customers and in the repair of faulty services was greatly improved, with particular emphasis on the IPTV service.

Thorough investigations were carried out at different points of the service flow, from the source of TV signals to customers' TV sets. A number of technical parameters were analysed to define a matrix of characteristics and thresholds that correlate and directly impact on the QoE. This project has not yet reached its conclusion but is still under way and aims at achieving world-class QoE.

Services to enterprises were monitored around the clock to ensure that, both locally and internationally, they were operating properly. Data from the network and from measurement probes were constantly and regularly verified. Any abnormal behaviour was immediately addressed. These measures were further enhanced through the issue of notifications and information on incidents such as planned works on the network and/or international fibre links, and through a system of customer self-support.

The SOC is gearing itself with resources, systems and processes that will provide near real-time insight on service impact. It will eventually implement predictive capabilities on events that may affect customers, in order to avoid complaints by addressing issues before they are even noticed.

CUSTOMER EXPERIENCE

Customer Satisfaction results

In recent years, Customer Experience (CX) and other departments have placed increasing emphasis on high standards of customer service. Mauritius Telecom staff have integrated quality into their work culture. Customer perceptions of those standards are measured through two indicators, the Customer Satisfaction Index (CSI) and the Net Promoter Score (NPS). Compared with the previous year, both the CSI and NPS for our target markets have remained stable towards the high end.

CUSTOMER EXPERIENCE (cont'd)

Co-creation with customers and employees

Customer and employee feedback play an intrinsic role in all MT's undertakings, with an approach moving beyond surveys to direct contact. The Company has talked to business owners, CEOs, partners and individuals to gather feedback in order to propose adapted solutions as necessary. Online workshops were held with staff to address issues, leading to simpler processes supported by digital tools.

Authentic care and delivery of services

MT has continued to reach out to customers to provide rapid service and speedily attend to complaints. The Company has become a preferred partner for households and businesses, often as a result of the various ways it assisted customers affected by the pandemic and in financial stress.

Particular attention was paid to service weaknesses through the constant monitoring and extensive testing of processes, detailed root-cause analysis, and the reinforcement of quality frameworks. Customers in financial difficulty were provided with relief in respect of payment plans and the re-adjustment of some mobile data costs.

Noteworthy realisations in service delivery included:

- For the first time, those waiting were at a low three-figure value, compared with four-figure values in previous years, with a peak of 44% cases dealt within 24 hours.
- Complaints were at a low three-figure value in July 2021, down from four times that value a year before.
- The number of complaints resolved within service-level agreement times (SLA) increased from 87% to 94%.
- The number of complaints and faults cleared within 24 hours rose to 82%, compared with an average of 55% in the previous year.

Rapid new initiatives

As customer expectations constantly evolve, a project was launched in mid-2021 to identify areas where MT could innovate rapidly.

Based on the project recommendations, the following measures were implemented with the collaboration of other departments:

- Same-day connections for internet and TV services.
- Evening connections between 4 and 6 p.m. for customers at work during the day.
- Immediate billing complaints resolution for disputed amounts less than a threshold value.
- Appointments for the resolution of faults available online and in shops, on a pilot basis.

In striving to enhance MT's main customer touchpoint, the call centre, there was a rethink of existing practices, leading to enhanced levels of service. Concrete results were captured in terms of two determinant indicators:

- The waiting time upon calling MT's hotline was significantly reduced.
- The quality of information provided was more relevant and comprehensive. Simultaneously, the interactive voice response (IVR), the call centre's automatic hotline phone feature, was simplified and fresh background music was introduced.

Digital, online and self-service

MT was swift in responding to the new exigencies brought about by Covid-19, not least in order to protect customers' health. The Company promoted the use of digital and contactless services for service provisioning, bill payment and also service issue resolution:

- Facilitated bill payment with my.t billpay, my.t money and my.t Self-care.
- Customers in Telecom Shops redirected to hotlines for faster online resolution of issues.
- Online ordering of internet, TV and mobile services through the my.t online shop.
- Billing by e-mail for mobile services instead of paper bills. This project was extended to fixed-line bills for enterprise customers.
- More efficient use of e-mail communications.

BUSINESS REVIEW (CONT'D)

- Encouraging subscription to TV channels using the TV remote control.
- 5G registration through MT website.
- Sales service through online channels.
- Self-service facilities through the website and my.t Selfcare.

Operational efficiency and quality of service

On the operational front, cross-functional teams pursued ways of reducing service issues. These helped customers with billing and payment difficulties, fixed-line faults, mobile network problems and TV issues. Moreover, the workgroups addressed issues related to mobile SIM and mobile network. The management of complaints and of equipment at customer premises was also enhanced.

Empowerment of staff and process digitalisation

The Knowledge Management Centre (KMC) knowledge portal has proved to be an invaluable reference tool, which staff consult when providing information to customers, whether online or in Telecom shops, not least during lockdown. CX continuously provided updated information through the KMC knowledge portal to frontline staff who were either in office or working from home.

CX has coordinated with other departments and ensured smooth evolution of processes. The Company has now reached high maturity levels in automation with the support of digital tools, greatly simplifying staff working methods.

Certification

The MT Data Centre security management systems successfully underwent a surveillance audit in order to maintain its ISO 27001:2013 standard certification, while Enterprise Solutions' services were recertified to the ISO 9001:2015 quality standard.

Outlook

With the momentum gathered during the pandemic period, the new normal dictates that Mauritius Telecom will continue to harness innovative digital opportunities. Furthermore, as concerns service to customers, there will be further emphasis on operational efficiency and quality of service.

BUSINESS REVIEW

INFRASTRUCTURE

BUSINESS REVIEW (CONT'D)

NETWORK

Fixed broadband network

To support the continuous growth of broadband traffic, Mauritius Telecom implemented additional capacity and resiliency in its nationwide backhaul transport networks.

Furthermore, Mauritius Telecom pursued its strategy to evolve its core network equipment to support more intelligent control, proactive management and service-delivery agility.

ISP network

Mauritius Telecom improved its international connectivity capacity and diversity at its internet points of presence (PoP). The local cache capacity and subscriber connection gateways were also scaled up in order to enhance subscribers' broadband experience.

Mobile networks

In line with Mauritius Telecom's digital vision for cloudification, the mobile data core network was migrated to cloud-based platforms and, at the same time, internet connectivity for mobile data users was upgraded.

In 2021, MT started a four-phase initiative to increase the capacity on the 4G mobile network. The first two phases were successfully completed in 2021 and the remaining phases (3 and 4) will be completed in 2022, providing mobile data users with a better customer experience.

My.t pioneered the introduction of 5G in July 2021 providing customers with enhanced mobile broadband (eMBB) connectivity with download speeds reaching up to 1.6 gigabits per second (Gbps). The 5G service is now available in 4 experience zones namely Ebene, Bagatelle Mall, La City Trianon and the University of Mauritius in Reduit.

DATA CENTRES

Mauritius Telecom continues to invest in its cloud-ready data centres in Rose Belle and Rose Hill, which offer world-class quality of service to business users.

The data centres feature optimum physical and biometric security and are supported by a 24-hour network operations centre that functions on all 365 days of the year.

CLIMATE CHANGE AND GREEN ACTION

Mauritius Telecom has set itself the target of reducing its power consumption and thus lowering its carbon footprint. A reduction of 5% has been achieved over the last five years.

To meet these objectives a number of initiatives have been undertaken:

- Implementation of new intelligent features in the mobile network to move extra resources to stand-by mode during low-traffic periods.
- Shutting down of legacy equipment following the migration of services from copper to fibre.
- Optimisation of equipment rooms and cooling systems, made possible with the move towards new technologies and subsequent reductions in equipment footprint.
- Telephone exchange consolidation with reparenting of customers to other exchange hubs. This enables the powering down and re-use of equipment and ultimately the closing down of the facility. The first phase was successfully completed in 2021 in five of MT's telephone exchanges.

BUSINESS REVIEW

SUPPORT & ENABLERS

BUSINESS REVIEW (CONT'D)

INFORMATION SYSTEMS

Innovative products and services

New residential offers were launched for fixed-line customers, making available data and speed upgrades, and the insertion of eSIM chips.

Information Systems (IS)'s activities also included a new prepaid registration process and simplified enrolment for MT's Selfcare online system, playing a significant role in ensuring timely delivery and support in terms of project management and implementation and integration with IS systems. The customer-relationship management (CRM) and billing application programming interface (API) gateway was further enhanced to support multiple internal customer requirements.

Enhanced efficiency

In 2021, IS was very much engaged in several projects enabling MT's cloud facilities for multiple platforms. The bill presentation system was also enhanced to support MT's e-bill initiative. With the cessation of paper bills for mobile, most customers successfully migrated to e-bill.

The security of customer data

To simplify usage, optimisation and enhancements were made to customer-care, billing and problem-ticketing solutions and the fresh technologies implemented provided customers with additional security.

Several internal applications, such as those used for mediation and mobile-data provisioning, were revamped for the faster and more secure running of critical services. New systems implemented by IS were based on the latest technology stacks, including container multi-tenancy and telecom trends that also cater for the latest and future technologies and services such as high-speed VoLTE (voice calls made over the 4G LTE network) and 5G.

The growing volume of exchanges between customers, partners and suppliers means information systems are more open than in the past. IS's Security Team uses a range of approaches, involving the use of security policies, vulnerability assessment tools and IT services, to minimise vulnerabilities and target many types of cyber threat.

Telecommuting

During the lockdown periods, IS played a critical role in ensuring the continuity of services and operations for MT's internal users and external customers. Telecommuting services had been introduced in 2020, and were extended in 2021, not least ensuring the availability of all MT's information systems. At the same time, a dedicated team continuously monitored faults and was pro-active in taking preventive measures.

HUMAN RESOURCES

Great Place to Work certification

Mauritius Telecom has always held that, to be seen as great from the outside, one needs to be great from the inside. This requires focusing on a company's internal culture and environment. Over the last few years, the Company has invested in the wellbeing of its workforce and has adopted policies and practices at all levels that help to ensure enhanced staff performance.

In 2021, MT sought to have the opinion and feedback of its workforce with regards to the measures implemented, as well as the overall feeling on being a member of MT Group. To this end, the Company partnered with Great Place to Work, the global leader in terms of certifying employee experience and internal culture, to conduct an independent employee survey. The survey was based on the Great Place to Work's Trust Index, which revolves around the five key dimensions of credibility, respect, fairness, pride and camaraderie.

Mauritius Telecom was overwhelmed by the amount of positive responses received and cleared the required participation rate in record time. Having been certified as a Great Place to Work, it was subsequently awarded the official Great Place to Work label. Among the top responses shared by employees were 'I feel proud to work at Mauritius Telecom', 'I believe that my contributions make a difference', 'I feel good about the ways that Mauritius Telecom contributes to the community at large', ' I am proud to tell others I work here' and 'I want to work at Mauritius Telecom for a long time'.

As much as it is a matter of great pride for Mauritius Telecom, the Great Place to Work certification is not an end in itself but rather a pulse check, motivating the Company to keep on striving to attain new heights.

HUMAN RESOURCES (cont'd)

Pulse

Pulse, Mauritius Telecom's internal employee app, a collaboration between the human resources and innovation teams, celebrated its first anniversary in July 2021. The overall premise behind the app is to act as a unifying platform, aimed at improving the internal flow of information as well as engaging employees at all work sites. The functions of the mobile application have evolved from leave-application process to providing personalised medical records and secure access to individual payslips.

In terms of content, numerous happy moments were shared on Pulse, including celebrations, major departmental events, milestone birthdays and even a digital concert set up for Music Day 2021 when a live concert would have been impossible. During the Euro 2021 football competition, the mobile app was also host to a company-wide predict and win competition, much appreciated by many employees throughout the Group.

Pay and benefits review

The Company implemented a salary increase and enhanced employee benefits during the year for a segment of the Group, as part of the collective agreement with the trade unions.

It is worth mentioning that in spite of the pandemic situation across the country, the exercise has been completed in record time and in a spirit of open dialogue and collaboration between the parties involved.

Voluntary retirement scheme (VRS)

Upon request from our staff, a VRS has been rolled out for employees of Mauritius Telecom, Cellplus and Telecom Plus. 107 employees availed themselves of the VRS and retired from service on 01 December 2021 after many years of loyal service.

Learning

The shift towards online training was quickly adopted by employees, with most courses dispensed through MT's online learning platform. Investment was also made in certification programmes by renowned suppliers, including Cisco, Fortinet, Avaya and Microsoft.

Safety and wellness

Mauritius Telecom was on the forefront of pandemic management and safety kits and relevant protective equipment were distributed to staff to give them maximum protection. The Company also facilitated the vaccination programme for employees against Covid-19 and employees were granted two days' special leave following vaccination. In addition, regular information sessions were held with employees to reinforce sanitary protocols. All MT premises were frequently disinfected and rapid antigen tests were conducted on staff by an experienced medical team.

The following initiatives further highlight the Company's focus on the health and safety of its employees:

- 65% of MT's workforce participated in the yearly health promotion programme. The aim of the exercise was to provide employees with a better understanding of their health status and the factors which may increase health risks. Health tips and advices were provided to staff through the internal platform Pulse to promote a healthy lifestyle.
- 100 employees across the Group received first-aid training in order to have more staff qualified to deal with emergencies.
- Fire drills were regularly conducted at critical sites to ensure employees remain acquainted with evacuation procedures.

RISK MANAGEMENT

The Mauritius Telecom Group (MTG) identifies and manages risks to reduce the uncertainty associated with executing business strategies and to maximise opportunities that may arise. It faces a number of 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. Specialised functions such as Legal, Regulatory, Treasury, Insurance and Credit Management support the business units within the Group in managing some of the risks. It has also established a rigorous and systematic risk review process to identify, evaluate, respond to and monitor risks. Identified risks are assessed on their likelihood and the adverse 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.

It 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 impact of climatic change on businesses, global tensions caused by the invasion of Ukraine by Russia, and the unprecedented disruption of the global supply chain are examples of unforeseen risks likely to affect economies and businesses worldwide.

Risks present both challenges and opportunities. Just as Covid-19 has brought headwinds and challenges, it has also provided the tailwinds of digitalisation that can be exploited. Likewise, for other risks, while focused efforts are made on predicting and managing them, the Group also seeks to take advantage of any opportunities that may emerge.

The principal types of risk faced by the Group, which are not in order of significance, are pandemic, financial, regulatory, competition, technology, supply chain, cybersecurity, breach of privacy, network failure, catastrophe and people.

The Group continues to refine its risk-management approach at all times. 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.

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.

Pandemic risks/Covid-19

The Group's business and operations have been affected by the Covid-19 pandemic, which has impacted governments, health systems, economies and societies around the world. While the government has implemented measures such as mass vaccination, budgetary interventions and other economic stimuli to mitigate the effects of the pandemic, the overall economic and business recovery remains uncertain. This has had adverse effects on various aspects of the Group business and operations such as roaming and prepaid revenues. The pandemic has also affected the global supply chains of network systems, equipment, handsets and other devices, which is likely to cause delays in the deployment, installation, upgrades, operation and maintenance of network infrastructure and delivery of equipment, handsets and devices.

Changes in domestic and global economic conditions may have a material adverse effect on the demand for services and hence on the Group financial performance and operations. Major economic uncertainty can have a big effect on customers, weakening demand and making them less willing to pay for premium services, while increasing the risk of bad debts. The impact of the pandemic on the Group business and financial conditions has been constantly monitored. In addition, mitigation plans to adjust the Group strategies to adapt to the post-Covid world were, and will continue to be, regularly revisited.

RISK MANAGEMENT (cont'd)

Financial risks

Like many businesses, Mauritius Telecom Group's financial assets and liabilities are all subject to risks such as fluctuation of foreign exchange, interest rate changes, liquidity and increased demand for credit. These risks have been exacerbated by the economic uncertainty prevailing, inter alia as a result of the Covid-19 pandemic and, the escalation of tensions between the Western world and Russia. These are expanded on in note 32 of the Financial Statements.

Industry disruption and competition

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

Increasing competitive intensity has been observed with competition coming not only from new and existing competitors but also from emerging ones, including over-the-top (OTT) service providers. With their disruptive new technologies providing substitutes to conventional products, they are also joining the connectivity market. The effect of increasing competition is inter alia characterised by constant and rapid change, falling prices, reduced market differentiation 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 monitoring competitor activity, investing so as to have the best converged network, transforming itself to be fitter and leaner, phasing out old services and offers, implementing a strategy of broadening and deepening customer relationships with a single unified brand, providing more value, offering packages, delivering superior customer experience, reducing complexity for customers and employees, digitalising key processes and continuous investment in providing customers with an experience that stands out in the market place.

