1 MILLION & BEYOND

ANNUAL REPORT 2022

mauritius telecom

As Mauritius Telecom celebrates the achievement of serving more than one million customers, we are reminded of our purpose as a company. We are more than just a telecommunications provider; we are a catalyst for growth; we connect people, and we are an enabler for positive change in our community. We feel proud to play a role in empowering entrepreneurs, connecting families, and bridging the digital divide. We are committed to using our expertise and resources to create a better digital future for all with an unmatched experience.

MISSION

Empower everyone to experience a trusted digital life and to prosper

VISION 2025

To always be the most secured and trusted digital partner

CORE VALUES

- Trust & Integrity
- Respect & Care
- Innovation
- Agility

MOTTO

Together We Succeed

Table of Contents

Group Financial Highlights

for the year ended 31 December 2022

Revenue

MT Group revenue exceeded the Rs 11 billion mark for the first time. With a year on year growth of +5.3%, the Group revenue reached Rs 11.4 billion.

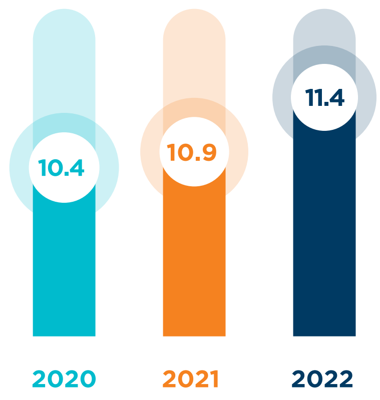
Restated EBITDAaL

The Group generated EBITDAaL of Rs 4.32 billion during the year 2022 representing an EBITDAaL margin of 37.7% compared to 37.0% in 2021.

Net Profit

The Group net profit for the year stands at Rs 1.1 billion as compared to Rs 618 million last year.

REVENUE
(in billion Rs)



REVENUE

Rs 11.4 bn

NET PROFIT

Rs 1.1 bn

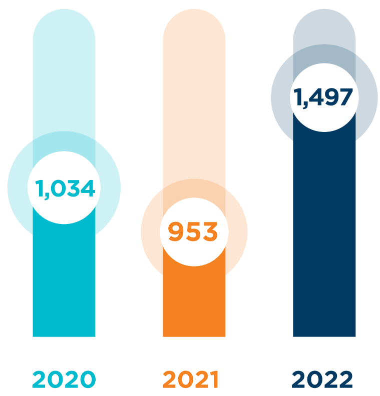
CAPITAL EXPENDITURE

Rs 2.8 bn

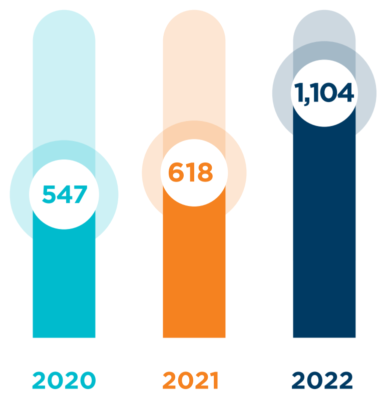
TOTAL ASSETS

Rs 24 bn

Profit from operations
(in million Rs)



NET PROFIT
(in million Rs)



Key Financial Figures

The Group

	2022 Rs Million	2021 Rs Million
INCOME STATEMENT		
Revenue	11,449	10,877
Profit from operations	1,497	953
Net Profit	1,104	618
Earnings per share (Rs)	5.81	3.25

	2022 Rs Million	2021 Rs Million
BALANCE SHEET		
Total Assets	24,317	24,153
Total Liabilities	15,088	15,625
Total Equity	9,229	8,528
Capital Expenditure	2,780	2,211

my.t eSIM

Enjoy a SIM-less mobile experience

eSIM is the future of connectivity, whilst offering more freedom and flexibility. With eSIM, you can stay connected anywhere, anytime and enjoy multiple benefits. It's secure, reliable, hassle-free, environmental friendly and much more.

Corporate Profile

NUMBER 1

Leading fixed-line, mobile, TV & broadband networks 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. 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.

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.

Another landmark occurred in 2022 when my.t mobile reached one million customers.

Key figures

393,000
FIXED LINE CUSTOMERS

277,000
BROADBAND CUSTOMERS

100%
FIBRE-READY HOMES

199,000
my.t TV CUSTOMERS

1,052,000
MOBILE CUSTOMERS

99.2%
PERCENTAGE OF 4G COVERAGE
NUMBER OF 4G SITES : 539
NUMBER OF 3G SITES : 567

Corporate Profile (cont'd)

MAURITIUS TELECOM'S SHAREHOLDERS AND HOLDING STRUCTURE

40% — RIMCOM LTD

33.49% — GOVERNMENT OF MAURITIUS

19% — SBM HOLDINGS LTD

6.55% — NATIONAL PENSIONS FUND

0.96% — EMPLOYEES OF MAURITIUS TELECOM

- RIMCOM is an investment vehicle wholly owned by Orange SA (formerly France Telecom).
- 0.96% of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share participation scheme.

8 SUBSIDIARIES

- CELLPLUS MOBILE COMMUNICATIONS LTD
- TELECOM PLUS LTD
- TELEFORCE LTD
- CALL SERVICES LTD
- MT PROPERTIES LTD
- MAURITIUS TELECOM FOUNDATION
- MT INTERNATIONAL VENTURES PCC
- MT SERVICES LTD

25 COMMERCIAL OUTLETS IN STRATEGIC LOCATIONS

OUR CONNECTION WITH PEOPLE

telecom.mu

Mauritius Telecom's network

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

100% island-wide fibre optics network coverage

- Minimum home broadband speed of 20 Mbps
- Availability of ultra-fast 1Gbps home broadband
- Fibre to the Business at 10Gbps

Content hosting

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

Tier IV Data Centre

State-of-the-art Data Centre facilities for hosting of servers:

- Tier IV Certification of Constructed Facility awarded by Uptime Institute
- ISO 27001:2013 compliant
- Tier III Data Centre as backup
- Cloud Services

4G/5G

Widespread mobile coverage

Constant modernisation and expansion of its mobile network to provide island-wide 4G LTE and 5G coverage.

International connectivity

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

- West route - SAT-3/WASC/SAFE and WACS through South Africa to Europe
- North route - LION/LION2-EASSy-EIG to Europe
- East route - SAFE to India and Malaysia
- Point of presence in Europe, Asia and Africa
- Coming soon T3 - Mauritius to South Africa

Corporate Profile (cont'd)

Cable systems and international capacity

The my.t brand

Mauritius Telecom's portfolio of fixed, mobile, broadband and IPTV services is consolidated under one single umbrella brand, my.t. Focused on innovation, delighting customers and building the digital future, it provides customers across all segments – individual consumers, businesses and government – with a truly integrated telecommunications experience. It keeps them connected through an extensive range of innovative communication and technology solutions, while delivering ultra-fast broadband speeds, advanced mobile and fixed services, hybrid TV content and fintech solutions.

my.t home

my.t mobile

my.t

my.t business

my.t money

An innovative customer-centric approach

Recent years have seen an unparalleled acceleration in society's reliance on connectivity and Mauritius Telecom, like other technology companies, has found itself at the heart of a fast-changing world, where connectivity, communication services and digital solutions have become a lifeline for all citizens.

With a consistent focus on customers' needs and expectations, Mauritius Telecom constantly strives to improve people's lives by offering them the best products and services.

In line with its mission to deliver outstanding experience and service, Mauritius Telecom has pioneered the way forward by embracing the hybrid TV and OTT model, thus revolutionising viewing patterns and experience. What consumers watch and how they watch it has radically changed. Customers are now in control; they watch their movies, sport and their favourite programmes anywhere, anytime and across multiple devices. The partnership with Showmax, a leading streaming service, offers a whole new range of possibilities in terms of premium content to MT customers.

Year after year, Mauritius Telecom goes on offering award winning services to its customers. In the mobile segment, besides providing the best postpay and prepay unlimited offers, Ookla, an industry-rating authority and world leader in network testing and analysis, recognises the Company's mobile network as the Fastest Mobile Network in Mauritius.

Service excellence throughout the years has led to a constant increase in the number of customers. Mauritius Telecom has now reached the historic landmark of one million mobile customers.

MT provides island-wide 4G coverage and, in some regions, 5G, connecting Mauritians to greater possibilities with speeds of up to 1Gbps. Indoors or outdoors, at home or on the move, customers can live to the fullest the Gigabit experience.

ESIM technology is the new mobile worldwide trend. At the cutting-edge of technology, Mauritius Telecom now offers its customers an eSIM, which is of special convenience to travellers, tourists or businessmen, ensuring them a simple, hassle-free and secure connection, together with the flexibility of having one number on two devices or two numbers on a single device.

In a bid to give a boost to the business sector, Business Boost broadband offers were reviewed, leading to new tailor-made competitive packages, including an ultrafast 1Gbps offer, providing small and medium businesses with more benefits. Furthermore, to meet the specific needs and concerns of this sector, MT introduced my.t Start-Up, a plug and play internet offer, to help aspiring entrepreneurs kick-start their businesses.

MT's state-of-the-art Tier IV Data Centre in Rose Belle meets the highest standards required by enterprises, providing them with peace of mind and guaranteed continuity in the case of a disaster. Occupancy of the Data Centre is on the increase, reflecting strong customer trust and confidence in this facility.

Corporate Profile (cont'd)

Rodrigues steps into the digital era

Through the Mauritius and Rodrigues Submarine Cable (MARS), Rodrigues has been connected to mainland Mauritius and to the rest of the world since 2019. This has opened up new avenues for the island's socio-economic development. Mauritius Telecom has also transformed internet usage for customers in Rodrigues with the deployment of a fibre network, thereby offering them the same experience as in Mauritius, with similar services and TV contents.

Building a digital society

Mauritius, like many countries around the world, has witnessed the shift towards a more digital world with an increased adoption of technology.

All customer journeys have been simplified to enable customers to make all their requests and orders remotely. Today, applying for a new fixed line and subscribing to an internet package or a TV pack is just a few clicks away, and can be done from the comfort and safety of home.

Mauritius Telecom's fintech venture, my.t money, launched in 2019, emerged as an effective and reliable digital financial service and was quickly adopted by the population. It was propelled to the next level with the introduction of my.t money's all-in-one Superapp, a first of its kind, featuring a complete ecosystem of services shaped around users' everyday needs.

Our international recognitions and awards

Eighth most fibred country in the world (IDATE report, May 2022, FTTH Council)

2016

- **Africa Operator of the Year 2016 Award** (FTTH Council Africa)
- **Avaya Africa Partner of the Year 2016 Award**
- **Best App for Africa 2016 (AfricaCom)** for MT's Traffic Watch App

2017

- **Africa Operator of the Year 2017 Award** (FTTX Council)
- **Best Network Improvement in Africa 2017 Award** (AfricaCom)

2018

- **Ai ICT/Telecoms Deal of the Year 2018 Award** (Africa Investor)
- **2018 Company Award** (FTTX Council Africa)
- **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

2022

- **Great Place to Work** – Ranked No 3 in the Best Workplaces list
- **Fastest Mobile Network in Mauritius** (Ookla Speedtest Awards)
- **Commercial Partner of the Year** (Fortinet)
- **MSSP** (Managed Security Service Provider) **Partner of the Year** (Fortinet)

Corporate Profile (cont'd)

Human resources

The Company's human resources philosophy is guided by the belief that the backbone of its success is dependent on its highly-skilled, engaged, and diverse workforce. The Human Resources Department continues to harness the diverse talent of the Company's workforce to realise the Group's growth strategy and adapt to a rapidly evolving landscape.

Mauritius Telecom's people strategy has been instrumental in creating a high performance and enabling culture, whereby business units across the Company are able to successfully contribute to the delivery of its strategy and objectives.

MT strongly believes that it has built a great workplace, where employees are the Company's primary champions and are motivated to push beyond boundaries and uncertainties to deliver very high standards.

CSR

Mauritius Telecom is fully committed to upholding its corporate social responsibilities (CSR). Through its subsidiary, the Mauritius Telecom Foundation (MTF), it collaborates with several NGOs in Mauritius, Rodrigues and Agalega to support community projects in the fields of ICT, education, health, sport and the environment.

Rs 343 million

injected into CSR projects between 2009 and 2022 in the Republic of Mauritius.

For many years, the MTF has been supporting national projects that enhance people's lives in a long-term and sustainable manner.