Technological risks

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. New technological developments could make it harder to monetise previous network investment but the Group is determined to invest more to meet the changing needs of customers and secure network leadership in an increasing competitive market. The Mauritius Telecom Group monitors technological developments, competitor activity, identifies emerging technologies, assesses how customers will adopt them and invests accordingly, often a long time before the demand materialises. Deployment of new technologies can lead to 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. The Group is mitigating this risk by assessing technological developments objectively, timing its investment and phasing out legacy technologies.

Vendor/supply - chain risks

The Group relies on third-party vendors and service providers and their extended supply chains in many aspects of its business for various purposes such as network development and extension, operations and maintenance, supply of handsets and equipment, customer provisioning and content provision. With the disruption of the global supply chain following the outbreak of the Covid-19 pandemic, trade tensions between the US and China, conflict escalation between Russia and the Western nations over Ukraine, and longer lead time for deliveries due to chip shortages in the market, the Group operations and reputation may be affected by third-party vendors or their supply chains. They may be unable to meet their obligations or there may be severe delays in providing equipment and services. To mitigate supply risk, key vendors are closely monitored, longer lead times are factored into order placements and the development of new relationships favoured.

BUSINESS REVIEW (CONT'D)

RISK MANAGEMENT (cont'd)

Security and resilience

The MT Group network is critical to its ability to compete and provide stable, highly reliable and fast networks and services. Customers, who now need ubiquitous connectivity in their daily lives and operations for the growing numbers of connected home devices, rely heavily on the robustness of the Group infrastructure. They could face disruption to their services if vulnerabilities in the Group's networks or IT systems are not fixed or are not resilient enough. Other key threats include extreme weather events, natural disasters, malicious attacks, loss of key third-party service providers and human errors. The Group monitors its IS, Fixed and Mobile networks' performance, their system redundancies and it has business capabilities, strategies and plans in place, which are subject to continuous review, to respond and recover from any critical service disruption. The aim is to protect customers and respond quickly to incidents in order to reduce their impact and to equip the Group with the means to manage adverse events and to provide acceptable levels of service continuity, especially for critical transactions and applications.

Cybersecurity and privacy risks

Globally, there are increased cybersecurity risks as a result of hacking tools, phishing scams and disruptive malware, all of which are becoming more sophisticated and accessible to attackers. The abrupt shift to remote working arrangements during the Covid-19 pandemic has also increased exposure to cybersecurity risks. The Group's business is heavily dependent on the resiliency of its network infrastructure and supporting systems. The exposure is further intensified with the growing dependency on uninterrupted connectivity. Unless adequately protected from cyber attacks, 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 for ensuring there are relevant preventive, detective and recovery measures, the MTG aims to raise its staff's security awareness and promotes good security hygiene through campaigns and training. It also continually invests in its cyber defences and security tools, and reviews and updates the security controls on its network based on increasing threats and best industry practice and knowledge.

Talent management, innovation and agility

The 'new normal' means doing business differently by simplifying and modernising the Group's processes, products and service delivery. As innovation cycles become shorter and shorter, the challenge emerges of having to bring out new services and products, not least easy to use plug and play types, 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 its staff's capability and flexibility. To manage this risk, the MTG continues to enhance its employer branding to attract specialised and key talents to enrich its pool of key competencies, 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. Not following applicable regulations could lead to regulator action that could damage its reputation, public trust and brand image. To lessen such risks, the Group maintains processes to ensure that regulations are being followed carefully, closely monitors new developments, engages and maintains relationships with relevant regulatory stakeholders and policy makers, community groups and industry, to find mutually acceptable ways forward and mitigate any potential adverse effects of policy and regulatory decisions which might be inappropriate for a small market like Mauritius.

RISK MANAGEMENT (cont'd)

People

Technological evolution, transformation and innovation require a capable, motivated and fit 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 Great Place to Work certification, maintaining secure workplace measures and controls, 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, performing annual viability assessments to make contributions less volatile and negotiate funding requirements with the pension administrator. For the long term, 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 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

2021 was a year of disruption as a result of the Covid-19 pandemic, which overnight dramatically changed the way people live, work and learn. The pressures of Covid-19 also accelerated the process of digitalisation and, at the same time, the revamping of existing laws and regulations in the ICT and related sectors

The summary below highlights the most significant legal and regulatory developments during 2021.

1. Policies and digital transformation initiatives

a. Award of 5G and LTE800 licences

In June 2021, following the award of LTE800 licences, the Information and Communication Technologies Authority (ICTA) granted 5G licences to three mobile operators. 5G will be a key driver of the digital economy post-Covid. It will also help networks handle the demand for more connected devices and higher data use, combined with ever-higher speed and reliability expectations. It will also open up new growth opportunities such as edge and cloud computing, AI and machine learning.

b. Decrease in broadband tariffs

The ICTA approved Mauritius Telecom's decrease in the price of its broadband and superfast broadband offers. This decrease in tariffs will foster a wave of modern entrepreneurs and will assist the country to move towards a fully-fledged digital society.

c. Deployment of free Wi-Fi services in Mauritius and Rodrigues

To democratise access to the internet, the ICTA launched a tender to deploy free Wi-Fi services in 234 zones in Mauritius and Rodrigues.

Mauritius Telecom was awarded the tender and deployment will start in 2022.

BUSINESS REVIEW (CONT'D)

LEGAL AND REGULATORY DEVELOPMENTS

d. Renewal of Mauritius Telecom Group's commercial licences

To give the industry sufficient certainty and encourage continued investment in the ICT sector, the ICTA renewed the commercial licences for fixed and mobile telephony services, as well as for the MT Group's international long-distance services, for an additional term of five years.

2. Laws and regulations

Besides ICTA's digital transformation initiatives, new laws and regulations were promulgated to promote cyber resilience, curtail illegal activities and address public safety.

a. Cybersecurity and Cybercrime Act

Companies have been accelerating their digital transformation and cybersecurity is now a major concern. The reputational, operational, legal and compliance implications could be considerable if cybersecurity risks are neglected.

A new Cybersecurity and Cybercrime Act was proclaimed on 24 November 2021, which provides for (a) increased compliance with the Budapest Convention on Cybercrime through the provision of additional criminal offences related to cybercrime and cybersecurity, (b) improved investigation techniques and international cooperation and (c) the establishment of the National Cybersecurity Committee.

b. SIM card registration regulations

On 30 December 2021, the Ministry of Information, Technology, Communication and Innovation promulgated the ICT (Registration of SIM) Regulations 2021 so as to control the sale and use of SIM cards.

In the Report of the Commission of Inquiry on Drug Trafficking published in July 2018, it was stated that there were several issues relating to the use of SIM cards, including the purchase of SIM cards through impersonation, and use of these cards to carry out illegal activities such as criminal intimidation, extortion, unsolicited calls and drug trafficking.

The new Regulations, which will come into operation on 16 Jan 2023, allow mobile operators to electronically verify in real time the identity of subscribers through the national identity card/ passport database.

c. Child sexual abuse

With the growth of the internet, the ICTA adopted a filtering solution, based on international partnerships, to address child sexual abuse (CSA).

This online content filtering (OCF) solution has enabled the filtering of 1,835,064 attempts (hits) to access CSA websites by Mauritian users and the blocking of 110,026 Mauritian IP addresses since the implementation of the system in 2011.

3. Development in ICT-related sectors

The fintech sector is also witnessing unprecedented developments. In December 2021, the Bank of Mauritius introduced a new guideline for digital banks, whereby non-banks, which have a proven record in e-commerce or the technology industry, can offer the same banking services as traditional banks. In parallel, the Bank of Mauritius is also focusing on digital onboarding of customers, through which customers can subscribe to services online and remotely.

BUSINESS REVIEW

SOCIAL

BUSINESS REVIEW (CONT'D)

MAURITIUS TELECOM FOUNDATION

The Mauritius Telecom Foundation (MTF) is responsible for the management of the Mauritius Telecom Group's corporate social responsibility (CSR) funds. Operating since 2009, it has funded major national projects, thereby assisting social and economic integration and the fight against poverty.

Mobility

A wheelchair is one of the devices most commonly needed to improve the mobility of a person, particularly of the elderly and those with walking impairments. However many of those who suffer from a walking impairment cannot afford to buy a wheelchair. This limits their social integration and stops them from leading a normal life. In 2021, the Foundation continued to honour its commitment to help those in need by distributing some 40 commode wheelchairs.

It also donated two electric wheelchairs, including a reclining electric wheelchair for a grade 10 student from a vulnerable background, who suffers from a severe physical handicap.

Education

Because schooling involves significant expenses for families in precarious situations, the MTF, as previously, helped such families by providing their children with school materials. In 2021, school bags and 83,100 exercise books were distributed across the country, giving vulnerable children the chance to have easier access to education.

The MTF also organised the distribution of school materials to various NGOs, including Foyer Père Laval and NGO Mo Pense Toi.

Putting a smile on children's faces

The Foundation distributed gifts to children across the island during the Christmas period, in order to bring some joy to the hearts of children from disadvantaged areas.

A better environment for a better tomorrow

In line with the Government's Environment Protection (Banning of Plastic Bags) Regulations 2015, the Mauritius Telecom Foundation distributed long-lasting and re-usable bags to the general public.

Technological support

In 2021, the Mauritius Telecom Foundation helped many NGOs that provide remedial classes to students from vulnerable backgrounds, including the Angel Special School and Welfare Association.

Rodrigues

The Mauritius Telecom Foundation donated Rs 1 million of its CSR funds to help 11 NGOs in Rodrigues. As in Mauritius, the aim of such projects is to help needy families in a variety of ways:

1. **Association SOS Pauvreté**

   Aims to reduce the number of drugs, alcohol and cigarette addicts through their social integration.

2. **Voluntary Blood Donors Association**

   Encourages the donation of blood by raising awareness and organising campaigns in villages and colleges.

3. **Action Familiale**

   Educates teenagers about the prevention of early pregnancy.

4. **The Trevor Huddleston House for the Disabled**

   Conducts campaigns on an island-wide basis to raise awareness amongst the population about sign language and the symptoms of hearing impairment, and how this can affect a person's social and educational advancement.

5. **Association Feminine de Baie Topaze**

   Empowers women by providing training and coaching to alleviate poverty, and encouraging and developing an entrepreneurial spirit amongst them.

MAURITIUS TELECOM FOUNDATION (cont'd)

6. **Careco**

   Empowers people with disabilities and helps to alleviate poverty by providing training and production workshops.

7. **Breast Cancer Care**

   Provides training sessions on handicrafts and food processing to breast cancer patients in Rodrigues who are unemployed and are not beneficiaries of government support grants.

8. **Restore Another Child's Hope Association (REACH)**

   Provides school materials and moral support to disadvantaged children for their academic development.

9. **EDYCS Epilepsy Group**

   Provides clinical psychological support to adults and children with epilepsy and/or sleep disorders.

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

    Provides basic musical training (singing, music, dancing and drama) mainly to underprivileged children.

11. **Caritas Rodrigues**

    Provides hot meals to poor and needy students on a daily basis.

Agalega

One of the main objectives of the Mauritius Telecom Foundation is to help those from a vulnerable background, but this is not limited only to Mauritius and Rodrigues. In 2021, MTF donated some 2,000 exercise books, 100 school bags and 100 toys to students in Agalega.

Upcoming Projects

MUGA

Health, Fitness and Wellness: MUGA Beau Vallon, Mahebourg | MUGA La Flora | MUGA Bel Air | MUGA Malherbes, Curepipe.

my.t money

The revolutionary mobile wallet

Since August 2021, students of the University of Mauritius and the Open University can pay their administrative fees with my.t money, anywhere and anytime. Easier and more practical, this 'cashless' alternative brings them peace of mind.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAURITIUS TELECOM LTD

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Mauritius Telecom Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 104 to 171, which comprise the statements of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "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.

Emphasis of matter related to comparative information

We draw attention to Note 43 to the consolidated and separate financial statements which describes the retrospective adjustments to the comparative information presented in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated as at 31 December 2020 and 1 January 2020 and for the year ended 31 December 2020. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' annual report, the corporate governance report, statement of compliance and the certificate by Company Secretary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 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 2004, complied with the requirements of the Code.

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Use of this report

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

Deloitte

Deloitte
Chartered Accountants

R. Srinivasa

R. Srinivasa Sankar, FCA
Licensed by FRC

14 April 2022

FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	THE GROUP			THE COMPANY		
		31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
			(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
Non-current assets							
Property, plant and equipment	5	**15,372,439**	15,678,251	15,746,584	**13,425,481**	13,838,745	13,825,960
Intangible assets	6	**1,637,433**	1,618,506	1,337,467	**1,083,709**	1,118,023	1,145,233
Right-of-use assets	36(i)	**581,422**	493,361	601,047	**413,066**	392,737	436,995
Investments in subsidiaries	7	**-**	-	-	**842,408**	842,408	842,408
Equity investments designated at FVTOCI	9	**197,974**	202,575	147,246	**197,974**	202,575	147,246
Loan to subsidiary	10	**-**	-	-	**84,794**	113,735	140,194
Contract assets	12	**310,676**	356,338	394,203	**310,676**	356,338	394,203
Other receivables	13	**82,756**	90,534	87,117	**82,756**	90,534	87,117
Other deposits	38	**-**	-	66,483	**-**	-	66,483
Deferred tax asset	18	**622,770**	919,042	435,725	**582,866**	850,066	424,470
Total non-current assets		**18,805,470**	19,358,607	18,815,872	**17,023,730**	17,805,161	17,510,309
CURRENT ASSETS							
Inventories	11	**658,267**	821,458	735,456	**544,721**	670,868	611,620
Trade receivables	12	**939,384**	993,820	1,393,988	**779,215**	823,397	931,214
Other receivables	13	**810,968**	566,796	612,380	**752,419**	514,540	578,464
Contract assets	12	**423,116**	447,166	327,099	**80,516**	70,258	62,193
Loan to subsidiary	10	**-**	-	-	**28,941**	26,459	24,190
Other deposits	38	**-**	-	105,913	**-**	-	105,000
Tax receivables	18	**6,928**	6,928	4,042	**6,928**	6,928	4,042
Cash and bank balances	37	**2,392,636**	1,602,943	349,990	**2,199,069**	1,479,880	280,154
		5,231,299	4,439,111	3,528,868	**4,391,809**	3,592,330	2,596,877
Assets classified as held-for-sale	38	**290,920**	301,450	486,576	**40,935**	51,465	236,591
Total current assets		**5,522,219**	4,740,561	4,015,444	**4,432,744**	3,643,795	2,833,468
Total assets		**24,327,689**	24,099,168	22,831,316	**21,456,474**	21,448,956	20,343,777

The notes on pages 110 to 171 form an integral part of these financial statements.

	Notes	THE GROUP			THE COMPANY		
		31 December 2021	31 December 2020	1 January 2020	**31 December 2021**	31 December 2020	1 January 2020
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
			(Restated)	(Restated)		(Restated)	(Restated)
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	**191,499**	196,100	140,771	**191,499**	196,100	140,771
Cash flow hedge reserves	44	**(175,765)**	-	-	**(175,765)**	-	-
Translation reserve		**(14,236)**	(14,236)	(14,236)	**-**	-	-
Retained earnings		**8,565,143**	6,685,107	8,740,343	**2,012,792**	880,327	3,495,413
Total equity		**8,756,641**	7,056,971	9,056,878	**2,218,526**	1,266,427	3,826,184
Non-current liabilities							
Loans	17	**3,094,356**	2,423,788	2,125,599	**3,094,356**	2,423,788	2,125,599
Lease liabilities	36(iv)	**553,867**	435,151	528,123	**491,156**	458,951	475,621
Deferred tax liabilities	18	**6,952**	-	-	**-**	-	-
Retirement benefit obligations	19	**5,303,621**	7,184,759	4,356,784	**4,773,749**	6,607,823	4,022,608
Deferred revenue		**407,556**	423,921	420,198	**407,556**	423,921	420,198
Provisions		**45,480**	43,475	35,589	**5,122**	4,660	10,066
Other Payables	21	**432,449**	285,738	373,857	**429,529**	282,158	369,831
Total non-current liabilities		**9,844,281**	10,796,832	7,840,150	**9,201,468**	10,201,301	7,423,923
Current liabilities							
Loans	17	**59,977**	50,135	43,021	**1,363,338**	1,340,279	1,128,244
Lease liabilities	36(iv)	**97,840**	115,338	114,259	**44,240**	43,265	56,888
Trade payables	20	**1,742,719**	2,192,939	2,088,059	**1,041,289**	1,372,940	1,188,841
Other payables and accrued expenses	21	**2,169,636**	2,276,120	1,852,150	**6,446,084**	6,085,847	5,286,754
Deferred revenue	22	**473,173**	464,855	352,172	**327,840**	328,026	226,969
Security deposits	23	**417,621**	440,695	417,555	**417,620**	440,695	417,555
Dividend payable	14	**747**	710	327,413	**747**	710	327,413
Current tax liabilities	18	**383,888**	327,564	261,116	**41,075**	20,126	-
Provisions	24	**381,166**	369,524	333,879	**354,247**	341,855	316,342
Bank overdraft	37	**-**	7,485	144,664	**-**	7,485	144,664
Total current liabilities		**5,726,767**	6,245,365	5,934,288	**10,036,480**	9,981,228	9,093,670
Total liabilities		**15,571,048**	17,042,197	13,774,438	**19,237,948**	20,182,529	16,517,593
Total equity and liabilities		**24,327,689**	24,099,168	22,831,316	**21,456,474**	21,448,956	20,343,777

Approved by the Board of Directors and authorised for issue on 14 April 2022.

N.K. **Ballah** *GOSK*
Chairman

D.D. **Manraj** *GOSK*
Director

The notes on pages 110 to 171 form an integral part of these financial statements.

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	THE GROUP 31 December 2021 Rs 000s	THE GROUP 31 December 2020 Rs 000s (Restated)	THE COMPANY 31 December 2021 Rs 000s	THE COMPANY 31 December 2020 Rs 000s (Restated)
Revenue	25	**10,876,890**	10,412,434	**7,831,991**	7,371,590
Cost of sales		**(2,724,361)**	(2,578,391)	**(1,687,269)**	(1,516,776)
Gross profit		**8,152,529**	7,834,043	**6,144,722**	5,854,814
Other income	26	**213,559**	200,171	**1,017,532**	1,014,842
Operating expenses		**(7,170,086)**	(6,713,706)	**(6,596,599)**	(6,016,107)
Impairment losses (including reversal of impairment losses) on financial assets and contract assets	45	**(242,772)**	(286,598)	**(197,503)**	(253,438)
Profit/(loss) from operations	27	**953,230**	1,033,910	**368,152**	600,111
Other gains/(losses)	28	**31,851**	(208,107)	**(23,397)**	(356,268)
Finance income	29	**31,890**	46,899	**45,850**	57,640
Finance costs	30	**(235,596)**	(225,660)	**(471,290)**	(472,635)
Profit/(loss) before tax		**781,375**	647,042	**(80,685)**	(171,152)
Income tax (expense)/income	18	**(187,288)**	(99,588)	**6,031**	(23,724)
PROFIT/(LOSS) FOR THE YEAR, attributable to owners of the Company		**594,087**	547,454	**(74,654)**	(194,876)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of retirement benefit obligations	19	**1,877,107**	(2,929,682)	**1,786,288**	(2,721,337)
Deferred tax on remeasurement of retirement benefit obligation	18	**(315,658)**	488,492	**(303,669)**	462,627
Fair value gain on equity investments designated at FVTOCI	9	**(4,601)**	55,329	**(4,601)**	55,329
		1,556,848	(2,385,861)	**1,478,018**	(2,203,381)
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge movement	44	**(175,765)**	-	**(175,765)**	-
Other comprehensive (loss)/income for the year, net of tax		**1,381,083**	(2,385,861)	**1,302,253**	(2,203,381)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, attributable to owners of the Company		**1,975,170**	(1,838,407)	**1,227,599**	(2,398,257)
Earnings per share	31	**3.13**	2.88		

The notes on pages 110 to 171 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

The Group

	Notes	Stated capital Rs 000s	Fair value reserve Rs 000s	Translation reserve Rs 000s	Cash flow hedge reserve Rs 000s	Retained earnings Rs 000s	Total attributable to the owners of the company Rs 000s
At 1 January 2020							
- As previously reported		190,000	140,771	(14,236)	-	8,817,098	9,133,633
- Prior year adjustment	43	-	-	-	-	(76,755)	(76,755)
- As restated		190,000	140,771	(14,236)	-	8,740,343	9,056,878
Profit for the year		-	-	-	-	547,454	547,454
Other comprehensive (loss)/income for the year net of tax		-	55,329	-	-	(2,441,190)	(2,385,861)
Total comprehensive (loss)/income for the year		-	55,329	-	-	(1,893,736)	(1,838,407)
Dividend	14	-	-	-	-	(161,500)	(161,500)
At 31 December 2020		190,000	196,100	(14,236)	-	6,685,107	7,056,971
Profit for the year		-	-	-	-	594,087	594,087
Cash flow hedge on loan in USD	44	-	-	-	(175,765)	-	(175,765)
Other comprehensive (loss) /income for the year net of tax		-	(4,601)	-	-	1,561,449	1,556,848
Total comprehensive (loss)/income for the year		-	(4,601)	-	(175,765)	2,155,536	1,975,170
Dividend	14	-	-	-	-	(275,500)	(275,500)
At 31 December 2021		**190,000**	**191,499**	**(14,236)**	**(175,765)**	**8,565,143**	**8,756,641**

The notes on pages 110 to 171 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE
STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Company

	Notes	Stated capital	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2020						
- As previously reported		190,000	140,771	-	3,561,043	3,891,814
- Prior year adjustment	43	-	-	-	(65,630)	(65,630)
- As restated		190,000	140,771	-	3,495,413	3,826,184
Loss for the year		-	-	-	(194,876)	(194,876)
Other comprehensive income/(loss) for the year net of tax		-	55,329	-	(2,258,710)	(2,203,381)
Total comprehensive income/(loss) for the year		-	55,329	-	(2,453,586)	(2,398,257)
Dividend	14	-	-	-	(161,500)	(161,500)
At 31 December 2020		190,000	196,100	-	880,327	1,266,427
Loss for the year		-	-	-	(74,654)	(74,654)
Cash flow hedge on loan in USD	44	-	-	(175,765)	-	(175,765)
Other comprehensive income/(loss) for the year net of tax		-	(4,601)	-	1,482,619	1,478,018
Total comprehensive income/(loss) for the year		-	(4,601)	(175,765)	1,407,965	1,227,599
Dividend	14	-	-	-	(275,500)	(275,500)
At 31 December 2021		**190,000**	**191,499**	**(175,765)**	**2,012,792**	**2,218,526**

The notes on pages 110 to 171 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	THE GROUP		THE COMPANY	
		31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
		Rs 000s	Rs 000s (Restated)	Rs 000s	Rs 000s (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**781,375**	647,042	**(80,685)**	(171,152)
Adjustments for:-					
Profit on disposal of property, plant and equipment		**(3,189)**	(3,485)	**(3,129)**	(3,346)
Interest expense		**235,596**	225,660	**471,290**	472,635
Interest income		**(31,890)**	(46,899)	**(45,850)**	(57,640)
Dividend income		**(20,340)**	(14,336)	**(20,340)**	(14,336)
Retirement benefit obligations		**(4,031)**	(101,707)	**(47,786)**	(136,122)
Termination benefits		**138,797**	(97,885)	**141,669**	(97,357)
Depreciation of property, plant and equipment		**2,197,653**	2,173,000	**1,913,008**	1,862,528
Impairment of property plant and equipment and intangible assets		**18,998**	11,444	**11,834**	-
Amortisation of intangible assets		**280,022**	244,289	**222,013**	188,367
Depreciation on right-of-use assets		**131,842**	148,395	**66,355**	81,660
Impairment losses on receivables and contract assets		**242,772**	286,598	**197,503**	253,438
Unrealised exchange loss/(gain)		**(142,372)**	140,504	**(86,018)**	294,673
Fair value adjustment for assets classified as held-for-sale		**-**	99,514	**1,219**	99,514
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,825,233**	3,712,134	**2,741,083**	2,772,862
Decrease/(increase) in inventories		**163,191**	(86,002)	**126,147**	(59,248)
Decrease in trade receivables and contract assets		**(2,612)**	77,049	**(57,401)**	(18,658)
(Increase)/decrease in other receivables		**(236,394)**	42,166	**(214,970)**	28,543
Increase/(decrease) in trade payables		**(435,323)**	49,699	**(296,172)**	141,178
Decrease /(increase) in other payables and accrued expenses		**558,990**	(240,770)	**(419,512)**	110,378
(Decrease)/increase in deferred revenue		**(8,047)**	116,406	**(16,550)**	104,779
Increase in provisions		**13,647**	31,432	**12,854**	30,379
CASH GENERATED FROM OPERATIONS		**3,878,685**	3,702,114	**1,875,479**	3,110,213
Taxes paid		**(137,538)**	(28,537)	**(3,349)**	32,884
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**3,741,147**	3,673,577	**1,872,130**	3,143,097
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	41(ii)	**(2,685,847)**	(1,559,307)	**(1,101,471)**	(1,522,490)
Purchase of intangible assets		**(299,162)**	(525,328)	**(187,699)**	(161,157)
Proceeds from sale of property, plant and equipment		**4,602**	3,820	**4,542**	3,680
Proceeds from sale of asset classified as held-for-sale		**10,530**	85,612	**9,311**	85,612
Movement in other deposits		**-**	172,396	**-**	171,483
Interest received		**13,605**	26,658	**27,565**	37,399
Dividend received		**20,340**	14,336	**20,340**	14,336
NET CASH USED IN INVESTING ACTIVITIES		**(2,935,932)**	(1,781,813)	**(1,227,412)**	(1,371,137)
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank loan received		**468,367**	151,988	**468,367**	151,988
Payment of lease liability		**(171,159)**	(166,041)	**(80,887)**	(95,710)
Interest paid		**(55,324)**	(50,306)	**(55,324)**	(50,306)
Dividend paid		**(275,463)**	(488,203)	**(275,463)**	(488,203)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(33,579)**	(552,562)	**56,693**	(482,231)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**771,636**	1,339,202	**701,411**	1,289,729
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,595,458**	205,326	**1,472,395**	135,490
Effect of exchange rate changes on the balance of cash held in foreign currencies		25,542	50,930	25,263	47,176
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	**2,392,636**	1,595,458	**2,199,069**	1,472,395

The notes on pages 110 to 171 form an integral part of these financial statements.

1A. 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.

1B. IMPACT OF COVID-19

Mauritius witnessed its first outbreak of COVID 19 in March 2020. The Government imposed strict restrictions such as national lockdowns, travel bans and quarantines in an attempt to contain the spread of the pandemic. A second national lockdown was enforced in March 2021 after a few new local cases were detected.

The Government of Mauritius has taken several measures including review of monetary policies by the Bank of Mauritius in order to reinforce economic resiliency.

In 2021 appreciable roll-out of the vaccination campaign in Mauritius and the opening of borders have enabled the economic recovery from the historic contraction witnessed in 2020.

Key impact on the 2021 financial performance of the Group and the Company

Revenue

Due to the lockdown and travel bans have impacted on the roaming, mobile prepaid and fixed voice revenues.

Credit risk

In 2021, there has been signs of improvement in the overall credit quality thanks to the gradual economic recovery. The ECL model has catered for future economic and market uncertainties that still exist due to the pandemic.

Foreign exchange losses

Following the appreciation in EURO and USD during 2021, the Group has been impacted by foreign exchange losses on certain transactions denominated in USD and EURO.

Pension liabilities

The methodology for the discount rate is to use extrapolation technique to derive a yield curve for different duration based on yields on government bonds from secondary market. With the economic recovery in 2021, yields on government bonds increased in 2021 compared to last year. As such, the discount rate increased from 2.6%-3.7% in 2020 to 4.3% -5.4% in 2021 resulting in a decrease in the retirement benefit obligation.

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

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 2021.

New and revised standards that are effective for the current year

IFRS 7 Financial Instruments - Disclosures: Amendments regarding replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases: Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases: Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification

IFRS 16 Leases: Amendments to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification

New and revised standards that are effective for the current year (cont'd)

In August 2017, the Company entered into a loan agreement with one of its subsidiaries for the funding of its operations. According to the loan agreement, the subsidiary made available EURO 000's 26,700 (Rs 000's 1,303,361) to the Company with an interest rate of LIBOR plus 3% per annum as disclosed in note 17. Following IBOR reforms, this loan interest rate will be amended to link it to the Prime Lending Rate (PLR). This amendment will be done in 2022 and will be applied prospectively. The interest amount is not expected to change significantly.

Group figures will not be affected by this amendment.

There are no other financial instruments held by the Group or the Company that is affected by the IBOR reforms.

Standards and interpretations in issue but not yet effective

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

IAS 1 Presentation of Financial Statements: Amendments regarding the classification of liabilities (effective 1 January 2023)

IAS 1 Presentation of Financial Statements: Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2023)

IAS 1 Presentation of Financial Statements: Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 12 Deferred tax related to assets and liabilities arising on a single transaction: Amendments regarding recognition of related deferred tax asset and liability (effective 1 January 2023)

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

IFRS 3 Business Combinations: Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)

IFRS 3 Reference to conceptual framework: Amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 framework (effective 1 January 2022)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent" test for derecognition of financial liabilities) (effective 1 January 2022)

The directors anticipate that these Standards and Interpretation will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

The Group and the Company have not benefitted from any reductions in lease payments related to COVID-19. Therefore lease modification linked to COVID-19 related rent concession does not apply to the Group and the Company.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of 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.

(c) Basis of consolidation

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

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

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

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

(c) Basis of consolidation (cont'd)

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

(d) Investments in subsidiaries

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

(e) Investments in associates

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investments in associates (cont'd)

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

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

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

(f) Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group and the Company recognise revenue when they transfer control over a good and service to a customer, either over time or at a point in time.

The consideration to which the Group and the Company expect 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 and Roaming 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 at a point in time, 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 over time.

Contract 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. Sale 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.

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.

(g) Revenue recognition (cont'd)

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.

6. Deferred revenue

"Sale of prepaid phone cards is not recognised as revenue outright since the subscriber does not consume all the credit at once. In order to provide a more accurate matching of revenues with the direct costs, revenue is recognised on a usage basis and a deferred revenue liability is recorded for the remaining balance. Prepaid services on mobile are accounted on consumption basis. Upfront payments for installation costs are recognised as deferred income and released over time to revenue over the initial minimum subscription period."

7. Revenue from projects

Advance payments related to projects have been deferred and amortised over the period of the contract. Revenue from services from the same projects are recognised over time as and when the performance obligation is satisfied. The progress towards the complete satisfaction of the performance obligation is measured in terms of the number of sites completed.

(h) Other income

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

- 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.
- Rental income is accrued over time at the consideration received/receivable.
- 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.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment includes assets related to projects which are depreciated over an estimated useful life of 10 to 25 years using the straight line method.

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:-

Freehold Land	- Nil
Buildings on freehold and leasehold land	- 5 to 25 years
Plant and equipment	- 2 to 25 years
Furniture, fittings and equipment	- 5 to 10 years
Motor vehicles	- 5 years

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

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

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

Assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment (cont'd)

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 assets in progress.

Whenever the entity incurs an obligation for costs to dismantle and remove an item of property, plant and equipment and restore the site on which it is located, a provision is recognised and measured under IAS 37. As such the cost of property, plant and equipment also includes the estimated cost of dismantling, removing and restoring the site occupied due to the obligation incurred by the entity.

(j) Intangible assets

Computer software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life ranging from 5 to 10 years.

(k) 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.

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

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

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

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

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the invoice value of materials on a first-in, first-out (FIFO) basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The costs of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

(m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are

(m) Foreign currencies (cont'd)

denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

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

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

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

(n) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Taxation (cont'd)

(ii) Deferred tax

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred taxes for the year

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

(o) Cash and cash equivalents

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

(p) Retirement benefit costs and termination benefits

(i) Defined Benefit Plan

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.

(ii) Defined Contribution plans

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

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

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

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

The retirement 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.

(iii) Termination benefit

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.

(iv) Retirement Gratuities

The present value of retirement 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).

(q) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instruments.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Debt instruments 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.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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).

Despite the aforegoing, the Group and the Company may make the following irrevocable election/ designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Financial instruments (cont'd)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the entity recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

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.