2016

- **Several projects around healthcare, education and social housing, and support to people with disabilities.**

2017

- **350 free Wi-Fi hotspots in public locations such as community, social welfare, women's and youth centres, village halls and post offices.**
- **Financing of NGOs in Rodrigues and support to children from vulnerable groups with education materials and toys.**

2018

- **Inauguration of the first MUGA in Phoenix to support wellness and sport for a better life.**

2019 – 2022

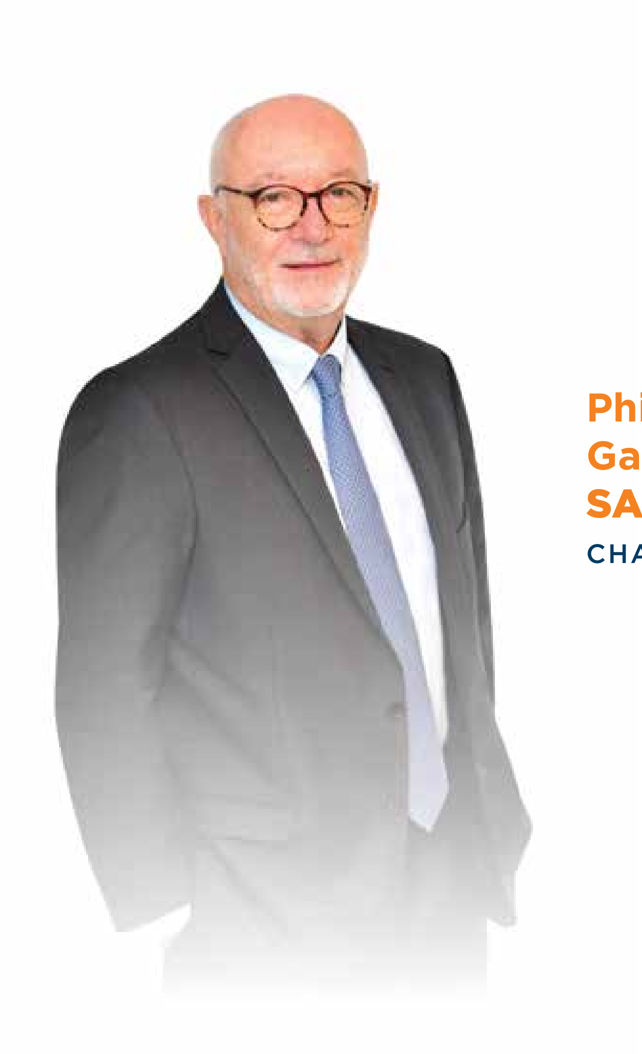
- **Opening of other MUGA around the island, focusing on wellness, sport and health.**

SHOWMAX

Best football, sports and movies

Showmax bundles the best of international entertainment with live sport, including the greatest football championships. The live coverage of the FIFA Qatar World Cup 2022 was a true game changer and enabled football fans in Mauritius to enjoy every moment of the world's most exciting sporting event.

Board of Directors



Philippe Epaminondas Gaston Maxime SAUZIER
CHAIRMAN

Anandsing ACHARUZ

Alain Mario Chung Chin AH-SUE

Alban LO GATTO

Board of Directors (cont'd)

Philippe Epaminondas Gaston Maxime
SAUZIER
CHAIRMAN

Maxime Sauzier SC studied Law at Kings College London and was called to the Bar of England and Wales Inner Temple (UK) in 1978.

He is an executive and director of the Litigation Department at ENSafrica (Mauritius), specialising in employment, corporate, commercial sectors and civil litigation. He also acts for foreign firms and regularly appears before the Judicial Committee of the Privy Council and in international arbitration matters.

He has acted as legal adviser within a number of industries and sectors, including banking, insurance, hotels and tourism, petroleum and agriculture.

He is a former Member of Parliament and a former Managing Director of Esso Mauritius Ltd. He became Chairman of the Board of Mauritius Telecom in July 2022.

Anandsing
ACHARUZ

Anandsing Acharuz is currently the Deputy Financial Secretary at the Ministry of Finance, Economic Planning and Development. He holds an MSc in Financial Economics from the University of London and has participated in a number of high-level specialised training programmes carried out by the International Monetary Fund and other international organisations.

He joined the Civil Service in 1996 and has assumed various responsibilities at different levels during his career. He has worked closely with local and international organisations on a number of important matters, such as the Country Strategy Paper with the European Commission, the Systemic Country Diagnosis and the Country Partnership Framework with the World Bank, and IMF Article IV Consultation.

He is responsible for the co-ordination and preparation of the national budget and the Strategic Overviews of Ministries and Departments. He is also responsible for the formulation of appropriate policies and reforms to ensure effective public financial management and to improve public service delivery.

In view of his duties and responsibilities, he constantly engages with international organisations such as the IMF, the World Bank, the UNDP and Moody's Investors Service. He has also participated in high-level local and international meetings and conferences.

Anandsing Acharuz also serves as Director on the Board of several public bodies.

Alain Mario Chung Chin
AH-SUE

Alain Ah-Sue obtained a BSc in Computer Science from the City University of New York.

He joined Harel Mallac Computers in 1989 as Sales Manager and was promoted to General Manager in 1995. He was then appointed Managing Director of Harel Mallac Technologies in 2005 and subsequently of the Group's Technology Arm in 2010.

Since April 2016, he has been Managing Director of the Harel Mallac Group's EO Solutions Ltd and Linxia Ltd. He was appointed as a Board member of Mauritius Telecom in July 2022.

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.

Board of Directors (cont'd)

Elsa
MAINVILLE

Elisabeth
MEDOU BADANG

Kritananda Naghee
REDDY

Neermal
SADDUL

Board of Directors (cont'd)

Elsa MAINVILLE

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.

Elisabeth MEDOU BADANG

Elisabeth Medou Badang is Senior Vice-President Human Resources and Spokesperson for Orange Middle East & Africa.

She was previously Senior Vice-President Africa and Indian Ocean for Orange Middle East and Africa, CEO of Orange Cameroon for four years when she drove the mobile money revolution in the country, and before that she led Orange Botswana for four years. She was the first African woman to lead an Orange affiliate.

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 has a post-graduate degree in Finance and certificates in Executive Business programmes from EM Lyon Business School, Cranfield University and ESCP. She also successfully completed a certification course in corporate governance with IFA-Sciences Po Paris.

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 on 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.

Kritananda Naghee REDDY

Naghee Reddy joined the Ministry of Finance in 1984 as Assistant Accountant and was Principal Accountant when he left the Ministry in 2004. In that year, he joined the Attorney General's Office as State Counsel.

He has had extensive training locally as well as overseas in accountancy and law, and currently occupies the post of Assistant Parliamentary Counsel. In that capacity he is involved, on behalf of the Government of Mauritius, in judicial review and civil and constitutional cases before the Supreme Court.

As a Government representative, he has been a Board member of various public bodies and is currently a Board member of both the Mauritius Revenue Authority and the State Investment Corporation. He became a Board member of Mauritius Telecom in July 2022.

Neermal SADDUL

Neermal Saddul has a Master's degree in Computer Science and Business Management from the University of Paris Dauphine (France).

He started his career in France at Arianespace and Alcatel CIT as a software engineer before joining Mauritius Telecom as Manager Information Systems. He was then appointed as Senior Executive in charge of the Company's Business Services Department. He initiated the creation of the first subsidiary which introduced the internet in Mauritius in 1995 in collaboration with France Telecom. He then acted as MT's Director for International Development in Africa following its partnership with France Telecom.

Neermal Saddul is currently a shareholder of companies involved in software development/business process outsourcing, financial services and the distribution of fast-moving consumer goods (FMCG) in Mauritius and Sub-Saharan Africa.

Board of Directors (cont'd)

Jean-François THOMAS

Jean-François Thomas is a graduate of the Ecole Nationale Supérieure des Télécommunications (France) in Business Management and Information Technologies. 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 Sauzier, Acharuz, Ah-Sue, Naghee Reddy and Saddul 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 2022.

P C **Colimalay**

COMPANY SECRETARY

13 April 2023

my.t money Superapp

Propelling your digital wallet to the next level

my.t money Superapp is an all-in-one app that offers a full ecosystem of services shaped around users' everyday lifestyle needs. It provides a seamless experience and makes it easier for you to pay your bills and manage your digital financial transactions through your smartphone, wherever you are.

Chairman's Statement

On behalf of the Board of Directors of the Mauritius Telecom Group, it is my immense pleasure to present Mauritius Telecom's Annual Report for 2022.

During the year under review, we faced several challenges of both a micro-environmental and macro-economic nature. Nevertheless, Mauritius Telecom, led by Kapil Reesaul from August 2022, proved its mettle by delivering an excellent all-round performance and very satisfactory financial results.

FINANCIAL REVIEW

Revenue grew by 5.3% over the year to reach Rs 11.4 billion, profit from operations attained Rs 1.5 billion compared to Rs 953 million in 2021 and reported net profit was Rs 1.1 billion, representing a year-on-year increase of 78.7%. All these figures reflect the MT Group's financial soundness.

CORPORATE GOVERNANCE

The Board has always been committed to ensuring proper and effective governance across the MT Group, not least to protect the interests of our shareholders as well as all our other stakeholders. However, its importance was emphasised by some of the challenges we faced during the year and we have already started to reinforce best practices throughout the Group.

One of the very first initiatives of the newly-appointed Board, after taking office in July 2022, was to commission both an HR and a financial audit. This was followed by a technical audit.

> "Mauritius Telecom, led by Kapil Reesaul from August 2022, proved its mettle by delivering an excellent all-round performance and very satisfactory financial results."

These have played a key role in telling us where we stand, providing relevant insights to help us forge the way ahead, and improve our procedures and processes, as well as strengthening our control systems.

Chairman's Statement (cont'd)

Upholding high standards of conduct and ethical behaviour across the organisation has also been given enhanced priority, resulting inter alia in the management team devising a new code of conduct to serve as an essential guide to staff in the day-to-day conduct of their duties.

NEW STRATEGIC FOCUS

Organisational restructuring is essential in an ever-changing and dynamic environment and serves to strengthen an organisation for the future.

I have therefore been pleased to see our new CEO and his management team set out on a transformation of the Group through a new strategy, vision and mission. This will give us the potential to enter into a new period of growth and reinforce MT's leadership in its sector.

> The effectiveness of our efforts is perhaps best indicated by Mauritius Telecom being ranked third in the Great Place to Work – Best Workplaces list in Mauritius.

COMMITMENT TO SERVICE EXCELLENCE

Mauritius Telecom has remained focused on service excellence, a key differentiator in a highly competitive and saturated market. Our ongoing ambition is to exceed customer expectations.

I am glad to note that our customer satisfaction index and net promoter score for both the consumer and the business markets remained stable, as they are the best indicators of customer perceptions.

We continued to work on enhancing our proximity to our customers with the opening in July 2022 of a new shop in the arrival lounge of SSR International Airport. In particular, this enables tourists to acquire a local eSIM on arrival, in order to facilitate communication with their family and friends in Mauritius or abroad.

In the same vein, we relocated our Quatre Bornes Telecom shop in September 2022. The new premises are more spacious and more comfortable than previously and provide an environment more suited to our customers' needs.

HUMAN RESOURCES

Employees' well-being is a crucial element in ensuring a company's success. We continued to invest in their safety and wellness through our health promotion programme and medical screenings, while adding a futsal and other recreational facilities for staff in Cassis.

Another welcome HR initiative was the introduction of a staff loan system, through which MT Group employees could apply for a loan at attractive rates.

The effectiveness of our efforts is perhaps best indicated by Mauritius Telecom being ranked third in the Great Place to Work – Best Workplaces list in Mauritius.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

For a long time, it has been part of Mauritius Telecom's philosophy to go beyond its corporate role and make a life-changing impact within our local society, in particular in providing substantial funding for national projects related to social and economic integration and the fight against poverty. That has continued in the year under review as the CSR section of our Annual Report illustrates.

Mauritius Telecom is also involved in promoting healthy living through physical activity on our MUGA sites, designed for community-based fun and fitness. Our sixth MUGA was inaugurated in the presence of the Prime Minister in November 2022 in La Tour Koenig, Port Louis. We have several other MUGAs under construction across the island.

We were also delighted to be a Platinum sponsor for the Indian Ocean Youth and Sport Commission's (CJSOI) 2022 Games, providing the organisers with technological expertise and contributing to the success of the Games through the provision of SIM cards, scratch cards, tablets and internet & wireless connectivity on four sites. We also developed a website giving information about the event, locations and results.

WORDS OF APPRECIATION

My sincere thanks go to my fellow Board Directors for their steadfast commitment and support and I am also grateful to our CEO and management team for their leadership and achievements.

I would similarly like to express my deep appreciation to the MT team for their hard work, enthusiasm and professionalism. Their dedication and the support of all our stakeholders were instrumental in keeping the Group steady and focused in difficult times, leading to a successful reporting year.

With our forward-looking and pro-active approach, I am convinced that we are equipped to keep up-to-date with and often anticipate industry trends, and are more than able to adapt to change and face any new challenges, whilst seeking out additional growth opportunities. Against this background, I am confident that we will continue to meet with further success in the coming year and indeed thereafter.

Philippe Maxime **Sauzier**

CHAIRMAN

May 2023

MAURITIUS TELECOM LTD | ANNUAL REPORT 2022

Chief Executive Officer's Review

I am delighted to present my first report as CEO of Mauritius Telecom since my appointment on 1 August 2022 and I would like to thank the Board for putting their trust in me to reshape the future of MT. However, the Company is far from being unfamiliar territory to me.

I have previously contributed as an employee and then as a member of the executive management team of this forward-looking organisation for 27 years. It makes me truly proud to lead Mauritius Telecom on a new journey into this era of digitalisation so that we can continue to provide our customers with great services and experience.

My main aim will be to re-assert and consolidate MT's position as a driving force for the economic growth of the country in this post-pandemic era, which is also one of economic turmoil.