(ii) Equity instruments designated as at 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:

(a) It has been acquired principally for the purpose of selling it in the near term; or

(b) On initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-making; or

(c) 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 in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. 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 the fair value reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

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 included in the 'other income' line item in profit or loss.

The Group and the Company have designated its investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the fair value reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. 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 measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, 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 their credit risk have been assessed as 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.

(i) Definition of Default

The Group and the Company consider a financial asset in default when contractual payments are past due for a period ranging from 150 to 210 days. 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 entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

(ii) Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. 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.

(iii) 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Financial instruments (cont'd)

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 they transfer 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 fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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

Financial Liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is 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.

(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 on borrowings below the market rate is amortised throughout the life of the loan.

(ii) *Accounts payable*

Accounts payables are stated at their amortised cost using effective interest method.

(iii) *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.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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.

(v) *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the Group and 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.

(r) 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.

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

(s) Assets classified as held-for-sale

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

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

(t) Leases

The Group and the Company as lessee

An entity assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

(i) Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

(ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

(iii) The amount expected to be payable by the lessee under residual value guarantees;

(iv) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

(v) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Leases (cont'd)

An entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the periods presented.

The Right-of-Use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever an entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-Use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the Right-of-Use asset reflects that the entity expects to exercise a purchase option, the related Right-of-Use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Right-of-Use assets are presented as a separate line in the Statement of Financial Position.

An entity applies IAS 36 Impairment of Assets to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group and the Company have not used this practical expedient.

The Group and the Company as lessor

Leases for which an entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group and the Company have only operating lease contracts.

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

(u) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

(v) 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.

(w) Accounting policy on Cash Flow Hedge

The Group and the Company currently have only cash flow hedge.

At the inception of a hedge relationship, the Group and the Company formally designate and documents the hedge relationship to which the Group and the Company wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Cash flow hedge is expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that it actually has been highly effective throughout the financial reporting periods for which it was designated. The effectiveness occurs when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in cash flow hedge reserves in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group and the Company discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or terminated. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast revenue occurs. When a forecast revenue is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(ii) 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.

(iii) Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value 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.

(iv) Calculation of loss allowance

The Group and the Company uses a provision matrix to calculate Expected Credit Loss (ECL) for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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 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. In 2021, the Group and the Company have factored forward economic conditions in ECL.

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 ECL 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) Pension Obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost /(income) for pensions include a selection of discount rate.

The Group and the Company determine the appropriate discount rate at the end of each year. The Nelson Siegel model has been used to derive a yield curve and to extrapolate the discount rates at the corresponding duration for this year's exercise for the Group and the Company. Other key assumptions for pension obligations are based in part on current market conditions.

These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's and the Company's financial statements within the next year. Further information on the carrying amounts of the Group's and the Company's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 19.

5. PROPERTY, PLANT AND EQUIPMENT

(a) The Group	Freehold Land	Buildings on freehold and leasehold land	Plant and equipment	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 2020 as previously reported	23,218	2,685,753	27,984,611	1,318,423	242,991	2,733,455	34,988,451
Prior year adjustment (Note 43)	-	-	56,531	8,555	-	(65,485)	(399)
As restated	23,218	2,685,753	28,041,142	1,326,978	242,991	2,667,970	34,988,052
Reclassification	-	(61,391)	-	59,111	-	2,280	-
Additions	-	9,770	-	-	1,119	2,105,557	2,116,446
Disposals	-	-	(23,829)	(558)	(9,965)	-	(34,352)
Assets capitalised during the year	-	14,896	2,236,799	67,793	-	(2,319,488)	-
At 31 December 2020	23,218	2,649,028	30,254,112	1,453,324	234,145	2,456,319	37,070,146
Additions	-	909	-	706	-	1,910,425	1,912,040
Disposals	-	-	(49,722)	(301)	(5,290)	-	(55,313)
Assets written off	-	(1,610)	(269,753)	(75,699)	-	-	(347,062)
Assets capitalised during the year	-	7,795	2,134,676	63,069	3,421	(2,208,961)	-
At 31 December 2021	**23,218**	**2,656,122**	**32,069,313**	**1,441,099**	**232,276**	**2,157,783**	**38,579,811**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2020 as previously reported	-	1,307,717	16,703,450	1,021,119	160,567	-	19,192,853
Prior year adjustment (Note 43)	-	-	(19)	48,634	-	-	48,615
As restated	-	1,307,717	16,703,431	1,069,753	160,567	-	19,241,468
Reclassification	-	(33,898)	-	33,898	-	-	-
Charge for the year	-	88,480	1,982,212	69,869	32,439	-	2,173,000
Disposals	-	-	(23,563)	(536)	(9,918)	-	(34,017)
Impairment	-	-	11,444	-	-	-	11,444
At 31 December 2020	-	1,362,299	18,673,524	1,172,984	183,088	-	21,391,895
Charge for the year	-	76,613	2,021,467	68,981	30,593	-	2,197,654
Disposals	-	-	(48,443)	(206)	(5,251)	-	(53,900)
Assets written off	-	(1,610)	(269,753)	(75,699)	-	-	(347,062)
Impairment	-	-	18,785	-	-	-	18,785
At 31 December 2021	**-**	**1,437,302**	**20,395,580**	**1,166,060**	**208,430**	**-**	**23,207,372**
NET BOOK VALUE							
At 31 December 2021	**23,218**	**1,218,820**	**11,673,733**	**275,039**	**23,846**	**2,157,783**	**15,372,439**
At 31 December 2020	23,218	1,286,729	11,580,588	280,340	51,057	2,456,319	15,678,251

Impairment loss recognised during the year amounted to Rs'000s 18,785 (2020: Rs'000s 11,444) was due to changes in technology.

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) The Company	Freehold Land	Buildings on freehold and leasehold land	Plant and equipment	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 2020	23,218	2,088,746	22,640,129	941,581	236,772	2,100,572	28,031,018
Additions	-	-	-	-	1,119	1,874,530	1,875,649
Assets capitalised during the year	-	14,896	1,736,734	66,180	-	(1,817,810)	-
Disposals	-	-	(20,596)	(559)	(9,965)	-	(31,120)
At 31 December 2020	23,218	2,103,642	24,356,267	1,007,202	227,926	2,157,292	29,875,547
Additions	-	-	-	-	-	1,512,991	1,512,991
Assets capitalised during the year	-	7,795	1,723,740	65,187	3,421	(1,800,143)	-
Assets written off	-	(322)	(187,569)	(50,835)	-	-	(238,726)
Disposals	-	-	(47,722)	(301)	(4,942)	-	(52,965)
At 31 December 2021	**23,218**	**2,111,115**	**25,844,716**	**1,021,253**	**226,405**	**1,870,140**	**31,096,847**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2020	-	1,067,810	12,261,527	721,374	154,347	-	14,205,058
Charge for the year	-	69,535	1,709,584	50,970	32,439	-	1,862,528
Disposals	-	-	(20,330)	(536)	(9,918)	-	(30,784)
At 31 December 2020	-	1,137,345	13,950,781	771,808	176,868	-	16,036,802
Charge for the year	-	59,286	1,768,950	54,179	30,593	-	1,913,008
Assets written off	-	(322)	(187,569)	(50,835)	-	-	(238,726)
Impairment	-	-	11,834	-	-	-	11,834
Disposals	-	-	(46,443)	(206)	(4,903)	-	(51,552)
At 31 December 2021	**-**	**1,196,309**	**15,497,553**	**774,946**	**202,558**	**-**	**17,671,366**
NET BOOK VALUE							
At 31 December 2021	**23,218**	**914,806**	**10,347,163**	**246,307**	**23,847**	**1,870,140**	**13,425,481**
At 31 December 2020	23,218	966,297	10,405,486	235,394	51,058	2,157,292	13,838,745

Impairment loss recognised during the year amounted to Rs'000s 11,834 (2020: Rs'000s nil) was due to change in technology.

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 2020 as previously reported	317,104	3,067,330	3,384,434	264,758	2,295,418	2,560,176
Prior year adjustment (Note 43)	2,055	(1,656)	399	-	-	-
As restated	319,159	3,065,674	3,384,833	264,758	2,295,418	2,560,176
Assets capitalised during the year	(300,416)	300,416	-	(240,969)	240,969	-
Additions	525,328	-	525,328	161,157	-	161,157
At 31 December 2020	544,071	3,366,090	3,910,161	184,946	2,536,387	2,721,333
Assets capitalised during the year	(372,473)	372,473	-	(294,595)	294,595	-
Additions	299,087	75	299,162	187,699	-	187,699
Assets written off	-	(171,885)	(171,885)	-	(108,094)	(108,094)
At 31 December 2021	**470,685**	**3,566,753**	**4,037,438**	**78,050**	**2,722,888**	**2,800,938**
ACCUMULATED AMORTISATION						
At 1 January 2020 as previously reported	-	2,095,981	2,095,981	-	1,414,943	1,414,943
Prior year adjustment (Note 43)	-	(48,615)	(48,615)	-	-	-
As restated	-	2,047,366	2,047,366	-	1,414,943	1,414,943
Charge for the year	-	244,289	244,289	-	188,367	188,367
At 31 December 2020	-	2,291,655	2,291,655	-	1,603,310	1,603,310
Charge for the year	-	280,022	280,022	-	222,013	222,013
Impairment	-	213	213	-	-	-
Assets written off	-	(171,885)	(171,885)	-	(108,094)	(108,094)
At 31 December 2021	**-**	**2,400,005**	**2,400,005**	**-**	**1,717,229**	**1,717,229**
NET BOOK VALUE						
At 31 December 2021	**470,685**	**1,166,748**	**1,637,433**	**78,050**	**1,005,659**	**1,083,709**
At 31 December 2020	544,071	1,074,435	1,618,506	184,946	933,077	1,118,023

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.

7. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2021	2020
At cost, unquoted	Rs 000s	Rs 000s
At 1 January and 31 December	**842,408**	842,408

The directors have assessed for indication of impairment in investment in subsidiaries at the reporting date. Following the results of this assessment, the directors have noted that there is no impairment loss that needs to be recognised at 31 December 2021 (2020: Nil).

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of Incorporation	Class of Shares	Proportion of ownership interest 2021	2020	Type of Shareholding	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 Ltd	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

Pursuant to a Board resolution dated 14 December 2015, it was resolved to wind up the subsidiary Telecom Plus Ltd. The assets, liabilities and operations of Telecom Plus Ltd will be transferred to Mauritius Telecom Ltd upon completion of customer migration. However, the subsidiary is still in operation and has not yet initiated the process of migration of activities and winding up.

8. INVESTMENTS IN ASSOCIATES

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest 2021	2020	Type of Shareholding	Principal activity
Telsea Investment Ltd	Mauritius	Ordinary	**24.50%**	24.50%	Direct	Investment holding
EON Reality (Mauritius) Ltd	Mauritius	Ordinary	**25.00%**	25.00%	Direct	Interactive digital centre hub

The investment in EON Reality has been fully impaired in prior years.

8. INVESTMENTS IN ASSOCIATES (cont'd)

Telsea Investment Ltd

Telsea Investment Ltd was classified as held-for-sale under IFRS 5 following a Board decision to dispose of this investment in April 2018. The sale is expected to materialise in 2022. Refer to Note 38.

The Group

	2021	2020
	Rs 000s	Rs 000s
Opening balance	**-**	-
Share of profit during the year	**-**	-
Closing balance	**-**	-

The Company

	2021	2020
At costs		
At 31 December	**71,310**	71,310
Impairment loss		
At 31 December	**71,310**	71,310
Carrying amount at 31 December	**-**	-

9. EQUITY INVESTMENT DESIGNATED AT FVTOCI

	THE GROUP AND THE COMPANY	
	2021	2020
	Rs 000s	Rs 000s
At 1 January	**202,575**	147,246
Fair value movement	**(4,601)**	55,329
At 31 December	**197,974**	202,575

Fair value is determined at the end of each reporting period by making reference to most recent traded prices and to recent publicly available NAV prices whereby the underlying assets are fair valued.

Included in the above the Group and the Company have 30% equity shares in HDM Interactive Ltd for which they do not have significant influence in that entity. The investment is held for strategic purposes. The investment is fully impaired as at 31 December 2020 and 2021.

10. LOAN TO SUBSIDIARY

	THE COMPANY	
	2021	2020
	Rs 000s	Rs 000s
At 1 January	**140,194**	164,384
Movement during the year	**(26,459)**	(24,190)
At 31 December	**113,735**	140,194
Disclosed as follows :		
Current	**28,941**	26,459
Non current	**84,794**	113,735
	113,735	140,194

The loan to subsidiary is unsecured, repayable monthly and will mature in June 2025. The loan bears fixed interest at 9% per annum (2020: 9%). The carrying value of the loan to subsidiary approximate the fair value.

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories	**176,139**	227,332	**29,867**	36,688
Provision for obsolete stock	**(44,368)**	(52,900)	**(11,642)**	(12,846)
	131,771	174,432	**18,225**	23,842
Non -trading inventories	**547,802**	651,936	**547,802**	651,936
Provision for obsolete stock	**(21,306)**	(4,910)	**(21,306)**	(4,910)
	526,496	647,026	**526,496**	647,026
	658,267	821,458	**544,721**	670,868

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

Provision for obsolete stock recognised as an expense includes **Rs000's 7,864** (2020: Rs000's 3,158) for the Group and Rs000's 15,192 (2020: Rs 000's 217) for the Company.

12. TRADE RECEIVABLES AND CONTRACT ASSETS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	**2,317,774**	2,466,144	**1,903,792**	2,001,195
Contract assets	**733,792**	803,504	**391,192**	426,596
Provision for doubtful debts	**(1,378,390)**	(1,472,324)	**(1,124,577)**	(1,177,798)
	1,673,176	1,797,324	**1,170,407**	1,249,993
Disclosed as follows :				
Non-current				
Contract assets	**310,676**	356,338	**310,676**	356,338
	310,676	356,338	**310,676**	356,338
Current				
Trade receivables	**939,384**	993,820	**779,215**	823,397
Contract assets	**423,116**	447,166	**80,516**	70,258
	1,362,500	1,440,986	**859,731**	893,655
	1,673,176	1,797,324	**1,170,407**	1,249,993

12. TRADE RECEIVABLES AND CONTRACT ASSETS (cont'd)

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 assess the potential customer's credit quality and define credit limits by customer. These are reviewed on a regular basis. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management considers trade receivables to be in default when contractual payments are past due for a period ranging from 150 days to 210 days (2020: 180 days) based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Management has also segmented the trade receivables by customer type for some of the entities and services provided. The Group and the Company have recognised a loss of 100% against receivables over the default period because historical experience has indicated that these receivables are generally not recoverable. No provision has been recognised on debts due by the Commisioner of Police and the public sector as the risk of default is very low.

The Group and the Company have reviewed the provision matrices in 2021 taking into consideration Covid-19 impact on forward-looking economic variables such as growth rate, inflation rate and unemployment rate.

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix at 31 December 2021.

The Group

Fixed line Services

Business Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	2%	35%	21%	35%	57%	68%	53%	100%	
Estimated total gross carrying amount at default (Rs 000's)	113,875	25,444	12,529	11,570	12,689	9,246	10,238	229,160	424,751
Lifetime ECL (Rs 000's)	1,828	8,895	2,626	3,994	7,214	6,293	5,455	229,160	265,465

Consumer Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	4%	19%	30%	50%	64%	75%	80%	100%	
Estimated total gross carrying amount at default (Rs 000's)	358,526	74,357	53,947	38,307	29,822	24,384	21,868	336,075	937,286
Lifetime ECL (Rs 000's)	14,123	14,494	16,273	19,198	19,086	18,265	17,395	336,075	454,909

12. TRADE RECEIVABLES AND CONTRACT ASSETS (cont'd)

The Group (cont'd)

Fixed line Services (cont'd)

Public Sector

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	7%	41%	49%	60%	80%	72%	80%	100%	
Estimated total gross carrying amount at default (Rs 000's)	33,325	9,787	8,187	2,938	5,321	1,952	1,685	79,677	142,872
Lifetime ECL (Rs 000's)	2,183	4,051	4,009	1,774	4,250	1,415	1,347	79,677	98,706

Mobile Postpaid Services

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	9%	28%	61%	48%	60%	68%	75%	100%	
Estimated total gross carrying amount at default (Rs 000's)	22,643	11,200	937	9,252	7,245	6,273	5,950	157,590	221,090
Lifetime ECL (Rs 000's)	2,065	3,117	576	4,428	4,374	4,253	4,456	147,590	170,859

Other Services

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	0% - 6%	1% - 34%	1% - 54%	5% - 100%	1% -100%	13% -100%	36% -100%	0% - 100%	
Estimated total gross carrying amount at default (Rs 000's)	907,557	25,745	12,125	1,580	1,635	1,912	1,475	373,538	1,325,567
Lifetime ECL (Rs 000's)	17,953	884	436	136	169	297	814	357,762	378,451

The Company

Fixed line Services

Business Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	2%	35%	21%	35%	57%	68%	53%	100%	
Estimated total gross carrying amount at default (Rs 000's)	113,875	25,444	12,529	11,570	12,689	9,246	10,238	229,160	424,751
Lifetime ECL (Rs 000's)	1,828	8,895	2,626	3,994	7,214	6,293	5,455	229,160	265,465

Consumer Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	4%	19%	30%	50%	64%	75%	80%	100%	
Estimated total gross carrying amount at default (Rs 000's)	358,526	74,357	53,947	38,307	29,822	24,384	21,868	336,075	937,286
Lifetime ECL (Rs 000's)	14,123	14,494	16,273	19,198	19,086	18,265	17,395	336,075	454,909

12. TRADE RECEIVABLES AND CONTRACT ASSETS (cont'd)

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix at 31 December 2021.

The Company (cont'd)

Fixed line Services (cont'd)

Public Sector

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**7%**	**41%**	**49%**	**60%**	**80%**	**72%**	**80%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	33,325	9,787	8,187	2,938	5,321	1,952	1,685	79,677	142,872
Lifetime ECL (Rs 000's)	2,183	4,051	4,009	1,774	4,250	1,415	1,347	79,677	98,706

Other Services

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**0% - 2%**	**6%**	**4%**	**5%**	**10%**	**13%**	**61%**	**0% - 100%**	
Estimated total gross carrying amount at default (Rs 000's)	445,113	11,922	9,941	982	1,307	1,513	751	318,546	790,075
Lifetime ECL (Rs 000's)	819	668	398	53	129	199	461	302,770	305,497

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix as at 31 December 2020.

The Group

Fixed line Services

Business Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**3%**	**20%**	**24%**	**26%**	**36%**	**54%**	**62%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	147,113	23,210	16,016	15,601	10,695	7,382	9,231	196,837	426,085
Lifetime ECL (Rs 000's)	3,837	4,568	3,772	4,088	3,829	4,011	5,707	196,837	226,649

Consumer Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**3%**	**3%**	**7%**	**13%**	**27%**	**53%**	**72%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	315,742	75,673	41,785	27,900	21,451	17,731	14,970	453,248	968,500
Lifetime ECL (Rs 000's)	9,461	2,470	2,928	3,638	5,763	9,400	10,784	453,248	497,692

12. TRADE RECEIVABLES AND CONTRACT ASSETS (cont'd)

The Group (cont'd)

Fixed line Services (cont'd)

Public Sector

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**10%**	**10%**	**20%**	**31%**	**49%**	**70%**	**85%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	35,771	6,473	5,447	5,706	3,228	3,779	3,363	96,704	160,471
Lifetime ECL (Rs 000's)	3,408	626	1,090	1,783	1,568	2,629	2,864	96,704	110,672

Mobile Postpaid Services

		Trade receivables and contract assets - past due						
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	**9%**	**14%**	**40%**	**35%**	**48%**	**73%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	34,109	11,882	843	7,877	8,130	5,829	217,549	286,219
Lifetime ECL (Rs 000's)	2,950	1,632	338	2,726	3,930	4,267	217,549	233,392

Other Services

		Trade receivables and contract assets - past due						
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	**3%**	**5% - 16%**	**7% - 14%**	**15% - 27%**	**35%**	**40% - 66%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	940,769	77,564	14,873	16,689	14,375	10,167	353,936	1,428,373
Lifetime ECL (Rs 000's)	29,799	4,927	1,628	3,170	5,088	5,371	353,936	403,919

The Company

Fixed line Services

Business Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	**3%**	**20%**	**24%**	**26%**	**36%**	**54%**	**62%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	147,113	23,210	16,016	15,601	10,695	7,382	9,231	196,837	426,085
Lifetime ECL (Rs 000's)	3,837	4,568	3,772	4,088	3,829	4,011	5,707	196,837	226,649

12. TRADE RECEIVABLES AND CONTRACT ASSETS (cont'd)

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix at 31 December 2020.

The Company (cont'd)

Fixed line Services (cont'd)

Consumer Market

	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
		Trade receivables and contract assets - past due							
Expected credit loss rate	3%	3%	7%	13%	27%	53%	72%	100%	
Estimated total gross carrying amount at default (Rs 000's)	315,742	75,673	41,785	27,900	21,451	17,731	14,970	453,248	968,500
Lifetime ECL (Rs 000's)	9,461	2,470	2,928	3,638	5,763	9,400	10,784	453,248	497,692

Public Sector

	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
		Trade receivables and contract assets - past due							
Expected credit loss rate	10%	10%	20%	31%	49%	70%	85%	100%	
Estimated total gross carrying amount at default (Rs 000's)	35,771	6,473	5,447	5,706	3,228	3,779	3,363	96,704	160,471
Lifetime ECL (Rs 000's)	3,408	626	1,090	1,783	1,568	2,629	2,864	96,704	110,672

Other Services

	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
		Trade receivables and contract assets - past due						
Expected credit loss rate	3%	16%	14%	27%	35%	40%	100%	
Estimated total gross carrying amount at default (Rs 000's)	518,187	12,409	7,741	5,529	7,222	5,153	316,494	872,735
Lifetime ECL (Rs 000's)	17,080	1,999	1,098	1,490	2,559	2,065	316,494	342,785

	THE GROUP		
	Collectively assessed Rs 000s	Individually assessed Rs 000s	Total Rs 000s
Balance at 1 January 2020	309,725	898,275	1,208,000
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(154,188)	419,999	265,811
Receivables written off during the year as uncollectible	(1,487)	-	(1,487)
Balance at 31 December 2020	154,050	1,318,274	1,472,324
Increase in loss allowance recognised in profit or loss during the year	78,132	178,754	256,886
Receivables written off during the year as uncollectible	(1,261)	(349,559)	(350,820)
Balance at 31 December 2021	230,921	1,147,469	1,378,390

	THE COMPANY		
	Collectively assessed Rs 000s	Individually assessed Rs 000s	Total Rs 000s
Balance at 1 January 2020	207,328	739,181	946,509
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(91,339)	324,102	232,763
Receivables written off during the year as uncollectible	(1,474)	-	(1,474)
Balance at 31 December 2020	114,515	1,063,283	1,177,798
Increase in loss allowance recognised in profit or loss during the year	63,640	148,994	212,634
Receivables written off during the year as uncollectible	(1,261)	(264,594)	(265,855)
Balance at 31 December 2021	176,894	947,683	1,124,577

All fully impaired debts have been considered individually and remaining debts have been assessed collectively.

13. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
Receivable from third parties	**284,948**	363,473	**263,119**	322,802
Prepayments	**585,669**	269,196	**548,949**	257,611
Related parties	**23,107**	24,661	**23,107**	24,661
	893,724	657,330	**835,175**	605,074
Disclosed as follows:				
Current	**810,968**	566,796	**752,419**	514,540
Non-current	**82,756**	90,534	**82,756**	90,534
	893,724	657,330	**835,175**	605,074

The receivables from third parties are unsecured, interest free and do not have fixed terms of repayment. It includes loans to staff which bear interest at 4% and have a fixed term of repayment.

Other receivables also include unamortised cash grant which are deferred upon disbursement and amortised to profit or loss over the cash grant period. The other receivables from related parties are unsecured, interest free and do not have fixed terms of repayment.

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

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
(Reversal)/Additional provision booked for the financial year	**(14,114)**	20,787	**(15,131)**	20,675

14. DIVIDEND

	THE GROUP AND THE COMPANY	
	2021 Rs 000s	2020 Rs 000s
At 1 January	**710**	327,413
Dividend declared during the year	**275,500**	161,500
Dividend paid	**(275,463)**	(488,203)
Dividend payable at 31 December	**747**	710

On 06 September 2021, a dividend of Rs 1.45 per share amounting to Rs 000s 275,500 was declared for the year ended 31 December 2020 out of which an amount of Rs 000s 275,463 was paid during the financial year ended 31 December 2021.

15. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2021 Rs 000s	2020 Rs 000s
Authorised, issued and fully paid up		
190,000,001 Ordinary shares of Rs1 each	**190,000**	190,000

15. STATED CAPITAL (cont'd)

The constitution of the Company was amended at an extraordinary meeting held on 22 November 2000 whereby it was resolved to increase the authorised and issued share capital of the Company by the creation and issue of one special share of one rupee. The Special Share ranks equally with an Ordinary Share in the capital of the Company as regards to rights to dividends, other distributions and for return of capital upon winding-up. At any General Meeting of the Company where a resolution is proposed in relation specific cases as per Section 2.1A of the Memorandum and Article of Association, the Special Share shall carry or is entitled to cast, whether on a poll or otherwise, such number of votes as amounts to an absolute majority of the votes that may be cast at such General Meeting.

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

16. FAIR VALUE RESERVE

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

	THE GROUP AND THE COMPANY	
	2021 Rs 000s	2020 Rs 000s
At 1 January	**196,100**	140,771
Fair value gain for the year	**(4,601)**	55,329
At 31 December	**191,499**	196,100

The fair value reserve relates to the equity investments designated at FVTOCI.

17. LOANS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Bank loan (i)	**3,154,333**	2,473,923	**3,154,333**	2,473,923
Loan from subsidiary (ii)	**-**	-	**1,303,361**	1,290,144
	3,154,333	2,473,923	**4,457,694**	3,764,067
Disclosed as follows:				
Current	**59,977**	50,135	**1,363,338**	1,340,279
Non-current	**3,094,356**	2,423,788	**3,094,356**	2,423,788
	3,154,333	2,473,923	**4,457,694**	3,764,067

	THE GROUP AND THE COMPANY	
	2021 Rs 000s	2020 Rs 000s
(i) Bank Loan		
At 1 January	**2,005,326**	1,708,997
Additions	**468,367**	151,988
Fair value arising on initial recognition	**(96,264)**	(32,670)
Interest expense for the year at effective interest rate	**97,573**	81,382
Interest expense paid at contractual rate	**(51,510)**	(43,334)
Foreign exchange loss	**194,632**	138,963
Loan balance	**2,618,124**	2,005,326
Deferred interest	**536,209**	468,597
At 31 December	**3,154,333**	2,473,923

17. LOANS (cont'd)

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 made available a loan facility of up to USD 000's 73,687 to the Group and the Company and the Government of Mauritius is the guarantor. The loan is denominated in USD and the agreement is for a period of 20 years commencing on 1 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 in twenty-six equal instalments. At 31 December 2021, the Bank has disbursed the full amount of the loan.

As at 31 December 2021, the loan amounted to USD 73,686,500 (2020: USD 62,730,781).

On initial recognition, the loan received was assessed for fair value using prevailing market interest rates for an equivalent loan at 4.42%, the fair value of the proceeds of the loan as at 31 December 2021 has been estimated at Rs 000's 2,618,124 (2020: Rs 000's 2,005,326). The difference of Rs 000's 536,209 (2020: Rs 000's 468,597) 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) Loan from Subsidiary

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

18. INCOME TAXES

Income tax liability

Income tax is calculated at the rate of 15% (2020: 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 2021 of Rs 000's 3,758,858 (2020: Rs 000's 3,147,437) and the Company has Rs 000's 3,658,790 (2020: Rs 000's 3,000,342 as restated) to offset against future taxable income.

The Group and the Company are required to set up a Corporate Social Responsibility ("CSR") fund equivalent to 2% of its 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. For the years ended 31 December 2021 and 2020, the Company has tax losses hence there were no CSR paid or payable.

Some companies within the Group are liable to pay to the Director General a solidarity levy calculated by reference to its accounting profit and turnover in respect of the preceding year. The levy calculated at the rate of 5% of the accounting profit and 1.5% of the turnover. The portion based on the turnover is reflected in operating expenses and other payables as disclosed in Note 21.

18. INCOME TAXES (cont'd)

Income tax liability (cont'd)

18.1 Current tax liabilities

	THE GROUP		THE COMPANY	
Income tax and CSR	**2021**	2020	**2021**	2020
	Rs 000s	Rs 000s Restated	Rs 000s	Rs 000s Restated
At beginning of year	**126,465**	67,633	**13,198**	(4,042)
Prior year adjustment	**-**	(1,786)	**-**	-
As restated	**126,465**	65,847	**13,198**	(4,042)
Provision for the year	**137,798**	135,205	**-**	-
CSR provision	**13,856**	15,374	**-**	-
Under provision of income tax & CSR in previous years	**16,545**	22,938	**24,298**	17,335
Reversal of Provision on tax assessment in previous years on Corporate Tax	**-**	(72)	**-**	(95)
Tax paid	**(131,324)**	(112,827)	**(3,349)**	-
At 31 December	**163,340**	126,465	**34,147**	13,198
Solidarity levy provision				
At beginning of year	**194,171**	191,940	**-**	-
Prior year adjustment	**-**	(713)	**-**	-
As restated	**194,171**	191,227	**-**	-
Provision for the year	**25,663**	19,737	**-**	-
Solidarity levy paid	**(6,214)**	(16,793)	**-**	-
At 31 December	**213,620**	194,171	**-**	-
Net current tax liabilities	**376,960**	320,636	**34,147**	13,198
Analysed as follows:				
Current tax asset	**(6,928)**	(6,928)	**(6,928)**	(6,928)
Current tax liabilities	**383,888**	327,564	**41,075**	20,126
	376,960	320,636	**34,147**	13,198

The Company is subject to a tax assessment on year of assessment 2014-2019/2020 and has been assessed to an additional tax of Rs000's 160,347 including interest and penalties. The tax assessment is still ongoing and the additional tax liability is being contested in the Assessment Review Committee. The directors have no clear indication of the outcome at this stage.

18.2 Tax expense/(credit)

	THE GROUP		THE COMPANY	
Income tax and CSR	**2021**	2020	**2021**	2020
	Rs 000s	Rs 000s Restated	Rs 000s	Rs 000s Restated
Current tax	**137,796**	135,205	**-**	-
CSR expense	**13,856**	15,374	**-**	-
Underprovision in income tax and CSR	**22,406**	25,179	**30,438**	19,577
Deferred tax movement	**(12,433)**	5,175	**(36,469)**	37,031
	161,625	180,933	**(6,031)**	56,608
Solidarity levy	**25,663**	19,737	**-**	-
Refund from tax assessment in previous years	**-**	(101,082)	**-**	(32,884)
Tax expense/(credit)	**187,288**	99,588	**(6,031)**	23,724

18. INCOME TAXES (cont'd)

18.3 Tax reconciliation

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs 000s	Rs 000s Restated	Rs 000s	Rs 000s Restated
Profit/(loss) before tax	**781,375**	647,042	**(80,685)**	(171,152)
Tax at the rate of 17% (2020: 17%)	**132,834**	109,997	**(13,716)**	(29,096)
Tax effect of:				
- Non allowable expenses	**102,603**	112,857	**32,162**	87,355
- Expenses eligible for 200% deduction	**(7,623)**	(7,020)	**(7,623)**	(7,019)
- Exempt income	**(84,153)**	(70,312)	**(35,015)**	(31,306)
- (Over)/Underprovision in income tax and CSR	**23,132**	41,865	**30,438**	19,577
- Underprovision of deferred tax	**12,363**	1,922	**-**	-
- Deferred tax asset not recognised in previous year	**1,876**	-	**-**	-
- Deferred tax impact on ECL	**(16,597)**	-	**(12,277)**	17,097
- Tax loss of a subsidiary not utilised	**(2,810)**	1,607	**-**	-
- Tax loss utilised	**-**	(9,983)	**-**	-
	28,791	70,936	**7,685**	85,704
Income tax and CSR expense	**161,625**	180,933	**(6,031)**	56,608

18.4 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax				
Remeasurement of retirement benefit obligation	**(315,658)**	488,492	**(303,669)**	462,627

18.5 Movement in deferred tax balances

Deferred tax assets

Deferred tax assets and liabilities arising on different entities within the Group cannot be offset as legally there is no enforceable right to set off current tax assets of one entity with current tax liabilities of another entity within the Group.