2022 has been a year of many challenges for Mauritius Telecom, including the need to ensure long-term sustainability and rebuild the Company's reputation after being in the media spotlight. One of my priorities is to regain the trust of all our stakeholders, including shareholders and customers.

We have already built a solid foundation for this over many years and Mauritius Telecom's proven history and its contribution to the Mauritian economy is indisputable. What is more, our Company's DNA is unshakable and unchangeable, the very fabric of who we are and what we do.

We have a strong team committed to building the Company's long-term sustainability. This will depend on how fast we innovate, on showing respect and integrity in our interactions, on how we care and create trust, and on how agile we are.

FINANCIAL RESULTS

Despite the many challenges and uncertainties we have faced in terms of long-term sustainability and corporate reputation, Mauritius Telecom continued to grow and thrive, particularly in the second half of 2022, with an accelerated action plan designed to rebuild confidence and optimisation, and prepare the Company to embark on a new journey.

We have worked hard to deliver outstanding results for our stakeholders. Our excellent financial performance during this reporting year reflects the initiatives we undertook and commitment we displayed during the latter part of the year. For the first time MT Group revenue exceeded the Rs 11 billion mark.

During 2022, the Group's organic revenue grew to reach Rs 11.4 billion with an EBITDAaL margin of 37.7% compared to 37.0% in 2021 and achieved an EBITDAaL of Rs 4.32 billion (+7.2% year over year). Furthermore, the Group reported a net profit of Rs 1.1 billion as compared to Rs 618 million in 2021, representing a year-on-year increase of 78.7%. The Group's cash balance as at February 2023 grew to Rs 2.6 billion and the balance sheet remained strong with a total asset base of Rs 24 billion.

Despite the impact of a slow market recovery post-Covid and a volatile environment resulting from the ongoing Russia-Ukraine war that led to soaring prices and impacted on the foreign exchange market, the MT Group performed remarkably well.

> "It was essential to rethink our way of doing business and I have already set the Company on a journey to better face 2023 and beyond."

BEST CONTENT AND SERVICES

During this reporting year, our teams focused on enriching our customers' digital lives in a variety of ways.

Our partnership with Showmax, a premier streaming service, enabled football fans to live their passion watching the greatest football championships: UEFA Champions League, English Premier League, Nations League, Conference League, Serie A and La Liga, as well as the UEFA Europa League, FA Cup and Carabao Cup.

It was also thanks to this partnership with Showmax that our customers could experience the sports highlight of the year when MT made the 64 FIFA World Cup Qatar 2022 matches available to our customers in 4K format.

The introduction of my.t eSIM provided both Mauritians and tourists with a SIM-less option, enabling them to have a second number on their compatible phones and smartwatches.

Chief Executive Officer's Review (cont'd)

A further breakthrough came with the launch of the my.t money SuperApp, propelling my.t money to a new level. The daily payment limit was increased to Rs 50,000, with instant digital money transfers from any Mauritian bank account to a my.t money wallet and vice-versa, made possible through the local Instant Payment Switch system.

Our overall client base grew by 5.3%, reaching 1.05 million mobile, 277, 000 my.t broadband (including TV) and 393,000 fixed-line customers, testament to their loyalty and confidence in our products and services.

IMPLEMENTING A NEW STRATEGIC ORIENTATION

It was essential to rethink our way of doing business and I have already set the Company on a journey to better face 2023 and beyond. Together with the management team, we took vital steps to build and shape a stronger Company for the future and developed a new strategic plan for 2023-2025. This aims at empowering everyone with the vision of being the most secure and trusted digital telecommunications partner by 2025.

This new strategic plan lays a solid foundation for transforming the Company into a leading digital telecommunications company with strong financial foundations and ensuring profitability and creating value for our stakeholders.

ENHANCING GOVERNANCE

When I took over as CEO, I took the decision to review the way we conduct our business to ensure that we go beyond our financial objectives in order to achieve those results with trust, integrity, governance and innovation.

To that end, the services of FTI Consulting were retained to assist the Mauritius Telecom Group in gathering and evaluating facts and information, inter alia to allow the Board of Directors to determine whether appropriate procedures and practices were being adhered to for the procurement of goods and services, and whether the existing procurement policies and procedures were consistent with international best practices.

To improve governance and processes and strengthen controls, recommendations were made and are now in the process of being implemented.

We have thoroughly reviewed our code of conduct, to which all employees of the Group must adhere. It is now a mandatory requirement for all employees to read and understand the code and its do's and don'ts. We must all take responsibility for identifying ethical problems and pledge to embrace and uphold the required standards in the conduct of our duties and in our daily interactions with customers, colleagues, suppliers, stakeholders, competitors and third parties.

THE WAY AHEAD

As we navigate our way within a rapidly evolving industry, I am confident that we will be able to handle the challenges we may face.

We intend to build further on our strong foundations and take advantage of growth opportunities. Our main aim is to bring our services to an even higher level.

We have already embarked on several key actions including:

- In partnership with Aprecomm India, developing and implementing an AI (Artificial Intelligence) application to improve domestic customers' digital-line experience.
- Investing in international connectivity for the next generation digital life, which will be bandwidth-hungry. We have started laying our third submarine cable T3 from Mauritius to South Africa, with a total capacity of 72 terabits per second and based on the latest fibre-optic cable and low latency technology.
- Re-inforcing our security measures on all our network platforms, reviewing our point of failures and improving coverage.
- Six key strategic initiatives (KSI) have been launched alongside our 2023-2025 strategic plan to ensure we reach our goal. These KSIs focus on:
  - Innovation and new revenue streams
  - Client service transformation and digitalisation
  - Data management and security
  - Green strategy
  - HR business-value transformation
  - International business.

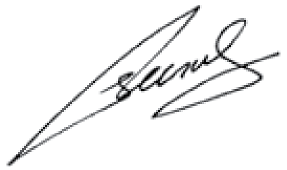
THANK YOU

Our success would not have been possible without the support of our stakeholders, to whom I extend my gratitude.

I particularly want to thank all the members of the Mauritius Telecom family for their hard work and the encouragement given to me when I took up the mantle of CEO.

And last, but by no means least, I wish to thank our customers for their continued trust in MT.

Together we will succeed.



Kapildeo (Kapil) **Reesaul**
CHIEF EXECUTIVE OFFICER

May 2023

MUGA
Community fun & fitness

Stay healthy

The MUGAs are vibrant hubs that bring people together and promote a healthy, active lifestyle. With their state-of-the-art facilities and range of activities, the six existing MUGAs provide an unparalleled opportunity for people to enjoy sports, fitness, and leisure activities in a safe environment.

Group Executive Committee

Kapildeo (Kapil) REESAUL

CHIEF EXECUTIVE OFFICER

Kapil Reesaul reckons more than 30 years' proven experience in the Telecom and ICT sector, gained throughout his leadership role at Mauritius Telecom and internationally.

He holds a postgraduate degree (DESS) in Cable Networking Engineering with specialisation in Fibre Optics from Lille University of Science & Technology (France), as well as a Master's Degree (Maîtrise) in Electronics and Automation from the same University.

He also completed an MBA in General Management from Midrand Graduate Institute (South Africa), now known as the Pearson Institute.

At Mauritius Telecom, he occupied key senior management positions as Chief Customer Experience Officer (2015-2016), Executive Head Commercial (2012-2015) and Senior Executive Business Market (2007-2012). Previously, he had been General Manager of Telecom Plus (Mauritius Telecom's ISP pioneer company), General Manager of Call Services Ltd (the call centre arm of MT) and Managing Director of Southern Telecom (Pty) Ltd in South Africa (1998-2000).

During this time, he contributed significantly to the development of MT commercially and, among others, to the launching of the Nortel and Cisco range of PABX, FTTH & IPTV services, and to mobile post-paid and data offers.

From 2016 to 2022, he held a key managerial position at the Royal Bank of Canada in Toronto.

He was appointed as CEO of Mauritius Telecom Group with effect from 1 August 2022.

Group Executive Committee (cont'd)

Michel
DEGLAND

DEPUTY CHIEF EXECUTIVE AND CHIEF OPERATING OFFICER

Baboo Nootun Shamsingh (Girish) GUDDOY

CHIEF CUSTOMER EXPERIENCE AND SERVICE OFFICER

Yagianath
ROSUNEE

CHIEF TECHNICAL OFFICER

Virendra K.
BISSOONAUTH

CHIEF INFORMATION OFFICER

Group Executive Committee (cont'd)

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 telecommunications 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 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, he held the post of COO in Viaccess, a digital content protection company from 1998 to 2008.

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.

Yagianath ROSUNEE

CHIEF TECHNICAL OFFICER

Yagianath Rosunee holds a Master's degree in Electronics, Electrotechnics and Automation applied to Instrumentation from the University of Grenoble-Alpes (France), as well as a Master's in Business Administration.

During his 37 years at MT, he held various technical and commercial (B2B and Wholesale) leadership positions. He has participated actively in the transformation of MT from being voice only to technology-centric Company. Amongst his main achievements are the introduction of a national public data network (1993), Internet services (1996) and broadband ADSL services (2002). As Head of B2B Services and Wholesale Markets, he introduced Managed Global WAN and Global IP services that enabled the development of the ICT sector as the 5th pillar of the economy as well as the delocalisation of ITES/BPO activities to Mauritius.

In 2013, he was entrusted with the All-IP Transformation programme that laid down the foundations for a converged fixed, mobile, broadband and IPTV backbone as well as the migration of services from copper to fibre.

Yagianath Rosunee was appointed Chief Technical Officer with effect from 1 September 2022. As CTO, his mission is to ensure that MT has a highly reliable and trusted network infrastructure that will support the needs of a digital economy.

Baboo Nootun Shamsingh (Girish) GUDDOY

CHIEF CUSTOMER EXPERIENCE AND SERVICE OFFICER

Girish Guddoy has 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, where he spearheaded the evolution of the mobile, ISP and transmission networks.

Girish Guddoy was subsequently appointed Chief Technical Officer in May 2020 followed as Chief Service Officer and then currently as Chief Customer Experience and Service Officer.

Viren K. BISSOONAUTH

CHIEF INFORMATION OFFICER

Viren Bissoonauth holds a bachelor's degree in Computer Science from Acadia University (Canada) and a Master's in Management International (MMI) from the University of Phoenix, Arizona (USA).

He has 32 years' experience in the ICT sector, ranging from pioneering and managing complex IT Solutions to cloud-based applications. He has held various senior positions in the private sector both locally and internationally in countries like France, Djibouti and Algeria, and acted as consultant for various projects worldwide.

He is driving the Information System Department as Chief Information Officer since July 2015.

Group Executive Committee (cont'd)

Neeraj
MOUNIEN
CHIEF ENTERPRISE SOLUTIONS OFFICER

Arnaud Jacques Patrice
PERRIN-ANDRÉ
CHIEF FINANCIAL OFFICER

Muhammad Bilal
MOLABACCUS
CHIEF MARKETING OFFICER

Khoymil
GOBURDHUN
CHIEF INTERNAL AUDIT AND RISK MANAGEMENT OFFICER

Group Executive Committee (cont'd)

Neeraj **MOUNIEN**

CHIEF ENTERPRISE SOLUTIONS OFFICER

Neeraj Mounien holds a post-graduate degree in Computer Science from London Guildhall University and an MBA from Poitiers University, France. He has more than 25 years' experience as a professional helping business in their digital transformation journey.

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 as Business Development Manager commercialising ICT solutions in the corporate and public sectors in Mauritius and the region.

Muhammad Bilal **MOLABACCUS**

CHIEF MARKETING OFFICER

Bilal has over 25 years of marketing leadership expertise in various leading companies across multiple sectors, including banking, retail and telecommunications. He holds a Bachelor's degree in Commerce as well as an MBA since 1998 from QAU International University, Pakistan.

He is responsible for advancing the Company's mission to enrich customers' lives by devising significant products and solutions, expanding the market share, creating and stimulating demand, and bolstering loyalty.

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.

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.

Khoymil **GOBURDHUN**

CHIEF INTERNAL AUDIT AND RISK MANAGEMENT OFFICER

Khoymil Goburdhun is a Fellow of the Association of Chartered and Certified Accountants (UK) and a Certified Internal Auditor from the Institute of Internal Auditors (US). He also has a Master's degree in Business Administration with a specialisation in Marketing from the University of Mauritius.

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 and past president of the Institute of Internal Auditors Mauritius.

Group Executive Committee (cont'd)

Yogendresing (Avinash) SOOBUL
CHIEF INNOVATION OFFICER

Gopala Krishnan (Sanjeeven) PERMALL
GENERAL MANAGER - CSL

Hurrydutt (Harry) LUKHOO
ACTING CHIEF HUMAN RESOURCES OFFICER

Nishi Sapna MUNBODH MOHUN
HEAD OF CUSTOMER EXPERIENCE

Group Executive Committee (cont'd)

Yogendresing (Avinash) SOOBUL

CHIEF INNOVATION OFFICER

Avinash Soobul has a Bachelor of Engineering Degree in Electronics and Communications with specialisation in the mobile and networking fields. He has over 19 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 pre-paid 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.