As such on the Group balance sheet the deferred tax is analyzed as follows:

	THE GROUP						
Description	**Property, plant & equipment**	**Investment Property**	**Retirement benefit obligation**	**Other temporary differences**	**Tax losses**	**Provision for ECL**	**Total**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax asset and liabilities as reported - 1 January 2020	(1,066,680)	(8,472)	777,057	57,855	459,329	202,555	421,644
Prior year adjustment	-	-	-	6,372	7,709	-	14,081
At 1 January 2020 - as restated	(1,066,680)	(8,472)	777,057	64,227	467,038	202,555	435,725
(Charge)/credit to profit and loss	(112,775)	(981)	(43,662)	11,091	71,052	70,100	(5,175)
Credit to other comprehensive income	-	-	488,492	-	-	-	488,492
At 31 December 2020 - as restated	(1,179,455)	(9,453)	1,221,887	75,318	538,090	272,655	919,042
(Charge)/Credit to profit and loss	(87,670)	(1,090)	(27,332)	(9,071)	101,443	36,154	12,433
Credit to other comprehensive income	-	-	(315,658)	-	-	-	(315,658)
At 31 December 2021	**(1,267,125)**	**(10,543)**	**878,897**	**66,247**	**639,533**	**308,809**	**615,818**

	THE GROUP	
	2021	2020
	Rs 000s	Rs 000s Restated
Deferred tax assets	**622,770**	919,042
Deferred tax liabilities	**(6,952)**	-
	615,818	919,042

18. INCOME TAXES (cont'd)

18.5 Movement in deferred tax balances (cont'd)

Deferred tax assets (cont'd)

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

Description	THE COMPANY						
	Property, plant & equipment	Investment Property	Retirement benefit obligation	Other temporary differences	Tax losses	Provision for ECL	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax asset and liabilities as reported - 1 January 2020	(969,261)	-	743,493	45,352	428,036	163,406	411,027
Prior year adjustment	-	-	-	5,733	7,709	-	13,442
At 1 January 2020 - as restated	(969,261)	-	743,493	51,086	435,745	163,406	424,469
(Charge)/credit to profit or loss	(107,632)	-	(47,913)	1,368	74,313	42,834	(37,031)
Credit to other comprehensive income	-	-	462,627	-	-	-	462,627
At 31 December 2020 - as restated	(1,076,893)	-	1,158,207	52,453	510,058	206,240	850,066
(Charge)/Credit to profit or loss	(75,170)	-	(32,896)	2,680	109,149	32,706	36,469
Credit to other comprehensive income	-	-	(303,669)	-	-	-	(303,669)
At 31 December 2021	**(1,152,063)**	**-**	**821,642**	**55,133**	**619,207**	**238,947**	**582,866**

Deferred tax assets and liabilities arising within same entities are offset as there is a legally enforceable right to offset current tax assets against current tax liabilities given that they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	THE COMPANY	
	2021	2020
	Rs 000s	Rs 000s Restated
Deferred tax assets	**1,734,929**	1,926,959
Deferred tax liabilities	**(1,152,063)**	(1,076,893)
Net deferred tax assets	**582,866**	850,066

19. RETIREMENT BENEFIT OBLIGATION

EMPLOYEE BENEFITS

(i) Retirement benefit plans

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'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	THE GROUP		THE COMPANY	
		2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Defined benefit plan	19(a)	**5,192,921**	7,082,522	**4,750,703**	6,582,909
Retirement gratuities	19(b)	**110,700**	102,237	**23,046**	24,914
Present value of retirement benefit obligations		**5,303,621**	7,184,759	**4,773,749**	6,607,823

(a) Defined Benefit Plans

The Group and the Company operate a funded pension plan for their employees under the Mauritius Telecom Staff Pension Fund (including Overseas Telecommunication Services and widow's Schemes). 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.

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

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Present value of funded obligations	**12,131,387**	13,591,792	**11,508,099**	12,930,575
Fair value of plan assets	**(6,938,466)**	(6,509,270)	**(6,757,396)**	(6,347,666)
	5,192,921	7,082,522	**4,750,703**	6,582,909

19. RETIREMENT BENEFIT OBLIGATION (cont'd)

(a) Defined Benefit Plans (cont'd)

Reconciliation of net defined benefit liability

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
At 1 January	**7,082,522**	4,267,457	**6,582,909**	3,976,017
Amount recognised in profit or loss	**538,428**	426,635	**489,325**	383,851
Amount recognised in other comprehensive income	**(1,871,569)**	2,930,594	**(1,787,635)**	2,746,829
Less: Employer contributions	**(556,460)**	(542,164)	**(533,896)**	(523,788)
At 31 December	**5,192,921**	7,082,522	**4,750,703**	6,582,909

Reconciliation of fair value of plan assets

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
At 1 January	**6,509,270**	5,707,197	**6,347,666**	5,573,475
Interest income	**197,130**	328,695	**191,564**	318,683
Employer contributions	**556,460**	542,164	**533,896**	523,788
Employee contributions	**7,559**	6,553	**7,559**	6,553
Benefits paid	**(476,804)**	(294,752)	**(465,323)**	(292,516)
Return on plan assets excluding interest income	**144,851**	219,413	**142,034**	217,683
At 31 December	**6,938,466**	6,509,270	**6,757,396**	6,347,666

Reconciliation of present value of defined benefit obligation

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
At 1 January	**13,591,792**	9,974,654	**12,930,575**	9,549,492
Current service cost	**279,138**	199,934	**244,424**	175,841
Employee contributions	**7,559**	6,553	**7,559**	6,553
Interest expense	**402,195**	555,396	**381,125**	526,693
Benefits paid	**(476,804)**	(294,752)	**(465,323)**	(292,516)
Liability (gain)/loss due to change in financial assumptions	**(1,563,312)**	2,651,124	**(1,489,804)**	2,477,865
Liability experience loss/(gain)	**(163,406)**	498,883	**(155,797)**	486,647
Past service cost	**54,225**	-	**55,340**	-
At 31 December	**12,131,387**	13,591,792	**11,508,099**	12,930,575

Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
Current service cost	**279,138**	199,934	**244,424**	175,841
Past service cost	**54,225**	-	**55,340**	-
Service cost	**333,363**	199,934	**299,764**	175,841
Net interest on net defined benefit liability	**205,065**	226,701	**189,561**	208,010
Components of defined benefit costs recognised in profit or loss	**538,428**	426,635	**489,325**	383,851

Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
Return on plan assets above interest income	**(144,851)**	(219,413)	**(142,034)**	(217,683)
Liability experience loss/(gain)	**(163,406)**	498,883	**(155,797)**	486,647
Liability loss due to change in financial assumptions	**(1,563,312)**	2,651,124	**(1,489,804)**	2,477,865
Components of defined benefit costs recognised in other comprehensive income	**(1,871,569)**	2,930,594	**(1,787,635)**	2,746,829

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

The major categories of plan assets at the reporting date are as follows:

Allocation of Plan Assets at 31 December	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	2021 Rs 000s	2020 Rs 000s
Equity - Local quoted	**832,616**	650,927	**810,888**	634,767
Equity - Local unquoted	**69,385**	65,093	**67,574**	63,477
Debt - Local quoted	**138,769**	130,185	**135,148**	126,953
Debt - Local unquoted	**3,261,079**	3,384,820	**3,175,976**	3,300,786
Property Local	**69,385**	65,093	**67,574**	63,477
Investment Funds	**2,150,924**	1,822,596	**2,094,793**	1,777,346
Cash and other	**416,308**	390,556	**405,444**	380,860
Total	**6,938,466**	6,509,270	**6,757,396**	6,347,666

Allocation of Plan Assets at 31 December	THE GROUP AND THE COMPANY	
	2021 %	2020 %
Equity - Local quoted	**12**	10
Equity - Local unquoted	**1**	1
Debt - Local quoted	**2**	2
Debt - Local unquoted	**47**	52
Property Local	**1**	1
Investment Funds	**31**	28
Cash and other	**6**	6
Total	**100**	100

Principal assumptions for accounting purposes:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Discount rate %	**4.3-5.1**	2.6 - 3.7	**5.1/4.8/4.40/4.5**	3.5/3.1/3.0/2.7
Rate of salary increases	**6.40%**	5.50%	**6.40%**	5.50%
Rate of pension increases	**3%**	2%	**3%**	2%
Average retirement age	**60-63 yrs**	63 yrs	**63 yrs**	63 yrs
Average life expectancy for:				
- Male at ARA	**14.1-17.3 yrs**	12.8 - 17.3 yrs	**17.3 yrs**	17.3 yrs
- Female at ARA	**15.2-21.7 yrs**	14.2 - 21.7 yrs	**21.7yrs**	21.7 yrs

19. RETIREMENT BENEFIT OBLIGATION (cont'd)

(a) Defined Benefit Plans (cont'd)

Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Increase due to 1% decrease in discount rate	**2,055,865**	2,572,240	**1,922,602**	2,416,959
Decrease due to 1% increase in discount rate	**1,643,573**	2,022,744	**1,538,340**	1,902,427

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

Future 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 563,260 to its pension plan in 2022 and the weighted average duration of the defined benefit obligations ranges between 11 and 23 years for the Company.

The Group expects to contribute Rs 000s 581,817 to its pension plan in 2022. The weighted average duration of the defined benefit obligations ranges between 10 and 29 years for the Group.

The most recent actuarial valuation of the pension plan was carried out at 31 December 2021 by AON Hewitt Ltd, actuaries and consultants.

(b) Retirement gratuities

The Plan exposes the Group and the Company to normal risks associated with retirement gratuities such as investment, interest, longevity and salary risks.

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.

Amounts recognised in the statements of financial position

Present value of unfunded obligations

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Reconciliation of net defined benefit liability/(asset)				
At 1 January	**102,237**	89,327	**24,914**	46,591
Amount recognised in profit or loss	**14,378**	13,939	**(3,215)**	3,815
Amount recognised in other comprehensive income	**(5,538)**	(912)	**1,347**	(25,492)
Less: Employer contribution	**(377)**	(117)	**-**	-
At 31 December	**110,700**	102,237	**23,046**	24,914

(b) Retirement gratuities (cont'd)

Reconciliation of Present Value of unfunded obligations

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
At 1 January	**102,237**	89,327	**24,914**	46,591
Current service cost	**15,741**	7,487	**888**	740
Interest expense	**3,549**	6,452	**809**	3,075
Past service cost	**(4,912)**	-	**(4,912)**	-
Other benefits paid	**(377)**	(117)	**-**	-
Liability experience (gain)/loss	**15,557**	(41,087)	**3,347**	(29,311)
Liability loss/(gain) due to change in financial assumptions	**(21,095)**	40,175	**(2,000)**	3,819
At 31 December	**110,700**	102,237	**23,046**	24,914

Components of amount recognised in profit or loss

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Current service cost	**15,741**	7,487	**888**	740
Past service cost	**(4,912)**	-	**(4,912)**	-
Service cost	**10,829**	7,487	**(4,024)**	740
Net interest on present value of unfunded obligation	**3,549**	6,452	**809**	3,075
Components of present value of unfunded obligation	**14,378**	13,939	**(3,215)**	3,815

Components of amount recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Liability experience (gain)/loss	**15,557**	(41,087)	**3,347**	(29,311)
Liability loss/(gain) due to change in financial assumptions	**(21,095)**	40,175	**(2,000)**	3,819
Components of present value of unfunded obligation	**(5,538)**	(912)	**1,347**	(25,492)

Principal assumptions for accounting purposes

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Discount rate %	**4.5-5.4**	3.1 - 4.0	**5.1 - 4.8**	3.1 - 3.5
Rate of salary increases	**6.40%**	5.50%	**6.40%**	5.50%
Average retirement age	**63-65 yrs**	63 - 65 yrs	**63 yrs**	63 yrs

19. RETIREMENT BENEFIT OBLIGATION (cont'd)

(b) Retirement gratuities (cont'd)

Sensitivity analysis on present value of unfunded obligation

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Increase due to 1% decrease in discount rate	**32,786**	112,445	**2,739**	2,837
Decrease due to 1% increase in discount rate	**24,911**	22,914	**2,373**	2,455

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

Future cash flows

The funding policy is to pay benefits out of the reporting entity`s cash flow as and when due.

The Group and the Company expect to distribute Rs 000's 1,019 and Rs 000's 623 respectively as retirement gratuities to members in 2021.

The weighted average duration of the defined benefit obligation is 10 years for the Company and ranges between 10 years to 28 years for the Group.

The most recent actuarial valuation of retirement gratuities was carried at 31 December 2021 by AON Hewitt Ltd actuaries and consultants.

(c) Defined Contribution Pension

A subsidiary of the Group contributes to the National Pension Scheme and defined contribution pension plan are expensed to profit or loss in the period in which they fall due. Contributions during the year were Rs 000's 26,860 (2020: Rs 000's 19,463).

The subsidiary and its employees contribute to a Defined Contribution Pension Scheme administered by SICOM.

20. TRADE PAYABLES

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Third parties	**1,592,390**	2,118,971	**890,960**	1,311,395
Related parties	**150,329**	73,968	**150,329**	61,545
	1,742,719	2,192,939	**1,041,289**	1,372,940

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 third parties. The Group and the Company have set up processes that ensure all payables are paid within the credit timeframe.

Trade payables are unsecured and repayable on demand.

21. OTHER PAYABLES AND ACCRUED EXPENSES

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s Restated	**2021** Rs 000s	2020 Rs 000s Restated
Other fiscal liabilities	**146,210**	228,251	**138,231**	188,159
Solidarity levy (Note 18)	**57,473**	58,782	**-**	-
Amount due to subsidiaries	**-**	-	**4,944,618**	4,518,514
Other payables and accrued expenses	**1,307,215**	654,029	**844,778**	467,968
Termination benefits	**536,466**	292,268	**536,466**	288,688
Accrual for capital expenditure in progress	**554,721**	1,328,528	**411,520**	904,676
	2,602,085	2,561,858	**6,875,613**	6,368,005
Analysed as:				
Current	**2,169,636**	2,276,120	**6,446,084**	6,085,847
Non-current	**432,449**	285,738	**429,529**	282,158
	2,602,085	2,561,858	**6,875,613**	6,368,005

Other payables classified as non-current liabilities relate to termination benefits payable to employees who have opted for Voluntary Retirement Scheme (VRS) in 2019 and in 2021.

The amounts due to subsidiaries represent current account balances which are unsecured, bear interest at 5.25 % per annum (2020: 5.25% - 6.75% per annum) and are repayable on demand.

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, in its 2017 judgement had ruled in jointly and solido against three parties (Information & Communication Technologies Authority, Mauritius Telecom Ltd and Cellplus Mobile Communications Ltd). All three parties appealed against the judgement. The Appeal Court gave a judgement in November 2021 that quashed the initial (2017) judgement of the trial court. Emtel has made a further appeal to the Privy Council.

22. DEFERRED REVENUE

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
At 1 January	**888,776**	772,370	**751,947**	647,167
Net movement on services	**(8,047)**	110,063	**(16,551)**	98,437
Net movement on ICT equipment	**-**	6,343	**-**	6,343
At 31 December	**880,729**	888,776	**735,396**	751,947
Analysed as:				
Current	**473,173**	464,855	**327,840**	328,026
Non-current	**407,556**	423,921	**407,556**	423,921
	880,729	888,776	**735,396**	751,947

23. SECURITY DEPOSITS

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Third parties	**417,621**	440,695	**417,620**	440,695

Security deposits are refundable to customers on cancellation of service. The Group and the Company do not expect the security deposits to be refundable within one year.

24. PROVISIONS

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Employee benefits	**356,970**	346,419	**345,849**	333,515
Dismantling costs	**69,676**	66,580	**13,520**	13,000
	426,646	412,999	**359,369**	346,515
Analysed as:				
Current	**381,166**	369,524	**354,247**	341,855
Non-current	**45,480**	43,475	**5,122**	4,660
	426,646	412,999	**359,369**	346,515

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

	THE GROUP		THE COMPANY	
	Employee Benefits Rs 000s	Dismantling Costs Rs 000s	**Employee Benefits** Rs 000s	Dismantling Costs Rs 000s
At 1 January 2020	**314,987**	54,481	**303,136**	23,272
Provisions recognised/(reversed) during the year	**81,468**	12,099	**80,043**	(10,272)
Utilised in current year	**(50,036)**	-	**(49,664)**	-
At 31 December 2020	**346,419**	66,580	**333,515**	13,000
Provisions recognised/(reversed) during the year	**101,019**	3,372	**102,802**	796
Utilised in current year	**(90,468)**	(276)	**(90,468)**	(276)
At 31 December 2021	**356,970**	69,676	**345,849**	13,520

(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.