Hurrydutt (Harry) LUKHOO

ACTING CHIEF HUMAN RESOURCES OFFICER

Harry Lukhoo holds a degree in Human Resources Management and Development (HRMD) and has completed an MBA with specialisation in HRMD at the Open University of Mauritius. He has also a strong academic background in Accounting and Finance and has twelve years of audit experience at a senior position in a well renowned firm of Chartered Accountants in Mauritius.

He joined MT in 1999 in the Finance Department and was subsequently posted to the HR Department where he spearheaded various strategic initiatives as well as managing the People Operations Section.

Harry is currently the Group's Acting Chief Human Resources Officer, with key task on delivering a better employee value proposition. He has the responsibility to champion a culture of excellence and innovation and to bring a holistic and strategic approach for the full range of human resource functions, with a particular focus on future of work, talent management, workforce planning, learning and development, safety and health, employees wellness and fostering a culture that supports diversity, equity, and inclusion.

Gopala Krishnan (Sanjeeven) PERMALL

GENERAL MANAGER – CSL

Sanjeeven Permall joined the Mauritius Telecom Group as General Manager of CSL on 1 November 2022. With over 15 years' leadership experience in the BPO sector, Sanjeeven is responsible for the overall management and operations of CSL, a wholly-owned subsidiary of the MT Group.

Sanjeeven has a first-class Bachelor's degree in Business Administration from the University of Madras (India) and a Diploma in Software Engineering from Aptech Computer Education.

He has been entrusted with accomplishing the transformation and enhancement of CSL's business value proposition. As a key player in leading the development and execution of the strategic decision of the BPO, Sanjeeven has started the implementation of a comprehensive growth strategy for the B2B and B2C markets, with the aim of contributing to the Group's growth and expansion.

Nishi Sapna MUNBODH MOHUN

HEAD OF CUSTOMER EXPERIENCE

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

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

She served as Manager Quality and Processes from 2010 to 2015, when she was appointed Head of Customer Journey and Quality Improvement. Since 2016, she has also been leading the Customer Experience Department where her roles include delivering an unmatched customer experience and leading the customer-service digital transformation.

Corporate Governance Report

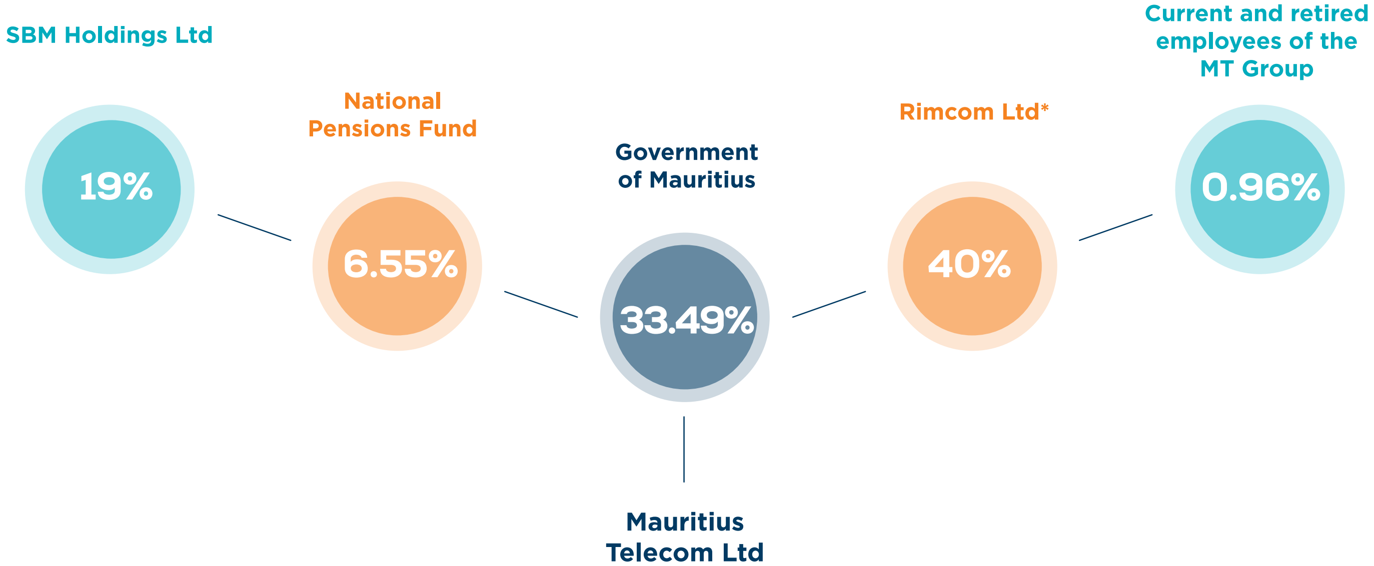
Mauritius Telecom Ltd ("the Company") is a public limited company and qualifies as a Public Interest Entity under the Financial Reporting Act 2004.

The application of the National Code of Corporate Governance (2016) 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.**

For the reporting period ended 31 December 2022, 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)

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 will 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 28 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 levels. 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 on page 6 under remuneration of directors.

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.

Corporate Governance Report (cont'd)

Board of Directors (cont'd)

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 once every quarter 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 an 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 42 to 55 of the Annual Report.

Company Secretary

The Company Secretary ensures the proper coordination 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.

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

Fees paid by the Company to the directors for 2022 are as follows:

Directors' Name		Board and Board Committee fees (Rs)
Nayen Koomar Ballah GOSK, Chairman	(to July 2022)	910,499
Ramesh Bheekhoo	(to 20 July 2022)	215,581
Koosiram Conhye	(to 20 July 2022)	211,981
Dheerendra Kumar Dabee GOSK, SC	(to 20 July 2022)	201,181
Dharam Dev Manraj GOSK	(to 20 July 2022)	211,981
Maxime Sauzier SC, Chairman	(from 21 July 2022)	648,000
Anandsing Acharuz	(from 21 July 2022)	138,100
Alain Ah-Sue	(from 21 July 2022)	134,500
Kritananda Naghee Reddy	(from 21 July 2022)	134,500
Neermal Saddul	(from 21 July 2022)	130,900

The Company paid a total fee of Rs 1,410,000 to Rimcom Ltd for the following directors:

- **Alban Lo Gatto**
- **Elsa Mainville**
- **Elisabeth Medou Badang**
- **Jean–François Thomas**

The directors have received no additional fees and/or allowances during the year.

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

In 2022, the Remuneration Committee was composed of the following Board members:

- **Nayen Koomar Ballah GOSK** (to 20 July 2022) - Chairman
- **Koosiram Conhye** (to 20 July 2022)
- **Dheerendra Kumar Dabee GOSK SC** (to 20 July 2022)
- **Alban Lo Gatto**
- **Elsa Mainville** (from 20 June 2022)
- **Neermal Saddul** (from 16 September 2022)
- **Anandsing Acharuz** (from 16 September 2022)
- **Alain Ah-Sue** (from 16 September 2022)

Corporate Governance Report (cont'd)

Committees (cont'd)

Remuneration Committee (cont'd)

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.

Note: No Remuneration Committee meeting was held during 2022.

Audit/Risk Management Committee

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

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

- **Elisabeth Medou Badang**
  Chairperson - (to 16 August 2022)
- **Koosiram Conhye**
  (to 20 July 2022)
- **Dharam Dev Manraj GOSK**
  (to 20 July 2022)
- **Ramesh Bheekhoo**
  (to 20 July 2022)
- **Jean-François Thomas**
- **Elsa Mainville**
- **Anandsing Acharuz**
  (from 9 August 2022)
  Chairman (from 16 August 2023)
- **Alain Ah-Sue**
  (from 9 August 2022)
- **Kritananda Naghee Reddy**
  (from 9 August 2022)

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 or on the scope of the right to information required for its review. He reports on audit findings on a regular basis to the Audit Committee.

External Audit

The external auditors, Messrs Deloitte, were appointed for the statutory audit of the financial year ended 31 December 2022. 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 Annual Report's Business Review section.

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 Annual Report's Business Review section.

Corporate Governance Report (cont'd)

Business continuity

Business continuity plans allow Mauritius Telecom to have a holistic approach to sustain operations during any crisis. The ability to identify, detect, prevent and prepare for events that may disrupt normal activities, as well as the identification of mission critical processes, have enabled the implementation of business continuity plans, thus enabling the smooth delivery of services. Business continuity management is good business practice because it enables organisations to sustain essential functions across a broad spectrum of disruptions and emergencies. It includes all types of scenarios, ranging from system or component failures, software upgrades to a man-made or natural disaster that may broadly impact any assets including buildings and/or people.

The above has been achieved though proper risk assessment and business impact analyses. The business impact analysis has been performed to understand which business processes are important. These "critical" business processes are provided with special protection in the framework of business continuity management and precautions are taken in case of a crisis. Strategies have been devised based on the assessment and business continuity plans developed. They involve specifying redundant systems, back-up sites, employee communications and alternative work sites. Suppliers have been involved in case of long outages or support required. Maintaining customer service and proper communication following a crisis, and procedures to be followed up to normalisation have been defined. Losing critical systems, processes or data because of an interruption in the business can have a large impact on the Company's reputation, lead to customer dissatisfaction and can result in financial loss.

The business continuity plans are tested regularly simulating real-case scenarios to validate their effectiveness when a disaster occurs. This has enabled putting the plans in practice at short notice whenever required. Through simulation exercises, the recovery strategy is refined regularly to validate operational effectiveness. A crisis management plan and processes have been defined to enable use and escalation when required.

Physical security

At Mauritius Telecom, physical security is central to its ability to build resilience and a priority to safeguard people, assets and MT's reputation. The Company provides a secure environment for its employees, customers and partners no matter when, where and how business is conducted.

Over the years, Mauritius Telecom has deployed state-of-the-art CCTV and access control systems at all its premises, coupled with other physical security measures such as intruder alarms, intervention and monitoring system. The Company associates with competent physical security services providers, who have all the adequate resources to help meet Mauritius Telecom's physical security objectives.

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 as appropriate.

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

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

Corporate social responsibility (CSR)

CSR activities are detailed in the Annual Report's Business Review section. 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 Government of Mauritius' National Social Inclusion Foundation.

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 and 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 the safety of customers and employees.

Information Security

There is an information security policy in place which applies to all Mauritius Telecom employees, suppliers and other parties who have access to MT information assets. This policy aims at protecting and securing information.

The information security within the Company protects information from a range of threats and it aims to preserve:

i. Its confidentiality, by ensuring information is accessible only to those who are authorized to have access. Physical and logical access controls are always in place with staff regularly made aware of relevant requirements.

ii. Its integrity, by safeguarding the accuracy and completeness of information processing methods.

iii. Its availability, by ensuring that authorized users have access to information and associated assets when required.

The Group Executive Committee is responsible for the information security strategy and ensures that necessary tools, methods, and resources are available and in place to combat security risks and threats.

The Information System department is responsible for implementing decisions taken by the Group Executive Committee.

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.

The calendar of key events 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's 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 2022 (2021: Nil).

There was no political funding made during the financial year ended 31 December 2022 (2021: Nil).

On behalf of the Board of Directors

P C **COLIMALAY**
COMPANY SECRETARY

17 May 2023

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 2022**

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:

1. 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.

2. The Organisational Website will be updated to address compliance, approval, monitoring and review process with respect to the Code of Corporate Governance in relation to Organisation's Constitution, Code of ethics, Organisational Chart, job descriptions of senior governance positions, Board's Charter and major accountabilities within the Organisation.

3. 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 code.

4. Mauritius Telecom does not have a Whistleblowing policy in place for the moment. The Company intends to implement a Whistleblowing policy for use by all its employees, stakeholders, and members of the public so that people are encouraged to disclose information about fraud, bribery, financial misconduct and other form of corruption or theft.

Signed by:

Maxime **SAUZIER**

CHAIRMAN

17 May 2023

Alain **AH-SUE**

DIRECTOR

17 May 2023

Board and Board Committee Attendance 2022

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

	BOARD OF DIRECTORS MEETING	AUDIT/RISK MANAGEMENT COMMITTEE
No of meetings held	8	5
Directors		
N K Ballah GOSK (to 20 July 2022)	5	n/a
R Bheekhoo (to 20 July 2022)	5	3
K Conhye (to 20 July 2022)	5	2
D K Dabee, GOSK SC (to 20 July 2022)	5	n/a
D D Manraj GOSK (to 20 July 2022)	5	3
A Lo Gatto	8	n/a
E Mainville	8	5
E Medou Badang	8	5
J F Thomas	8	5
M Sauzier SC (from 21 July 2022)	3	n/a
A Acharuz (from 21 July 2022)	3	2
A Ah-Sue (from 21 July 2022)	3	2
K Naghee Reddy (from 21 July 2022)	2	1
N Saddul (from 21 July 2022)	3	n/a

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

Note: No Remuneration Committee was held in year 2022.

Directors' Report

The Directors have pleasure in presenting their 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 2022.

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 Company's wholly-owned subsidiaries 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 Mauritius Telecom Group's media and communications arm. It manages Group 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 to 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 1,103,741 (2021: Rs'000s 617,813) and Rs'000s 201,575 (2021: Rs'000s (46,824) respectively.

Earnings per share for the year were Rs 5.81 (2021: Rs 3.25 per share).

The audited consolidated and separate financial statements for the year ended 31 December 2022 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 2022:

Mauritius Telecom Ltd

Nayen Koomar Ballah GOSK
(to 20 July 2022) - Chairman

Maxime Sauzier SC
(from 21 July 2022) - Chairman

Anandsing Acharuz
(from 21 July 2022)

Alain Ah-Sue
(from 21 July 2022)

Ramesh Bheekhoo
(to 20 July 2022)

Koosiram Conhye
(to 20 July 2022)

Dheerendra Kumar Dabee GOSK SC
(to 20 July 2022)

Alban Lo Gatto

Elsa Mainville

Dharam Dev Manraj GOSK
(to 20 July 2022)

Elisabeth Medou Badang

Kritananda Naghee Reddy
(from 21 July 2022)

Neermal Saddul
(from 21 July 2022)

Jean-François Thomas

Directors' Report (cont'd)

Cellplus Mobile Communications Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 16 September 2022) - Chairman

Babou Nootun Shamsingh Guddoy
(to 29 March 2022)

Nirmala Ramjhuria
(to 16 September 2022)

Mariam Rajabally
(29 March to 9 December 2022)

Yagianath Rosunee
(from 16 September 2022)

Yogendresing Soobul

Call Services Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 25 August 2022) - Chairman

Conrad Colimalay

MT Services Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 23 September 2022) - Chairman

Nirmala Ramjhuria
(to 23 September 2022)

Yagianath Rosunee
(from 23 September 2022)

Teleforce Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 25 August 2022) - Chairman

Conrad Colimalay

Telecom Plus Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 26 September 2022) - Chairman

Conrad Colimalay

Nirmala Ramjhuria
(to 26 September 2022)

Preetam Kumar Ramsoondur
(to 26 September 2022)

Mohammad Bilal Molabaccus
(from 26 September 2022)

Yagianath Rosunee
(from 26 September 2022)

Yogendresing Soobul
(from 26 September 2022)

MT Properties Ltd

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 23 September 2022) - Chairman

Nirmala Ramjhuria (to 23 September 2022)

Conrad Colimalay (from 23 September 2022)

MT International Ventures PCC

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 1 August 2022) - Chairman

Conrad Colimalay

Directors' Report (cont'd)

Mauritius Telecom Foundation

Manvendra Singh
(to 1 July 2022) - Chairman

Kapildeo Reesaul
(from 26 September 2022) - Chairman

Nirmala Ramjhuria
(to 26 September 2022)

Yagianath Rosunee
(from 26 September 2022)

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 the 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
- 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 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 592,800 were declared during the year ended 31 December 2022 (2021: Rs'000s 275,500).

Donations

There was no donation made by the Group during the year ended 31 December 2022 (2021: Rs'000s nil).

There was no political funding made during the financial year ended 31 December 2022 (2021: nil).

Auditors

The fees payable to the auditors for audit services for the year ended 31 December 2022 are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Audit services	8,750	6,510	4,911	2,940

Non-audit fees paid to Deloitte for consultancy work amounted to Rs 1,200,000 (2021: nil)

The re-appointment of the 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 on the results achieved.

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

Maxime **SAUZIER**
CHAIRMAN

13 April 2023

Alain **AH-SUE**
DIRECTOR

13 April 2023

Innovating and enriching MT services

Helping small businesses

The internet has proved vital for the survival of many businesses in these challenging times. To better accompany small businesses in their digital transformation, on 17 January, Mauritius Telecom launched my.t Start-Up, a plug-and-play solution for start-ups. Other new Business Boost offers were also introduced, proposing more capacity and greater speed for the same price. The 1Gbps Business Boost offer was also launched.

The best of live sports and entertainment on Showmax with my.t

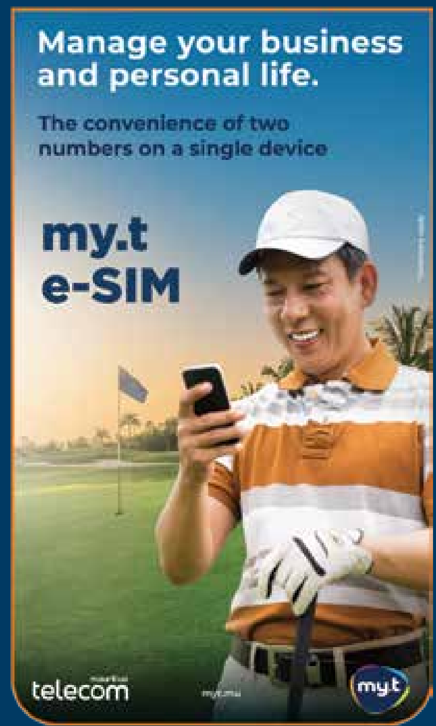
In January, my.t introduced a new TV experience for its subscribers with the launch of Showmax, following a partnership between Mauritius Telecom and the streaming service. Showmax provides the best of sports, especially the cream of European football: the Champions League, Europa League, FA Cup, Carabao Cup and of course the Premier League, as well as the very best of entertainment. In November and December, my.t subscribers were among those who could enjoy the 64 matches of the Qatar World Cup 2022, as all the matches were broadcast live on Showmax.

Mauritius Telecom supports the PRA

On 31 March, Mauritius Telecom and the Petrol Retailers Association (PRA) announced a partnership to help petrol stations suffering from a drop in their profit margins - no commission is applied when paying for fuel through my.t money.

Launch of my.t eSIM

Mauritius Telecom launched yet another innovation on 12 May, the my.t eSIM (embedded SIM), a virtual SIM card. There is no need to insert a physical card as the SIM is integrated within the smartphone, thus opening up new possibilities and uses for its customers.



my.t money Superapp: the first superapp in Mauritius

The first superapp in Mauritius was launched by MT on 23 June in the presence of the Minister of Information Technology, Communication and Innovation, Deepak Balgobin. More than a simple mobile wallet, my.t money Superapp regroups all Mauritius Telecom's mobile applications on its platform, as well as innovative services and unique functionalities. In addition, my.t money is now available in Rodrigues.

Further digitalisation of public services

On 9 June, a framework agreement was signed between Mauritius Telecom and the Ministry of Information Technology, Communication and Innovation for the enhancement of the Government Intranet Systems (GINS) whereby additional government sites will be connected over the next three years, including secondary schools in Mauritius and Rodrigues.

Achievements

One million my.t mobile customers

Mauritius Telecom achieved a major milestone in May, when the company reached one million my.t mobile clients. To celebrate this event, MT offered various benefits to thank its customers for their loyalty.

Best Workplaces Mauritius 2022: MT in the top three companies

Mauritius Telecom is in the top three of the best companies to work for in Mauritius in the category of companies employing more than 50 people. This award is placed under the Great Place to Work Mauritius label - Best Workplaces.

Fortinet Awards: MT receives two awards

Fortinet conferred Mauritius Telecom with its Commercial Partner of the Year 2021 Award, as well as its MSSP (Managed Security Service Provider) Partner of the Year 2021 Award. MT's CEO Kapil Reesaul received the awards from the Country Manager for the SADC Region, Paul Williams, at the Telecom Tower on Tuesday 12 October 2022.

Ookla award

my.t was designated Fastest Mobile Network in Mauritius. The recognition was awarded by Ookla the global leader in fixed broadband and mobile network testing applications, data and analysis.

Closer to its customers

New Telecom Shop at the airport

On 6 July, Mauritius Telecom opened a counter at the SSR International Airport to make its services more accessible, especially to passengers. The latter can buy and register for an eSIM or a physical SIM card. It is also possible to buy smartphones, MiFi and data packs there.

New location for the Telecom Shop in Quatre Bornes

Now located on the corner of Avenue des Capucines and Royal Road, the premises are more spacious and offer additional facilities. The new Quatre Bornes Telecom Shop was inaugurated on 12 September by CEO Kapil Reesaul and DCE Michel Degland.

Regional cooperation

MT shares its digital expertise with Gambia

In the context of a study tour in October, a Gambian delegation headed by the Minister of Communications and Digital Economy, Ousman Bah, had a meeting with the CEO Kapil Reesaul and other key members of MT management team. The Gambians also had the opportunity to learn about the company's key innovations and services, and in particular my.t money. The delegation visited the state-of-the-art Tier IV MT Data Centre in Rose Belle.

Promoting MT team's wellness

Launch of Cassis Futsal

The Cassis Futsal was inaugurated on 19 May 2022. MT staff now have their own space to enjoy futsal and other sporting facilities such as volleyball and petanque. Baby foot, dominoes and other indoor games are also available.

MT Culinary Competition

Held in October, the MT Culinary Competition 2022 brought together some twenty participants in two categories, the preparation of a main course and a dessert. They were judged by chefs Ramesh and Deven of the Gold Crest Hotel on the three criteria of presentation, originality and taste.

Promoting MT team's wellness (cont'd)

Visit to Rodrigues

In October, a delegation comprising the CEO Kapil Reesaul, the CTO Yagianath Rosunee and the Acting CHRO Hurrydutt Lukhoo were in Rodrigues, where they had work sessions with the management team and staff members. Moreover, the winners of the RCSA (Rodrigues Corporate Sports Association) football tournament were rewarded by the CEO. In addition, the delegation paid a courtesy visit to the Deputy Chief Commissioner of Rodrigues.

my.t Broadband Challenge 2022

The my.t Broadband Challenge rewarded staff for their contribution to sales. The winners received their awards from the CEO Kapil Reesaul on 6 December at Telecom Tower. This initiative was part of the my.t Broadband Festival offering three months rental free service from 9 July to 12 September 2022. The purpose was to attract new customers to my.t's Home Internet & TV and Showmax packs, and also encourage existing customers to upgrade their subscriptions.

Supporting social initiatives

The capital welcomes its first MUGA

Through its subsidiary, MT Foundation, Mauritius Telecom continued to show its commitment to the well-being of the population with the opening of MUGA La Tour Koenig, the first MUGA in the capital and the sixth in Mauritius. This technology-enabled sports complex was inaugurated on 26 November by Prime Minister Pravind Jugnauth and MT's CEO Kapil Reesaul.

Supporting social initiatives (cont'd)

CJSOI Games 2022: MT as Platinum Sponsor

Mauritius Telecom contributed to the success of the 12th CJSOI (Commission de la Jeunesse et des Sports de l'Océan Indien) Games held in Mauritius as platinum sponsor and technology partner. A memorandum of understanding was signed between the parties concerned on Monday 28 November at the National Sports Complex, Côte d'Or.

BUSINESS REVIEW

REVENUE

Business Review (cont'd)

Enterprise Solutions

Business environment

After two years of disruption resulting from the Covid-19 pandemic, Enterprise Solutions (ES) sharpened its focus in 2022 to accelerate the digital drive by supporting its customers as they adapt to the new normal.

The re-opening of the country's borders and the easing of sanitary restrictions contributed to an increase in business activity, most notably in the hospitality sector. This had a positive impact on ES revenue and, with the easing of travel restrictions, an increase in roaming-out revenue was also noted.

There has been sustained revenue growth from cloud and ICT services for several years and 2022 was no exception. On the other hand, traditional telecommunication services, such as fixed voice and data connectivity, continued to trend downwards.

Overall, revenue grew by 4% in 2022 from its 2021 total.

Ongoing disruption in the global supply chain

ES partners with several established suppliers worldwide for the supply of ICT equipment. Covid-19 continued to have a profound impact on the global supply chain with disruption in production and a significant increase in demand from customers as the world moved to a new normal, with hybrid working, faster rollout of digitalisation projects and adoption of cloud services. As a result, the completion of several projects was delayed in 2022 with a negative impact on ES revenue.

Customer service experience

At the core of MT's transformation is building simpler and more automated processes, to the benefit of its customers. In the first quarter of 2022, it reviewed its broadband offers and introduced a 1Gbps business boost service. It also launched a new internet access service, my.t Start-Up, with an on-the-fly installation approach. Customers were able to order my.t Start-Up through an online portal and a pre-configured equipment kit was delivered within one working day via a courier service.

Digital and cloud transformation

Digital transformation has become a key priority for businesses to stay relevant and competitive, especially after the challenges faced during the Covid crisis. In this respect, an increasing number of customers have been embracing cloud solutions to enable them to operate efficiently and reduce operational costs. Enterprise Solutions focused therefore on the delivery of customised solutions from its expanding portfolio of cloud and ICT services.

Vertical approach

In 2022, a new commercial structure was put in place to better service our customers. Customer behaviours and their needs have evolved with new technologies, new market conditions and new ways or working. They expect a high level of engagement and a specialist approach to deliver a complete solution. The sales team in Enterprise Solutions has been reorganized into verticals to meet our customer expectations as well as fulfilling our business objectives to tap into new market opportunities.

The best performing vertical in 2022 was the Hospitality and Healthcare sector. A revenue growth in the Finance vertical was also observed. Revenue from the Retail and Manufacturing verticals were lower than expected.

ISO certification

Enterprise solutions successfully completed the ISO 9001 2015 recertification audit exercises in late 2021 and the subsequent surveillance audit in the last quarter of 2022. The current ISO certificate for Enterprise Solutions quality management system remains valid until December 2024.