25. 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	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
At a point in time				
Sale of goods	**850,061**	863,161	**177,500**	116,913
Over time				
Rental of Equipments	**183,353**	197,076	**129,216**	119,420
Rendering of services	**9,843,476**	9,352,197	**7,525,275**	7,135,257
	10,876,890	10,412,434	**7,831,991**	7,371,590

25. REVENUE (cont'd)

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 6,887 (2020: Rs 000s 7,535) and has been included in operating expenses.

The volume of incoming international minutes terminated by Mauritius Telecom Ltd in 2021 was 6.5 million minutes (2020: 8.12 million minutes).

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Management fees	**-**	-	**834,901**	829,063
Surcharge	**137,248**	130,922	**119,489**	118,947
Non-operating revenue	**55,971**	54,913	**42,802**	52,496
Dividend income	**20,340**	14,336	**20,340**	14,336
	213,559	200,171	**1,017,532**	1,014,842

27. PROFIT/(LOSS) FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s Restated	**2021** Rs 000s	2020 Rs 000s Restated
Depreciation of property, plant and equipment	**2,197,654**	2,173,000	**1,913,008**	1,862,528
Impairment of property plant and equipment and intangible assets	**18,785**	11,444	**11,834**	-
Amortisation of intangible assets	**280,022**	244,289	**222,013**	188,367
Depreciation of right-of-use asset	**131,842**	148,395	**66,355**	81,660
Staff costs	**3,190,324**	2,606,832	**2,897,080**	2,330,184
Costs of inventories recognised as expense	**771,685**	789,381	**149,405**	99,071
Impairment loss net of reversal recognised on receivables and contract asset	**242,772**	286,598	**197,503**	253,438
Directors`emoluments	**3,837**	3,693	**3,837**	3,693

a) Staff costs include employee benefits expense as follows:	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
- Staff costs excluding post employment benefits	**2,326,948**	2,126,879	**2,105,035**	1,903,139
- Defined benefit plans and retirement gratuities	**552,806**	440,574	**486,110**	387,666
- Termination benefits	**310,570**	39,379	**305,935**	39,379
	3,190,324	2,606,832	**2,897,080**	2,330,184

The total impact of the Voluntary Retirement Scheme (VRS) is Rs 000s 374,795 for the Group. Other costs related to VRS namely past service costs and any unamortized cash grant are included in the lines defined benefit plans and retirement gratuities and staff costs excluding post-employment benefits, respectively.

28. OTHER GAINS/(LOSSES)

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Net exchange gains/(losses):				
- Realised exchange loss	**(113,711)**	(71,088)	**(112,542)**	(64,941)
- Unrealised exchange gain/(loss)	**142,373**	(140,504)	**86,017**	(294,673)
Gain on disposal of property, plant and equipment	**3,189**	3,485	**3,128**	3,346
	31,851	(208,107)	**(23,397)**	(356,268)

29. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Interest income				
- Bank deposits	**8,274**	4,767	**8,272**	4,762
- Treasury bills	**1,270**	241	**1,270**	241
- Current accounts with subsidiaries	**-**	-	**2,418**	2,136
- Loan to subsidiaries	**-**	-	**11,544**	13,813
- Financing component on deferred payment	**18,285**	20,241	**18,285**	20,241
- Interest on tax refunds and other finance income	**4,061**	21,650	**4,061**	16,447
	31,890	46,899	**45,850**	57,640

The financing component relates to equipment already delivered to the customer with deferred settlement terms over the period of the contract.

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s Restated	**2021** Rs 000s	2020 Rs 000s Restated
Interest expense:				
- Bank borrowings	**101,387**	88,353	**101,387**	88,353
- Loan with related parties	**-**	-	**39,152**	36,302
- Current accounts with related parties	**-**	-	**241,726**	239,501
- Financing component on deferred cost	**18,678**	19,396	**18,678**	19,396
- Lease interest expense	**35,219**	33,439	**27,384**	28,015
- Financing component on voluntary retirement scheme	**7,914**	9,766	**5,702**	9,684
- Others	**72,398**	74,706	**37,261**	51,384
	235,596	225,660	**471,290**	472,635

31. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year after taxation attributable to owners of the Company of Rs 000s 594,087 (2020 restated: Rs 000s 547,454) and on 190,000,001 shares in issue for the years ended 31 December 2021 and 31 December 2020.

32. FINANCIAL INSTRUMENTS

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risks, market risks including foreign currency risk and interest rate risk, credit risk and liquidity risk. The Group and the Company have devised, on a central basis, a set of specific policies for managing these exposures.

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 remains unchanged from 2020.

The capital structure of the Group and the Company consists of debt, which includes loans 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 reserves.

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

32. FINANCIAL INSTRUMENTS (cont'd)

Capital risk management (cont'd)

The Group's and the Company's net debt to equity ratio at 31 December 2021 were as follows:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Total loans including bank overdraft	**3,154,333**	2,481,408	**4,457,694**	3,771,552
Less: Cash and cash equivalents	**(2,392,636)**	(1,602,943)	**(2,199,069)**	(1,479,880)
Net debt	**761,697**	878,465	**2,258,625**	2,291,672
Total equity	**8,756,641**	7,056,971	**2,218,526**	1,266,427
Net debt to equity ratio	**0.09**	0.12	**1.02**	1.81

Significant accounting policies

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

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s Restated	**2021** Rs 000s	2020 Rs 000s Restated
Financial assets				
At amortised cost				
Trade receivables	**939,384**	993,820	**779,215**	823,397
Other receivables	**189,514**	199,368	**159,282**	199,207
Contract assets	**733,792**	803,504	**391,192**	426,596
Cash and bank balances	**2,392,636**	1,602,943	**2,199,069**	1,479,880
Loan to subsidiary	**-**	-	**113,735**	140,194
At FVTOCI				
Equity Investments designated at FVTOCI	**197,974**	202,575	**197,974**	202,575
	4,453,300	3,802,210	**3,840,467**	3,271,849
Financial liabilities				
At amortised cost				
Loans	**3,154,333**	2,473,923	**4,457,694**	3,764,067
Lease liabilities	**651,707**	550,489	**535,396**	502,216
Trade payables	**1,742,719**	2,192,939	**1,041,289**	1,372,940
Security deposit	**417,621**	440,695	**417,620**	440,695
Other payables and accrued expenses	**2,434,616**	2,424,436	**6,842,965**	6,324,449
Dividend payable	**747**	710	**747**	710
Bank overdraft	**-**	7,485	**-**	7,485
Provisions	**426,646**	412,999	**359,369**	346,515
	8,828,389	8,503,676	**13,655,080**	12,759,077

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 risks including foreign currency risk and interest rate risk, credit risk and liquidity risk.

32. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management (cont'd)

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.

Foreign currency risk management

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

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

The approach of the Group and the Company to foreign currency risk management is not of a speculative nature.

Currency risks on transactions are managed through matching of inflows and outflows of foreign currencies. As the Group and the Company have more outflows than inflows in foreign currency, additional foreign currency requirement are purchased in advance, whenever relevant, at spot rates with financial institutions.

Translation risk at the reporting date is managed through matching of foreign denominated assets and liabilities.

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

	THE GROUP				
Year 2021	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	49,628	1,303,856	508,785	421	1,862,690
Cash and bank balances	156,198	2,206,612	26,603	3,223	2,392,636
Equity investments at FVTOCI	-	197,974	-	-	197,974
	205,826	**3,708,442**	**535,388**	**3,644**	**4,453,300**
Financial Liabilities					
Loans	-	-	3,154,333	-	3,154,333
Lease liabilities	-	651,707	-	-	651,707
Trade and other payables and accrued expenses	344,529	3,745,462	85,862	1,482	4,177,335
Security deposit	-	417,621	-	-	417,621
Dividend payable	-	747	-	-	747
Provisions	-	426,646	-	-	426,646
	344,529	**5,242,183**	**3,240,195**	**1,482**	**8,828,389**

	THE GROUP				
Year 2020	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	147,110	1,345,668	503,170	744	1,996,692
Cash and bank balances	55,865	1,389,723	154,099	3,256	1,602,943
Equity investments at FVTOCI	-	202,575	-	-	202,575
	202,975	**2,937,966**	**657,269**	**4,000**	**3,802,210**
Financial Liabilities					
Loans	-	-	2,473,923	-	2,473,923
Lease liabilities	-	550,489	-	-	550,489
Trade and other payables and accrued expenses	381,221	4,108,816	125,769	1,569	4,617,375
Security deposit	-	440,695	-	-	440,695
Dividend payable	-	710	-	-	710
Bank overdraft	-	7,485	-	-	7,485
Provisions	-	412,999	-	-	412,999
	381,221	**5,521,194**	**2,599,692**	**1,569**	**8,503,676**

32. FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	THE COMPANY				
Year 2021	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	16,536	837,024	475,707	422	1,329,689
Cash and bank balances	110,492	2,062,038	23,426	3,113	2,199,069
Loan to subsidiary	-	113,735	-	-	113,735
Equity investments at FVTOCI	-	197,974	-	-	197,974
	127,028	**3,210,771**	**499,133**	**3,535**	**3,840,467**
Year 2021					
Financial Liabilities					
Loans	1,303,361	-	3,154,333	-	4,457,694
Lease liabilities	-	535,396	-	-	535,396
Trade and other payables and accrued expenses	212,217	7,591,190	79,372	1,475	7,884,254
Security deposit	-	417,620	-	-	417,620
Dividend payable	-	747	-	-	747
Bank overdraft	-	-	-	-	-
Provisions	-	359,369	-	-	359,369
	1,515,578	**8,904,322**	**3,233,705**	**1,475**	**13,655,080**

	THE COMPANY				
Year 2020	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	8,138	937,292	503,127	643	1,449,200
Cash and bank balances	55,865	1,268,474	152,285	3,256	1,479,880
Loan to subsidiary	-	140,194	-	-	140,194
Equity investments at FVTOCI	-	202,575	-	-	202,575
	64,003	**2,548,535**	**655,412**	**3,899**	**3,271,849**
Year 2020					
Financial Liabilities					
Loans	1,290,144	-	2,473,923	-	3,764,067
Lease liabilities	-	502,216	-	-	502,216
Trade and other payables and accrued expenses	35,138	7,534,913	125,769	1,569	7,697,389
Security deposit	-	440,695	-	-	440,695
Dividend payable	-	710	-	-	710
Bank overdraft	-	7,485	-	-	7,485
Provisions	-	346,515	-	-	346,515
	1,325,282	**8,832,534**	**2,599,692**	**1,569**	**12,759,077**

32. FINANCIAL INSTRUMENTS (cont'd)

Currency profile

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

The profit or loss is mainly attributable to the exposure outstanding on USD and Euro receivables and payables at the reporting date for the Group and the Company. The following table shows the Group's and the Company's sensitivity to a 10% increase in exchange rate of USD and Euro on financial assets and liabilities. A 10% decrease will have the opposite impact on the financial assets and liabilities.

	THE GROUP			
	Euro Impact		USD Impact	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Loss	**(10,986)**	(17,825)	**(270,481)**	(194,242)

	THE COMPANY			
	Euro Impact		USD Impact	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Loss	**(138,855)**	(126,128)	**(273,457)**	(194,428)

Interest rate risk management

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group and the Company at 31 December 2021 and 2020 was as follows:

	THE GROUP AND THE COMPANY	
	2021	2020
Financial Assets		
Fixed interest	**0% - 1.30%**	0% - 10%
Variable Interest	**0% - 0.25%**	0% - 0.4%
Financial liabilities		
Fixed interest	**2%**	2%
Variable Interest	**0% -5.25%, Libor+3%**	0% -6.75%, Libor+3%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 5 basis points higher, the decrease in profit would have been as follows:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Increase/(decrease) in profit	**(335)**	(219)	**(3,459)**	(3,124)

32. FINANCIAL INSTRUMENTS (cont'd)

Credit risk management

The Group and the Company are exposed to credit risk, being risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group and the Company have adopted a policy of doing business only with creditworthy customers or counter parties as a means of mitigating the risk of financial loss from defaulters

To assess the creditworthiness of customers, the Group and the Company use 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, contract assets and other receivables, is managed through appropriate credit control policies implemented as per approved policy, and which is reviewed yearly by the risk committee. The credit control policy is implemented by a credit control team dedicated to credit management.

To mitigate the Group's and the Company's credit risk, all new customers are required to provide a cash deposit on provision of services to them. Monthly invoices for services delivered are subject to a 10% surcharge if they are not settled by the due date. Regular reminders are sent for overdue invoices and service is disconnected if not settled within the defined period. Ultimately, the telephone lines are recovered and allocated to new customers if invoices remain unpaid.

The trade receivable recovery process after service disconnection has been outsourced to a debt collection agency.

Liquidity risk management

The Group's and the 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. The Corporate Treasury Function manages liquidity risk by maintaining adequate resources, banking facilities and by continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

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

Maturities of Financial Liabilities

	THE GROUP				
	Less than 1 month	**1 - 3 months**	**3 months to 1 year**	**"More than 1 year"**	**Total**
2021	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	29,882	5,316	24,779	3,094,356	3,154,333
Lease liability	-	-	97,840	553,867	651,707
Trade payables	-	1,714,011	28,708	-	1,742,719
Security deposit	-	-	417,621	-	417,621
Other payables and accrued expenses	839	1,426,704	266,581	740,492	2,434,616
Dividend payable	-	747	-	-	747
Provisions	-	-	381,166	45,480	426,646
	30,721	**3,146,778**	**1,216,695**	**4,434,195**	**8,828,389**

32. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management (cont'd)

Maturities of Financial Liabilities (cont'd)

	THE GROUP				
	Less than 1 month	1 - 3 months	3 months to 1 year	"More than 1 year"	Total
2020	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	25,355	4,377	20,403	2,423,788	2,473,923
Lease liability	-	-	115,338	435,151	550,489
Trade payables	-	2,177,751	15,188	-	2,192,939
Security deposit	-	-	440,695	-	440,695
Other payables and accrued expenses	1,386	1,793,320	344,348	285,382	2,424,436
Dividend payable	-	710	-	-	710
Bank overdraft	7,485	-	-	-	7,485
Provisions	-	-	369,524	43,475	412,999
	34,226	3,976,158	1,305,496	3,187,796	8,503,676

	THE COMPANY				
	Less than 1 month	1 - 3 months	3 months to 1 year	"More than 1 year"	Total
2021	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	29,882	5,316	1,328,140	3,094,356	4,457,694
Lease liability	-	-	44,240	491,156	535,396
Dividend payable	-	747	-	-	747
Trade payables	-	1,040,823	466	-	1,041,289
Other payables	330	1,214,793	5,189,969	437,873	6,842,965
Security deposits	-	-	417,620	-	417,620
Provisions	-	-	354,247	5,122	359,369
Bank overdraft	-	-	-	-	-
	30,212	**2,261,679**	**7,334,682**	**4,028,507**	**13,655,080**
2020					
Financial Liabilities					
Loans	25,355	4,377	1,310,547	2,423,788	3,764,067
Lease liability	-	-	43,265	458,951	502,216
Dividend payable	-	710	-	-	710
Trade payables	-	1,372,475	465	-	1,372,940
Other payables	321	1,246,806	4,795,165	282,157	6,324,449
Security deposits	-	-	440,695	-	440,695
Provisions	-	-	341,855	4,660	346,515
Bank overdraft	7,485	-	-	-	7,485
	33,161	2,624,368	6,931,992	3,169,556	12,759,077

The Group and the Company have reported net current liability as at 31 December 2021. 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 2022. Excluding these items, the adjusted working capital becomes positive.

32. FINANCIAL INSTRUMENTS (cont'd)

Price risk management

The Group and the Company's main products and services are not subject to frequent price variation as these are set by the Information and Communication Technologies Authority (ICTA).

33. FAIR VALUE MEASUREMENT

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short term nature of the balances involved.
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. The basis on which the fair value has been determined is given below:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
2021	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Equity investment designated at FVTOCI	**-**	**6,450**	**191,524**	**197,974**
2020				
Equity investment designated at FVTOCI	-	5,511	197,064	202,575

	THE GROUP AND THE COMPANY	
	2021	2020
	Rs 000s	Rs 000s
Reconciliation of level 3 fair values:		
Balance at 1 January	**197,064**	141,694
Fair value gain through OCI	**(5,540)**	55,370
Balance at 31 December	**191,524**	197,064

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 secondary markets. For unquoted investment designated at FVTOCI, fair value is determined at the end of each reporting period by making reference to most recent traded prices and to recent publicly available NAV prices whereby the underlying assets are fair valued.