Certifications and awards

Enterprise Solutions continued to assist MT in transiting from being a traditional telecommunications company to a technology provider. Emphasis was placed on sales and technical teams completing product certification from technology vendors such as Fortinet, Palo Alto, Veeam, Microsoft Azure and 3CX. In 2022, Enterprise Solutions achieved advanced partner status with Fortinet. Furthermore, Mauritius Telecom was presented with two awards by Fortinet for Commercial Partner of the Year and MSSP (managed security service provider) Partner of the Year for Indian Ocean Islands.

Consumer Market

Although the Covid-19 sanitary restrictions were significantly reduced during 2022, Mauritius Telecom maintained its level of health and sanitary safety norms in all Telecom Shops to ensure a safe environment for both its employees and customers. However, Telecom Shops were able to celebrate many cultural festivals, including Divali, Eid al-Fitr and the Assumption of the Virgin Mary, through the sharing of cakes and traditions.

Emphasis continued to be placed on decreasing the waiting time in all shops through "dynamic welcoming", a pro-active queue management approach introduced in the previous year to enhance the quality of MT's first contact with its customers and their service experience.

In July 2022, Mauritius Telecom opened a new shop in the arrival lounge of SSR International Airport to enable tourists to acquire a local SIM tailor-made to their needs, so that they can easily access the internet or communicate with their relatives both locally and internationally during their stay. Tourists have the possibility to opt for an eSIM or a physical SIM before they travel via MT's online portal and then collect it at MT's shop counter upon arrival.

The Quatre Bornes Telecom Shop was relocated in September 2022. The new shop has a larger commercial area compared to the previous one. A new concept was introduced for the infrastructural set-up, providing an enhanced and appealing layout.

In September 2022, a survey was introduced in all Telecom Shops to collect customers' immediate feedback using a tablet placed near the exit. This feedback is then analysed and used to enhance MT's operations.

Rodrigues

Some 1,600 additional customers were connected to the fibre network during 2022, making a total of 5,500 by the end of December.

In December 2022, a new base station was added to the mobile network at Montagne Cabris to improve the coverage and quality of service.

Mauritius Telecom was awarded the contract to install Wi-Fi access points at 23 sites in Rodrigues, to provide free Wi-Fi facilities to the public. The commissioning for all the 23 sites was completed in September 2022.

Government Solutions and Special Projects (GSSP)

At the beginning of 2022, the GSSP Department was awarded a new framework agreement for the Government IntraNet System (GINS), following a bidding exercise by the Ministry of Information Technology, Communication and Innovation (MITCI). The project consists of offering high-speed connectivity to 533 government sites over a period of three years in line with the government's digital transformation strategy. Mauritius Telecom has therefore introduced cutting-edge software-defined wide area network (SD-WAN) technology that, aside from providing high-speed connectivity, will also enhance and simplify network management. On the project's completion, the SD-WAN network will be one of the largest SD-WAN deployments in Mauritius.

Being a managed service, the project requires close collaboration between several MT departments – GSSP, Networks, Field Intervention and SOC – in order to ensure the high level of service delivery required. As part of this project, new processes had to be engineered and staff were trained to harness SD-WAN possibilities. Implementation is still in progress but the main government sites have already been migrated to the new GINS network. The aim is to complete the first phase of the project, involving more than 200 sites, by March 2023.

The implementation of the ICTA's free Wi-Fi Zone project also progressed significantly despite implementation challenges faced on site. More than 80% of zones are already operational and the remaining sites are scheduled to be completed in early 2023.

As part of the roadmap for the development of the Citizen Support Unit (CSU), a chatbot was introduced on its website in collaboration with the MITCI, the PMO and MT's Innovation Department.

The GSSP Department was also involved with the MITCI and the Ministry of Land Transport and Light Rail in the development of a smart parking solution. The project will offer a digital alternative to parking coupons and is due to be rolled out in 2023, once current parking regulations are updated.

Wholesale

Roaming business recovered in the year under review, despite the Covid-19 pandemic, following an increase in tourist arrivals mainly in the second half of 2022. Consequently, roaming revenue more than doubled compared to 2021. This positive trend in revenue is expected to continue in 2023.

Revenue from app-to-person SMS business stabilised in 2022 following the implementation of MT's SMS firewall, which effectively blocked unofficial routes, and new agreements signed with aggregators.

However, revenue from international data-carrier business remained impacted by the effects of the pandemic on multinational companies. This trend is expected to continue in 2023, with businesses adopting strategies to reduce their communication costs.

International traffic volumes have decreased in recent years, while there has been a worldwide trend for international voice call costs to increase. This has been driven by regulators in some countries, who have been encouraging local operators to levy origin-based surcharges on incoming international traffic from high-cost locations in order to balance income deficits.

Business Review (cont'd)

Cellplus

The my.t mobile network continued to offer high service levels in 2022 with the deployment of new mobile sites and the upgrading of the capacity of more than 125 existing sites, in order to provide the best customer experience on the market.

To celebrate crossing the threshold of the Cellplus network recording one million users, all pre-paid customers were offered free calls and texts as well as mobile data on 17 May 2022. The network seamlessly sustained the additional load.

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

Business Review (cont'd)

Marketing

Embracing the hybrid TV and OTT model

In 2022, Mauritius Telecom got off to a flying start in January with the launch of Showmax, a top-notch subscription-based streaming service that bundles the best of international entertainment with live sport from SuperSport. Through this partnership with Showmax, MT changed the TV landscape in terms of programme availability.

Showmax brought the greatest football championships live to my.t customers and football fans in Mauritius: UEFA Champions League, English Premier League, Nations League, Conference League, Serie A and La Liga, as well as the UEFA Europa League, FA Cup and Carabao Cup, which were not available through MT's main competitor. MT was also delighted to be able to offer the 64 FIFA World Cup Qatar 2022 matches to its customers.

Over and above a wide range of live sports, Showmax also offers a variety of award-winning TV shows, films, documentaries and children's programmes, thereby meeting the needs of the whole family.

Boosting the SME sector

Having identified a gap needing to be filled for aspiring entrepreneurs in the SME sector wanting to set up a small business quickly, Mauritius Telecom launched my.t Start-Up, a simple to use plug-and-play internet offer. The package consists of 1TB unlimited mobile data, a 4G router and 150 minutes free calls to my.t mobile and fixed lines. In addition, Club App 3CX was offered as an option to help SMEs stay connected with their teams through unlimited calls.

To meet market demand and to further promote the SME sector, MT also reviewed its Business Boost packages and came up with a series of new offers providing more benefits to SMEs, faster internet and more volume for the same price as well as an ultrafast 1Gbps offer.

Improving everyday life through fintech

As many petrol stations were no longer accepting payment by credit card due to high commission rates, Mauritius Telecom partnered with the Petroleum Retailers Association to enable payment to be made using my.t money, free of charge for both customers and petroleum retailers.

One million my.t mobile customers

In May, Mauritius Telecom reached the historic milestone of one million mobile customers. To celebrate this landmark, remarkable in a country with a population of less than 1.3 million, the Company came up with special offers for both prepay and postpay customers. Prepay mobile customers benefited from free calls, free SMS and free data for 24 hours, while postpay customers enjoyed a 10% discount on their rental for the month of May 2022. Moreover, during that month, to celebrate with its customers across all segments, MT offered a discount of up to 50% on the purchase of smartphones in Telecom Shops, as well as discounts on three-month unlimited data packs and two months free on new subscriptions to Postpay 500, 1000 and 2000.

my.t mobile recognition from Ookla

Mauritius Telecom's efforts to provide excellence received recognition from Ookla for its my.t mobile service, receiving the Speedtest Award for the Fastest Mobile Network in Mauritius. Ookla is a world-renowned leader in network intelligence and connectivity insights and has set industry standards for fixed and mobile network testing and analysis.

eSIM, a 'simless' experience

The eSIM has recently been gaining worldwide momentum and MT launched its own my.t eSIM in May 2022. This embedded SIM offers numerous benefits to mobile customers. They can enjoy a second number on their iPhone and other compatible smartphones and smartwatches, and can easily switch from one SIM to another.

The my.t eSIM has also proved very useful to tourists travelling to Mauritius as they just have to pre-register on the myt.mu website before travelling and then, upon their arrival in Mauritius, activate their eSIM at the Telecom counter at the airport.

This new counter means MT is the very first mobile operator tourists will come across on arrival, so that they can immediately be in contact with family and friends.

my.t money Superapp set to revolutionise the payments industry

In June, Mauritius Telecom launched my.t money Superapp, a first of its kind easy-to-use superapp in Mauritius. The daily payment limit was increased to Rs 50,000 to meet customer expectations and the my.t money Superapp is connected to all commercial banks in Mauritius. It now allows instant digital money transfer from any Mauritian bank account to a my.t money wallet and vice versa through the local Instant Payment Switch system. Payments can be done seamlessly by scanning any national QR code, online through a dynamic QR code and using in-app payments. Another popular feature facilitates recurring utility bill payments.

MUGA La Tour Koenig

In November, Marketing also played an important role in promoting the new MUGA in La Tour Koenig, details of which are provided elsewhere in this Report.

Innovation

In line with MT's digitalisation plan, in 2022 the Innovation team focused on delivering a range of software-based projects for both internal and external customers. To provide better visibility and control, the team also implemented various dashboards and reports with the help of MT's big data platform.

2022 projects

MT futsal booking

As part of MT's wellness initiative, an online booking system was introduced, accessible for MT staff through its Pulse system, to manage daily bookings for the Cassis futsal pitch.

CJSOI 2022 website

As the main sponsor for the Indian Ocean Youth and Sport Commission's (CJSOI) 2022 games, MT developed a website giving information about the event, locations, results etc.

Digitalisation

To be able to have better control and understanding of the market, and ensure customer satisfaction, analytical dashboards and reports were developed for internal use.

MT launched several robotic process automation (RPA) projects that allow manual and often tedious tasks to be automated.

Mobile map coverage

This back-office tool has enabled MT's customer service agents to better troubleshoot mobile coverage-related queries. The system provides a dynamic map showing 2G/3G/4G mobile network coverage throughout the main island and Rodrigues.

Pulse staff loan

MT provided a micro-loan scheme at a preferential rate through its Pulse mobile app. The loan ceiling and repayment terms were dynamically calculated based on an employee's net revenue.

Footmania

For the FIFA World Cup in Qatar, a score prediction app was developed for use on Facebook to increase MT's brand engagement.

BeSafeMoris

To support the Government of Mauritius during the Covid-19 vaccination campaign, the beSafeMoris app was updated to provide a more practical and digital version of a person's vaccination card.

New offers for Business Boost customers

An automated portal was developed to allow customers to more easily upgrade their existing Business Boost package.

Shop feedback app

This portal was deployed in all MT Shops to enable customers to rate their in-store customer experience.

Partnership offers & voucher redemption portal

The system, whereby Showmax packages are offered to eligible customers having made MT purchases with its RedLine Marketing partner, was automated.

Club App 3CX

The introduction of this portal allows SMEs to register for broadband and other facilities.

Work is also underway on the following projects:

- **BillPay Business**
  A tool to allow businesses to easily view and pay their MT bills.
- **Selfcare**
  An innovative mobile application to allow customers to manage all the services they have with MT.
- **Digital KYC**
  In view of the increasing adoption of digital services, a digital KYC solution is being implemented to allow remote enrolment to services, to comply with the ICTA new SIM card regulations.
- **Ordering platform for the business portal**
  A portal to allow MT partners to register orders from customers requesting business services and products.
- **Enterprise 3CX portal**
  A portal to allow enterprises to register for broadband and other facilities.
- **New TV interface**
  The revamping of the my.t user interface deployed in the my.t TV box.

BUSINESS REVIEW

SERVICE

Business Review (cont'd)

Call Services Ltd (CSL)

CSL was set up in 1999 as one of the first contact centres in Mauritius and over 23 years has evolved into a multi-service provider. It is one of the largest employers in the sector in Mauritius with over 400 full-time staff. CSL provides business continuity with resilience and agility by ensuring a seamless operation for clients' critical services, with a hybrid model of operation for both working from home and office on a round-the-clock basis.

CSL has been managing many organisations' contact centres since its inception. Its portfolio of services has broadened from mere directory enquiries to such technological and advanced services as provisioning of data services, support for technicians and high-level troubleshooting for business customers.

An added benefit deriving from this wide range of services for both the private and public sector has been a contribution to economic development through the creation of jobs, skills and competences both in Mauritius and Rodrigues.

Strategy

Over the years, CSL's strategy has moved from acting as a traditional contact centre and become a fast growing, high-tech and innovative business process outsourcing (BPO) service provider. It can now address major issues and empower employees to provide a customer-centric approach.

As systems became more complex, it became essential to adopt a global and integrated approach, with a more appropriate and future-oriented organisational and operational structure. This is regularly reviewed to adapt to the changes.

Moving up the value chain

CSL constantly aims to enhance its solutions and to provide customers with a connected journey that spans over multiple channels, whilst continuing to retain a personalised and human touch. The implementation of full channel integration (omni-channel capability) focuses on connecting a range of customer interactions, thereby enhancing customers' overall experience.

It continued to work towards unifying back-office and front-office operations by streamlining its processes, bringing a higher resolution rate on first contact and integrating a range of technology and digital channels. It is now evolving towards predicting customer trends in order to pro-actively anticipate queries and ensure first-line resolution.

People engagement and development

CSL adopts a strategic approach to learning and development within the organisation. A capacity needs analysis is conducted to identify both current and future knowledge, skill and competency needs.

It continued to maintain an updated training and development database on identified and established individual training needs and requirements. It further started to reformulate its training policy and elaborate an annual training and development plan, stipulating the required training hours and learning accounts for each member of staff, in order to facilitate employees' growth and career development.

Aiming at upskilling and multi-skilling its staff, CSL provided training on the professional approach and service needed when customers use online chat service. As a further part of its move towards digitalisation, CSL has sought to explore more opportunities, especially for non-voice activities such as chatbots, social contacts and other chat/messaging channels.

Field Intervention

Customer connections and faults

Compared with 2021, the number of connections increased considerably in the year under review, with about 32,000 new residential and business customers including 3,100 in Rodrigues. Meanwhile, about 180,000 faults were cleared on field for both consumer and enterprise services.

Smart city developments

In line with the Smart City Scheme, MT has deployed fibre network and provisioned services to three on-going projects: Moka Smart City, Beau Plan Smart City and Tribeca Central.

Field intervention projects

In order to improve the quality of service, in February MT started a bulk migration of customers from the ZTE platform to the Huawei IPTV platform, during which about 72,000 set-top boxes were successfully swapped.

Furthermore, 400 business customers had been upgraded to the fibre gigabit passive optical network (GPON) by the end of December 2022, to help improve performance and manage services in a more efficient way.

Business Review (cont'd)

Field Intervention (cont'd)

Across the country meanwhile, in collaboration with the Information and Communication Technologies Authority (ICTA), 194 free Wi-Fi zones were created and brought into operation.

Mauritius Telecom was also awarded the GINS 2.0 project, which was launched by the Ministry of Information Technology, Communication and Innovation to upgrade its current multiprotocol label switching (MPLS) network to a more resilient one. The project concerns 265 sites including 47 secondary schools. Nine sites had been upgraded by December.

Service Operations Centre

The Service Operations Centre (SOC) fulfilled its objective of ensuring that customers obtain the services they subscribed to seamlessly and hassle-free. It intervened on specific parts of customer-related processes to add value, examined tasks executed by entities to ensure rigour, carried out service assurance and monitored the status of services to avert any deterioration.

In addition to the above ongoing activities, two major changes were initiated in the year under review to further support the quest for service excellence:

- The setting up of a service laboratory (Service Lab)
- The implementation of an intelligent digital service-quality dashboard

The Service Lab was the natural consequence of the re-engineering of the existing processes, providing a new platform for the implementation of the end-to-end testing of products and services.

The tests focused not only on products' technical possibilities and characteristics but also on their actual ease of use and customer friendliness. The Lab thereafter made recommendations on the performance of each product for final shortlisting and selection.

A further enhancement was also worked on, through which the examination of a product's performance in an actual customer environment could be undertaken.

The whole infrastructure, tools, process and resources around this main change are still being put in place and a model will be implemented to ensure this activity is made as effective as possible.

In parallel, the SOC began work on an intelligent digital service-quality dashboard to give a near real-time large-scale overview of service quality. It will enable issues and/or gaps in prevailing service-quality levels to be detected immediately through colour codes. The dashboard will then allow drilling down these issues for corrective and preventive measures. The ultimate goal is to incorporate predictive analysis within the dashboard to allow issues to be tackled even before customers notice them.

While the construction of this dashboard is under way, a few near real-time service-quality indicators and trends were successfully implemented from existing systems and tools, while new tools are procured.

Existing activities were maintained and executed, ensuring an overall improvement in service delivery time. Follow up across the service-fulfilment value chain allowed both businesses and consumers to obtain and enjoy the set of services to which they were subscribed.

Meanwhile, a degree of digitalisation was implemented in the complaint-management process, to enhance effectiveness and reduce errors. This targeted those parts of the value chain that could discard manual operations.

The digitalisation initiative is intended to be the driver of significant changes and a roadmap was defined for improved organisation, planning and execution. Analysis of repeated and routine tasks will be carried out to determine where wider digitalisation and automation will be useful, not least to further improve complaint handling time.

In the field of service assurance, considerable emphasis was placed on the IPTV service. Extensive investigation was carried out on the equipment used by customers in their premises. This identified causes of gaps in service quality and resulted in action being taken to upgrade equipment software.

The project to improve IPTV service has not yet reached its conclusion but it is progressing steadily with the aim of ultimately achieving world-class quality.

The SOC unit that provides after-sales support on special services for businesses and the government conducted round-the-clock monitoring, to ensure that these services were operating effectively both locally and internationally. Immediate action was taken to correct any abnormal behaviour as soon as it was detected.

Service Operations Centre (cont'd)

In addition to monitoring planned works by other departments, the SOC participated in and remotely executed projects related to different network and system upgrades aimed at improving service performance, while at the same time ensuring there was no loss in continuity in services. It also went a step further by carrying out technical interventions for some businesses on their own premises, a measure that was very well received.

The SOC is taking steps to be even better equipped with the required systems, tools, processes and resources to be at the heart of the delivery process and the maintenance of service quality to customers. Current near real-time insight on some services will be extended to all services, to provide a complete and comprehensive impact map. Implementation of predictive capabilities on events affecting customers' experience will follow, to avoid any need for customers to make a complaint.

Customer Experience

Customer Experience Department (CX) collaborates with various departments to enhance customer satisfaction and staff engagement.

Customer satisfaction results

During 2022, the quality of a customer's experience in dealings with Mauritius Telecom was given even greater priority. CX increasingly focused on a data-driven approach in order to predict all aspects of a customer's interaction with MT and ensure a very high level of service delivery at customer touchpoints and in relation to MT's products. It laid emphasis on service delivery and quality, continual improvement, operational efficiency and digitalisation.

The positive feedback received through continual customer experience surveys bear witness to the durable relationship that has been forged with business as well as residential customers. Customer perceptions of MT's standards are measured through two indicators, a customer satisfaction index (CSI) and a net promoter score (NPS). Compared with the previous year, the CSI and NPS for MT's target markets remained stable, the CSI for the consumer market at 78 and the NPS at 39. For the business market, the CSI was also stable at 78 while the NPS was maintained at 40.

Service to customers

When customers choose an MT product or service, they look for high quality and reliability. The Company, its employees and partners strive to live up to these expectations. This is a major contributing factor in maintaining the solid reputation of Mauritius Telecom in the country's social and economic landscape.

The Service Review Committee, spearheaded by CX, is an interdepartmental workgroup. It has matured into a well-oiled machine that has successfully addressed issues, minor and major, in a constructive manner. Several initiatives focused on issues that mattered most to MT's customers:

- **Service alerts**
  CX played an active role in several initiatives that aimed to ensure that speedy restoration followed any disruption to service, with customers being kept informed of developments.
- **TV service**
  An in-depth customer journey analysis was undertaken in order to understand customer problems and drive action plans. This led to an improvement in viewers' TV experience. Other departments are now empowered with highly-detailed knowledge and techniques to resolve issues.
- A particularly useful feature was the creation of a digital and simplified troubleshooting guide for TV using a QR code. This resulted in a decrease in technical interventions, fewer complaints and a reduction in repair costs.
- CX teams worked continually to make customers' interactions with the Company as seamless, convenient and personalised as possible. They ensured that, at every contact with MT's touchpoints, customers were encouraged to transition to 4K, enabled to be smoothly integrated with the system and then witness an image revolution. The result was a 30% or so increase in conversion rates.
- **Mobile service**
  CX reengineered the process that enables a faster connection to MT's 4G network throughout the island. The improvement encouraged more users, especially youngsters (Generation Z), to adopt MT's offerings.
- **Cloud service**
  CX teams spoke to leaders in the business community in order to understand their needs and expectations. This was followed up by Enterprise Department which formulated solutions adapted to this segment, including plans that enabled targeted customers to move to a new cloud computing experience.

Business Review (cont'd)

Customer Experience (cont'd)

Continual improvement

CX led a series of continual improvement projects and actions that enjoyed a high success rate. Prime emphasis was maintained on bringing solutions to customer and staff problems. Results included:

- Connection to fixed-line services within one day increased by 29%
- Fault repairs within one day increased by 20%
- On-line resolution of customer requests increased by 20%
- Increased adoption rate of MT's digital services (Selfcare, my.t money, online shop)
- The constant monitoring of service and introduction of useful digital tools contributed to transforming customers' experience with the call centre, by further decreasing waiting time and enhancing the quality of information and response.

Operational efficiency

CX increased operational efficiency in several respects, including:

- ensuring the accuracy of order taking and billing systems for fixed line, internet, TV and Showmax services
- increasing the automation of processes
- reducing waste through cutting-edge techniques that extend the lifetime of equipment
- providing visibility to customer-facing and operational teams on their daily activities through timely and accurate reports, resulting in the faster execution of tasks.

Digital solutions

The CX team devised novel digital solutions, geared towards customer care, on tools utilised by customer-facing and non-customer facing employees. All these were supplemented with training in order to empower frontline staff.

Eighteen such digital projects driven by Customer Experience were successfully implemented company-wide, resulting in increased conversion rates and customer retention, and a reduction in costs.

Support to staff

Customer Experience Department continued to manage an extensive knowledge portal (KMC), covering the complete range of Mauritius Telecom products and services. Used as a daily reference tool, it addresses the immediate needs of staff and partners during their interactions with customers, and helps speed up the resolution of issues and queries. It also provides increased visibility for promotional offers, resulting in sales being concluded instantaneously.

It also launched a service digital dashboard for the almost immediate visibility of service requests, contributing to their accelerated treatment.

Moreover, following a meticulous study of field activities, CX reviewed the troubleshooting process and proposed appropriate digital solutions. This led to faster and more accurate fault resolution.

Standards

The MT Data Centre security management systems were successfully recertified to ISO 27001:2013 and PCIDSS standards, while Enterprise Solutions' services were re-certified to the ISO 9001:2015 quality standard.

Outlook

The team aims to maintain and further improve service levels by pursuing the digitalisation of MT's main activities. This should lead to the re-inforcement of the competitive advantage that MT has as a trusted partner in most segments. The main focus will be on e-care and an omni-channel digital experience.

BUSINESS REVIEW

INFRASTRUCTURE

Business Review (cont'd)

Networks

Broadband network

During 2022, Mauritius Telecom upgraded its nationwide transport network to cater for a 35% year-on-year growth in broadband traffic. This growth is attributed to the increase in MT's residential customer park as well as customers migrating to higher speed broadband packages. The transport network upgrade helps MT to keep its leadership in providing high-quality broadband services.

Mauritius Telecom also pursued its strategy to modernise its aggregate and core network equipment for the seamless integration of future services such as Cloud, 5G, IoT and SD-WAN.

ISP network

Mauritius Telecom improved the international connectivity capacity and diversity of its internet points of presence (PoPs) located in Africa, Europe and Asia. Local cache capacity and subscriber connection gateways were also scaled up to enhance subscribers' broadband experience, especially for streaming services.

In order to provide island-wide in-built service resiliency, as well as enhanced security protection against denial of service (DDoS) attacks, new domain name servers (DNS) were introduced into the ISP network.

Mobile networks

In 2022, the focus of the mobile network was on building resiliency to improve network availability. This was done by upgrading the geographical redundancy of the core network for mobile data subscribers accessing the internet.

With the aim of providing the best experience to its customers, MT embarked on a three-year capacity upgrade plan for its 4G network. The first phase was successfully completed in 2022 and mobile data customers were able to experience a notable improvement in terms of throughput and time to access contents. We consolidated our position as the fastest mobile network in Mauritius.

IPTV networks

In 2022, Mauritius Telecom was a major broadcaster of the Football World Cup 2022 in Qatar with all 52 matches shown live on the Showmax service. Consequently, the IPTV and Content Delivery Network (CDN) platforms were equipped with additional capacity and redundant links to provide 4K streams during the football matches.

Data centres

Mauritius Telecom continued its investment in its cloud-ready data centres in Rose Belle and Rose Hill, which provide business users with world-class quality service. The data centres feature optimum physical and biometric security and are supported by a 365x24x7 network operations centre.

Mauritius Telecom completely revamped its power resiliency architecture in the Rose Belle Data Centre and implemented new grounding arrays and surge reduction filters. It also upgraded its building management system (BMS) with a new platform that enables Mauritius Telecom to manage and optimise the Data Centre's power usage effectiveness (PUE).

Green Initiative

Over the past few years, MT has demonstrated its responsibilities towards the environment through a number of actions. Heavy investments in new technologies have considerably reduced its equipment footprint and allowed for the closure of a number of exchanges.

Moving forward, MT undertakes to align itself with Government commitments taken at COP21. For that matter, one of the key strategic initiatives of MT for the next 5 years, will focus on the Green Initiative. Accordingly, a number of projects are currently being contemplated covering the use of renewables in our energy mix, reduction of carbon dioxide emission and circular economy.