Any change in the prices of the underlying asset will impact the fair value of the unquoted investments.

34. RELATED PARTY TRANSACTIONS

The shareholders of the Company are the Government of Mauritius, State Bank of Mauritius, National Pension Fund and Rimcom Ltd.

As per the exemption criteria of IAS 24 paragraph 25, the state-owned entities have not been disclosed.

During the year ended 31 December 2021, the Group and the Company entered into the following transactions with related parties.

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
(i) Turnover - Rendering of services				
- Subsidiaries	**-**	-	**443,229**	568,666
- Shareholders	**25,255**	26,597	**25,255**	26,597
- Entities under common shareholding	**41,243**	34,757	**39,726**	27,368
(ii) Cost of sales				
- Subsidiaries	**-**	-	**498,075**	468,612
- Shareholders	**-**	-	**-**	-
- Entities under common shareholding	**170,933**	176,258	**170,933**	175,970
(iii) Operating Expenses				
- Subsidiaries	**-**	-	**581,203**	498,209
- Shareholders	**1,053**	1,205	**1,053**	1,205
- Entities under common shareholding	**-**	-	**-**	-
(iv) Dividend income				
- Entities under common shareholding	**15,769**	7,453	**15,769**	7,453
(v) Other income and management fees				
- Subsidiaries	**-**	-	**834,471**	843,495
(vi) Interest expense				
- Subsidiaries	**-**	-	**234,068**	232,791
- On loan from subsidiary	**-**	-	**39,236**	36,302
(vii) Interest income				
- Subsidiaries	**-**	-	**355**	-
- On loan from subsidiary	**-**	-	**11,543**	13,860
(viii) Emoluments of key management personnel				
- Short term benefits	**89,917**	85,421	**84,892**	83,761

Directors' emoluments disclosed in note 27 profit/(loss) from operations.

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
(ix) Outstanding balances receivable from:				
- Related parties	**20,294**	25,498	**19,648**	24,661
(x) Outstanding balances payable to				
- Entities under common shareholding	**151,846**	73,968	**150,329**	61,545
(xi) Loan to subsidiaries	**-**	-	**113,735**	140,194
(xii) Loan from subsidiary	**-**	-	**1,303,361**	1,290,144

35. COMMITMENTS FOR EXPENDITURE

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Commitments for the acquisition of property, plant and equipment	**2,129,528**	1,886,558	**1,910,412**	1,660,598

36. LEASES

The Group and the Company lease land, buildings and equipment with lease terms exceeding one year. These leases contain a renewal option.

The Group and The Company as lessee

(i) Right-of-use assets

	THE GROUP			THE COMPANY	
	Land and buildings Rs 000s	Plant and equipment Rs 000s	Total Rs 000s	Land and buildings Rs 000s	Total Rs 000s
Cost					
At 1 January 2020-as previously stated	593,563	272,309	865,872	515,808	515,808
Prior year Adjustment	(115,527)	-	(115,527)	-	-
At 1 January 2020-as restated	478,036	272,309	750,345	515,808	515,808
Additions	40,709	-	40,709	37,402	37,402
At 31 December 2020	518,745	272,309	791,054	553,210	553,210
Additions	219,903	-	219,903	86,684	86,684
At 31 December 2021	**738,648**	**272,309**	**1,010,957**	**639,894**	**639,894**
Accumulated Depreciation					
At 1 January 2020-as previously stated	97,657	48,160	145,817	78,813	78,813
Prior year Adjustment	3,481	-	3,481	-	-
At 1 January 2020-as restated	101,138	48,160	149,298	78,813	78,813
Charge for the year	100,235	48,160	148,395	81,660	81,660
At 31 December 2020	201,373	96,320	297,693	160,473	160,473
Charge for the year	43,348	88,494	131,842	66,355	66,355
At 31 December 2021	**244,721**	**184,814**	**429,535**	**226,828**	**226,828**
Net Book Value					
At 31 December 2021	**493,927**	**87,495**	**581,422**	**413,066**	**413,066**
At 31 December 2020	317,372	175,989	493,361	392,737	392,737

(ii) Amounts recognised in statements of profit or loss and other comprehensive income

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Depreciation expense on right-of-use assets	**131,842**	148,395	**66,355**	81,660

(iii) Amounts recognised in statements of cash flows

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Total cash outflow for leases	**171,159**	166,041	**80,887**	95,710

36. LEASES (cont'd)

(iv) Maturity analysis of lease liability

The following tables sets out a maturity analysis of lease payables as at 31 December 2021 and 2020. Under IAS 17, the Group and the Company did not have any finance leases as a lessee.

	THE GROUP		THE COMPANY	
Maturity	**2021** Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Within one year	**149,660**	130,364	**71,770**	68,209
Between one and two years	**119,051**	117,787	**67,072**	47,829
Between two and three years	**97,698**	110,029	**58,781**	42,197
Between three and four years	**79,107**	104,116	**42,835**	39,232
Between four and five years	**71,321**	71,353	**36,216**	32,034
After five years	**355,672**	286,066	**702,360**	734,753
	872,509	819,715	**979,034**	964,253
Less unearned interest	**(220,802)**	(269,226)	**(443,638)**	(462,037)
Lease Liability	**651,707**	550,489	**535,396**	502,216

(v) Lease Liability

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Lease Liability is analysed as follows:				
Current	**97,840**	115,338	**44,240**	43,265
Non Current	**553,867**	435,151	**491,156**	458,951
	651,707	550,489	**535,396**	502,216

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Cash and bank balances	**2,392,636**	1,602,943	**2,199,069**	1,479,880
Bank overdraft	**-**	(7,485)	**-**	(7,485)
	2,392,636	1,595,458	**2,199,069**	1,472,395

As at 31 December 2021, the Group and its subsidiary have Rs000s 67,755 (2020 : Rs 000s 42,194) 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 reporting date.

38. ASSETS CLASSIFIED AS HELD-FOR-SALE

The Group and the Company have reclassified the assets 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.

Assets held-for-sale as at the reporting date is summarised below:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Investment in Telsea	**290,920**	290,920	**40,935**	40,935
Underground copper cables	**-**	10,530	**-**	10,530
Total	**290,920**	301,450	**40,935**	51,465

38. ASSETS CLASSIFIED AS HELD-FOR-SALE (cont'd)

(i) Investment in associate

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Investment in associate classified as held-for-sale	**290,920**	290,920	**40,935**	40,935

In April 2018, the Board committed to dispose the Company's shareholding in Telsea Investment Ltd. In order to assess the fair value less cost to sell, the Group and the Company considered the discounted cash flow approach. Discounted cash flow approach considers the present value of the net cash flows expected to be generated from the facility, taking into account the budgeted EBITDA growth rate and the budgeted capital expenditure growth rate. The expected net cash flows are discounted using an appropriate risk-adjusted discount rate.

There was no fair value adjustment on reclassification to asset held-for-sale.

As at 31 December 2021, the fair value less cost to sell was reassessed and there was no fair value adjustment. The sale has been delayed due to COVID-19 and is expected to be completed by 2022.

(ii) Underground copper cables

In February 2019, the Board also committed to dispose copper cables following deployment of fibre network. As at 31 December 2021, the sale was completed giving rise to a fair value adjustment of Rs 000s 1,219 which was recognised in the statement of profit or loss and other comprehensive income.

	THE GROUP AND THE COMPANY
	Rs 000s
At 01 January 2020	195,656
Disposal during the year	(85,612)
Fair value adjustments recognised during the year	(99,514)
At 31 December 2020	10,530
Disposal during the year	(9,311)
Fair value adjustments recognised during the year	(1,219)
At 31 December 2021	-

39. CONTINGENT LIABILITIES

There are contingent liabilities not provided for in the financial statements in respect of bank guarantees amounting to Rs 000s 441,247 (2020: Rs 000s 150,151) for the Group and Rs 000s 398,926 (2020: Rs 000s 129,672) 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. NOTES TO STATEMENT OF CASH FLOWS

(i) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's and Company's cash flow statement as cash flows from financing activities.

40. NOTES TO STATEMENT OF CASH FLOWS (cont'd)

(i) Reconciliation of liabilities arising from financing activities (cont'd)

The Group

	01-Jan	Financing cash flows	Interest	Other non-cash changes*	31-Dec
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2021					
Bank loan	2,473,923	468,367	(51,510)	263,553	3,154,333
Lease liabilities	550,489	(171,159)	-	272,377	651,707
Total liabilities arising from financing activities	**3,024,412**	**297,208**	**(51,510)**	**535,930**	**3,806,040**
2020					
Bank loan	2,168,621	151,988	(43,334)	196,648	2,473,923
Lease liabilities	642,382	(166,041)	-	74,148	550,489
Total liabilities arising from financing activities	**2,811,003**	**(14,053)**	**(43,334)**	**270,796**	**3,024,412**

The Company

	01-Jan	Financing cash flows	Interest	Other non-cash changes*	31-Dec
2021					
Bank loan	2,473,923	468,367	(51,510)	263,553	3,154,333
Lease liabilities	502,216	(80,887)	-	114,067	535,396
Total liabilities arising from financing activities	**2,976,139**	**387,480**	**(51,510)**	**377,620**	**3,689,729**
2020					
Bank loan	2,168,621	151,988	(43,334)	196,648	2,473,923
Lease liabilities	532,509	(95,710)	-	65,417	502,216
Total liabilities arising from financing activities	**2,701,130**	**56,278**	**(43,334)**	**262,065**	**2,976,139**

(ii) Payment for purchase of property, plant and equipment

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash purchases	**2,685,847**	1,559,307	**1,101,471**	1,522,490
Non-cash purchases	**(773,807)**	557,139	**411,520**	353,159
	1,912,040	2,116,446	**1,512,991**	1,875,649

41. GOING CONCERN

At 31 December 2021, the Group and the Company had net current liabilities of Rs 000s 207,126 (2020: Rs 000s 1,505,383) and Rs 000s 5,595,392 (2020: Rs 000s 6,337,433) 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 Rs 000s 1,258,891 (2020: Rs 000s 1,275,074) and Rs 000s 5,772,160 (2020: Rs 000s 5,491,148) 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, 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.

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 financial statements. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

42. EVENTS AFTER REPORTING DATE

There are no events after the reporting date which would require disclosure and/or adjustments to the consolidated and separate financial statements for the year ended 31 December 2021.

43. PRIOR YEAR ADJUSTMENTS

During the current year, management has identified the following prior period errors

(a) A Family Protection Scheme (FPS) was set up for all new employees and female employees in post in the Company and one of its Subsidiary as from May 2000 based on a report from the then Salary Commissioner. Employees' contribution in the scheme is at the rate of 2% of monthly basic salary with a matching contribution by the Company and the Subsidiary. Under the said scheme the qualified employees' dependants will benefit a lump sum/pension payment upon death of the employee. However, it has been noted that there has been no contribution for some employees since May 2000 and no provisions for these missing contributions were made in the financial statements.

In order to be fair towards these employees, the Company and the Subsidiary have agreed to contribute for these employees as if these employees were already a member to the scheme since the date they qualified to be a member.

(b) Management Identified an error on calculation of IFRS 16 journal entries on one of the contract.The financial impact was for prior years as per table below:

(c) During the financial year 2021, for one subsidiary management decided to reclassify figures between property, plant and equipment and intangible asset in order to align with the fixed asset register. These reclassifications do not impact on the Group's statement of profit and loss nor the statement of cash flows for the year ended 31 December 2021.

43. PRIOR YEAR ADJUSTMENTS (cont'd)

The tables below summarise the impacts of the above prior year adjustments on the Group's and Company's financial statements.

	THE GROUP			THE COMPANY		
	As previously reported	Adjustments	As restated	As previously reported	Adjustments	As restated
Statement of financial position	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Impact at 1 January 2020						
Deferred tax assets	421,643	14,082	435,725	411,027	13,443	424,470
Retained earnings	8,817,098	(76,755)	8,740,343	3,561,043	(65,630)	3,495,413
Right of use asset	720,055	(119,008)	601,047	-	-	-
Lease Liabilities	650,186	(122,063)	528,123	-	-	-
Other payable and accrued expenses	1,755,759	96,391	1,852,150	5,207,681	79,073	5,286,754
Current tax Liabilities	263,615	(2,499)	261,116	-	-	-
Property, plant and equipment	15,795,598	(49,014)	15,746,584	-	-	-
Intangible assets	1,288,453	49,014	1,337,467	-	-	-
Impact at 31 December 2020						
Deferred tax assets	904,128	14,914	919,042	835,292	14,774	850,066
Retained earnings	6,766,269	(81,162)	6,685,107	952,457	(72,130)	880,327
Right of use asset	615,850	(122,489)	493,361	-	-	-
Lease Liabilities	563,990	(128,839)	435,151	-	-	-
Other payable and accrued expenses	2,171,286	104,834	2,276,120	5,998,943	86,904	6,085,847
Current tax Liabilities	329,972	(2,408)	327,564	-	-	-
Property, plant and equipment	15,727,265	(49,014)	15,678,251	-	-	-
Intangible assets	1,569,492	49,014	1,618,506	-	-	-
Statement of profit or loss and other comprehensive income						
Impact for the year ended 31 December 2020						
Operating Expenses	6,706,632	8,561	6,715,193	6,012,755	4,826	6,017,581
Finance Costs	229,073	(3,413)	225,660	469,630	3,005	472,635
Tax expense	100,329	(741)	99,588	25,055	(1,331)	23,724
Profit for the year	551,861	(4,407)	547,454	(188,376)	(6,500)	(194,876)
Total comprehensive income for the year	(1,834,000)	(4,407)	(1,838,407)	(2,391,757)	(6,500)	(2,398,257)
Earnings per share	2.90	(0.02)	2.88			

44. CASH FLOW HEDGE RESERVE

The cash flow hedge reserve represents the effective portion of the exchange differences on the USD EXIM Bank loan taken by the Group and the Company and which have been designated as hedging instruments against future revenues from Safe City project which is also denominated in USD and which has been designated as the hedged item. The risk management objective is to hedge the changes in cash flows arising from foreign exchange rate risk. The movement for the year is in respect of exchange difference on conversion of loan in USD at year end rate. Upon recognition of Safe City revenue, the portion of hedge realised is released to profit and loss. During the year ended 31 December 2021, Rs'000 18,867 was reclassified to profit or loss.

Statement of changes in equity

Cash flow hedge reserves	Rs 000s
At 1 January 2021	-
Cash flow hedge on loan in USD	**194,632**
Hedge ineffectiveness recognised in profit/(loss)	**(18,867)**
At 31 December 2021	**175,765**

45. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

Impairment losses on financial assets and contract assets charged to profit and loss is as follows:

	THE GROUP		THE COMPANY	
	2021 Rs 000s	2020 Rs 000s	**2021** Rs 000s	2020 Rs 000s
Trade receivables and contract assets (note 12)	**256,886**	265,811	**212,634**	232,763
Other receivables and prepayments (note 13)	**(14,114)**	20,787	**(15,131)**	20,675
	242,772	286,598	**197,503**	253,438

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GLOSSARY

4G
4G is a mobile communications standard intended to replace 3G, allowing wireless internet access at a much higher speed.

5G
5G is the fifth generation of mobile network technology. It takes mobile data connectivity to the next level, increases speed and reduces latency.

CES (Customer Effort Score)
CES 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.

CSI (Customer Satisfaction Index)
An indicator which gives customer perception on quality of service satisfaction.

eSim
eSIM or "embedded SIM" is the next generation of SIM technology. Unlike the traditional SIM card that has to be inserted, an eSIM comes, pre-embedded into a device as a tiny chip.

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 deployment.

NPS (Net Promoter Score)
An indicator which gives perception on the likelihood of the customer to recommend the company/products/services to family/friends.

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Fully 4G

Mobile Voice & SMS

Prepay & Postpay

Love Pack

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SMS Info

Smartphones & Wearables

5G Experience zones

my.t home

Fibre Internet & TV

Fibre Internet

Fibre Voice

Fibre 1Gbps

TV Packs

Dual Room

Catch-Up TV

Fixed Telephones

Wi-Fi Extender

my.t TV app

my.t 4K Smart Box

Smart Box Pro

SHOWMAX Pro

my.t business

Business Internet

Data Connectivity

International Connectivity

Unified Communications

Data Centre

Cloud Services

Security

Mobile Solutions

my.t money

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