In order to align with best practices adopted by telecom operators worldwide, we are following guidelines as set out in the ESG framework of the GSM Association.

BUSINESS REVIEW

SUPPORT & ENABLERS

Business Review (cont'd)

Information systems (IS)

The IS Department covers several functions designed to simplify both internal and external customers' lives. Key activities during 2022 included:

Systems

The stability of business critical systems was maintained, while additional application developments supported the time-to-market strategies of new products and services launched during the year.

In line with its digital strategy, MT introduced an API gateway to facilitate such functions as billing, customer care, trouble ticketing, self-service, helpdesks and system monitoring.

As part of the technological evolution of global systems for mobile communication (GSM), MT also upgraded its systems to support new products for mobile services in the form of eSIMs and tourist-SIMs.

Online services

Enhancements were made to online portals and applications, resulting in their greater usage. Furthermore, manual processes were automated to provide prompter service.

Data governance

Various policies, tools, and controls were introduced to further enhance the security and reliability of data.

Optimisation

One of MT's focus areas was the introduction of a new cash payment system, which has enabled the Company to reduce queuing time for its regular shop users.

Business customers

A few key projects are in the pipeline aiming at completion and go-live in 2023. For example, a dedicated enterprise CRM and Cloud infrastructure is currently being implemented to give more flexibility when serving and managing business customers.

Human Resources

Safety and wellness

Mauritius Telecom leaves no stone unturned to ensure its employees' health and safety. Even as the impact of Covid-19 declined, the Company's Safety and Health team continued to carry out regular campaigns to re-inforce the sanitary protocol against the pandemic.

Every year, the Company enhances its efforts to promote a wellness agenda to the benefit of its workforce across the Group to ensure a work life balance. To this end, the following main campaigns and activities were pursued during the year:

- Numerous wellness programmes, including daily wellness and gym classes.
- Personalised health and wellness programmes.
- Yearly health promotion programme and medical screening for staff so that they have a better understanding of their health status and the factors which may increase health risks.
- A diversified range of health and well-being care and talks by industry professionals, including on aspects of mental, physical and social well-being.
- Regular communication sessions to reinforce sanitary protocols.
- The Company's affiliation with the Fédération Mauricienne de Sports Corporatifs (FMSC), enabling MT's employees to participate in a range of sports activities. The Company's football team was ranked third in the FMSC 2022 Football Championship, while its Rodrigues team won a football tournament organised by the Rodrigues Corporate Sports Association (RCSA).
- Launch of MT Futsal at Cassis, a facility opened to all MT Group employees with two futsal courts, community and other recreational games.
- The conduct of simulated fire drills in MT's Tier IV Data Centre and on other MT sites, as well as sessions on the essentials of safety and health at work and safe working practices.

Learning and development

With the weakening of the pandemic, more emphasis was placed on face-to-face learning and development initiatives. Management and leadership courses were offered through partners as the MIoD, DoraCrea and the PMI. Staff were also offered professional courses such as Six Sigma and PMP. Supplier certification and a professional development programme, launched in 2019, were continued.

The Company also continues to harness and enhance its workforce's capabilities and competencies for the present and future through a comprehensive yearly training needs analysis (TNA). Accordingly, a learning and development approach has been crafted that encompasses engaging a diverse and distributed workforce. Various learning and development programmes, with a high emphasis on emerging technology, have been put in place to sustain the Company's transformation to a more technological one.

Great Place to Work – Best Workplaces

The Company welcomed its ranking as the third best Mauritian workplace. The Company is now aiming even higher by further enhancing its internal culture and practices.

Staff loan – A people initiative

An exciting and first of its kind staff loan was launched, through which MT Group employees applied for a multipurpose loan with a competitive interest rate and a repayment term of five years.

Looking forward

To ensure a positive employee experience, the focus is now on creating purpose-driven Human Resources Department in line with a set of defined Company values. HR is equipped to connect with a multigenerational workforce by linking ethical HR and wellness initiatives to its larger purpose and goals, thus helping it to connect better with employees, and help them craft their careers. The department continues to support the business strategy in its innovation endeavours. As such various digital HR activities are in the pipeline to elevate the department through digitalisation. The Telecom Campus is geared to move up the value chain and contribute to the Company growth.

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. MTG 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.

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

Although the Group's risk-management approach facilitates appropriate identification, assessment and control of risks to its operations and corporate strategy, nevertheless there may be some risks which are unknown today or some which were considered of little significance but which may become important later. The global tensions caused by Russia's invasion of Ukraine and the decision of Western security alliances to become indirectly involved in the conflict by providing arms, could extend the war beyond Ukraine's borders, dampen economic activity, affect global trade and further disrupt the global supply chain. Likewise, the impact of climatic change on businesses and electromagnetic energy are examples of unforeseen risks likely to affect economies and businesses worldwide.

Risks present both challenges and opportunities. Just like Covid-19 has brought headwinds and challenges, such as major disruption to economies, businesses and societies around the world, it has also provided tailwinds of digitalisation that Mauritius Telecom may be able to exploit. 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 risk types faced by the Group are disruptions caused by Covid-19 pandemic, financial, regulatory, competitive, technology, cybersecurity, data protection and privacy, network failure and catastrophe, economic slowdown and people.

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

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.

Business Review (cont'd)

Risk Management (cont'd)

Pandemic risks/Covid-19

The Group's business and operations have been affected since the emergence of the Covid-19 pandemic, which has caused major disruption to economies, businesses and societies around the world. While most countries have begun to transition towards treating the virus as endemic and are cautiously easing measures on the basis of high vaccination rates, the risk of the emergence of new variants is likely and overall economic and business recovery remains uncertain. Since the onset of the pandemic, the Group has prioritised the safety of its employees and is continuing to adapt its health and safety protocols in response to the evolving situation and government regulations. The effect of the pandemic on global supply chains is still being felt in the procurement of network systems, equipment, handsets and devices. Any delay from a vendor is likely to have an impact on the deployment, installation, upgrade, operation and maintenance of network infrastructure and the delivery of equipment, handsets and devices to the Group, and affect its operations. Changes in domestic and global economic conditions may have a material adverse effect on the demand for services and hence on MT's financial performance and operations. Major economic uncertainty with high inflation could have a big impact on customers, weakening demand, making them less willing to pay for premium services and increasing the risk of bad debts. Constant monitoring is being carried out on the impact of the pandemic on MT's business and financial conditions. To mitigate any impact, the Group regularly revisits plans to adjust its strategies to adapt to the post-Covid-19 world.

Financial risks

Like many businesses, the main risks to the Group's financial assets and liabilities are foreign exchange fluctuations, interest rate changes, liquidity and increased credit defaults. These risks are exacerbated *inter alia* by high inflation, central banks increasing interest rates, economic uncertainty following the Covid-19 pandemic and the escalation of tension between Russia and Western countries and their allies. These are expanded in note 32 of the Financial Statements.

Industry disruption and competition

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

Increasing competitive intensity is 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. Business models in the telecommunication industry are also challenged by the disintermediation of handset and providers as some digital service providers can directly supply multimedia, video content, applications and services to end consumers on demand. Not responding effectively to competition can result in the 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 to have the best converged network, transforming itself to be fitter and lean, phasing out old services and offers, implementing a strategy of broadening its solution portfolio to cover new areas of customer needs, 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 continuously investing in providing customers with an experience that stands out from that of its competitors.

Technology risk

With the rapid digitalisation of services in the aftermath of Covid-19, 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 deliver disruptive services and innovative price-competitive products but, on the other hand, make it harder to monetise previous network investment. Integrating new technologies into existing networks and systems could also result in compatibility issues, delays and increased costs. The Group is therefore compelled to invest more to expand its solutions and offers to meet customers' changing needs and secure network leadership in an increasing competitive market. It monitors developments in technology and competitor activity, identifies emerging technology, assesses in what ways customers will adopt it and invests accordingly, often a long time before the demand materialises. The 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 the impairment of some assets which may have a material effect on financial results.

The Group is mitigating this risk by monitoring technological developments and timing and diversifying its investment to generate new business revenue and growth beyond traditional telecommunication services, while phasing out legacy technology.

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 purposes such as network development and extension, operations and maintenance, supply of handsets and equipment, customer provisioning and content provision. With the global disruption of the supply chain following the outbreak of the Covid-19 pandemic, trade tensions between the US and China, the escalating conflict between Russia and Western nations and their allies over Ukraine, natural disasters, political unrest, longer lead times for deliveries due to chip shortages in the market, MT's operations and reputation may be affected by third-party vendors or their supply chains. They may be unable to stick to their commitments or there may be severe delays in their providing equipment and services. To mitigate supply risk, MT and key vendors closely monitor the situation, longer lead times are factored in on order placements and the development of new relationships favoured to avoid being dependent on a small number of suppliers.

Security and resilience

The Group's network is critical to MT's 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 their growing number of connected home devices, rely heavily on the robustness of MT's infrastructure. They could face disruption to the services provided if vulnerabilities in the Group's networks or IT systems are not fixed or they are not resilient enough. Other key threats include extreme weather events, natural disasters, malicious attacks, equipment failures, power disruptions, loss of key third-party service providers and human errors. The Group monitors its IS and fixed and mobile network performance and it has business capabilities, strategies, alternative work areas and plans in place, which are subject to continuous review, to respond and recover from any critical service disruption, featuring backup sites, system redundancy and business recovery. The aim is to protect customers and respond quickly to incidents by reducing any impact, 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 cyber security risks such as financially motivated ransomware attacks, denial of service attacks as a result of hacking tools, phishing scams and disruptive malware becoming more sophisticated and accessible to attackers. The rapid digitalisation of applications and the increasing prevalence of remote working arrangements in the aftermath of the pandemic have also increased exposure to cybersecurity risks. The Group's business is heavily dependent not only on the resiliency of its network infrastructure and supporting systems but also runs risks from security vulnerabilities in third-party products and services used to support Group business operations or serve its customers. Exposure is further intensified with the growing dependency of customers on uninterrupted connectivity. Unless adequately protected from cyberattack, theft or other malicious activities, this could result in disruption to the Group'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 risks, in addition to a multi-layered security framework to ensure there are relevant preventive, detective and recovery measures, the Group is committed to best practice security policies and to tools and processes to protect its applications, systems and networks. Moreover, it also promotes staff security awareness and good security hygiene through campaigns and training. The Group also regularly carries out security assessments, 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. With innovation cycles getting shorter and shorter, this results in the challenge of having to bring out new products and services, such as the easy-to-use plug and play type, at shorter and shorter intervals. The Group's capacity and ability to respond are tied to the agility of its internal processes and the capability and flexibility of its people. The recovery of the labour market after the pandemic has intensified the competition for talent, while the loss of key personnel can adversely affect the Group's business.

Business Review (cont'd)

Risk Management (cont'd)

Talent management, innovation and agility (cont'd)

To manage such risks, the MTG continues to enhance its employer branding to attract and retain specialised and key talents to enrich its pool of key competencies, hiring externally where there is scarcity, enhancing its people skills and grooming successors. 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 a world-class customer experience, with 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 regulatory action that could damage MT's reputation, public trust and brand image. To lessen such risks, the Group maintains processes to ensure that regulations are being followed carefully, supplying timely and accurate information to the regulators when required, closely monitors new developments, and 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.

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 these risks by regularly reviewing investment performance, performing annual viability assessments to make contributions less volatile and negotiating funding requirements with the pension administrator. To contain wider growth in retirement benefit obligations, all defined benefit schemes were closed to new members in 2007. All employees who joined the Group thereafter are under a defined contribution scheme.

Reputational risk

Reputation is key to the 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

2022 was a year the telecommunications sector began to recover from the Covid-19 pandemic. New challenges and opportunities emerged in this digitalised and competitive environment, including in the legal and regulatory fields.

The most significant legal and regulatory developments included:

The ICT Sector

ICT (Registration of SIM) Regulations 2021

On 30 December 2021, the Ministry of Information, Technology, Communication and Innovation had promulgated the ICT (Registration of SIM) Regulations 2021. The objective of the Regulations is to control the sale and use of SIM cards to deter illegal activities. The entry into effect of the Regulations has now been postponed until 30 June 2023.

eSIM

On 5 January 2022, the Information and Communication Technologies Authority (ICTA) approved Cellplus' eSIM service. Unlike the traditional SIM card that has to be inserted, an eSIM comes pre-embedded into a device as a tiny chip.

ILD licence fees

The ICTA amended the Regulations related to fees payable by international long-distance (ILD) licensees. Under the new Regulations, the annual fee payable by ILD licencees will be at a flat rate of Rs 100,000 or the equivalent of 0.8 % of the audited gross turnover for the previous operational year, whichever is the higher, but not exceeding Rs 2,000,000 (the previous flat rate).

i. Universal Service Fund (USF)
On 10 October 2022, the ICTA published a consultation paper on the USF requesting operators for views and comments.

The existing USF regulation requires only ILD and mobile operators to contribute to the USF. The consultation paper proposes that all licencees will be required to pay a percentage of their annual gross turnover into the USF.

ii. Fraud tracking
In 2010, the ICTA decided to introduce fraud tracking equipment to detect (ILD) operators in Mauritius charging less than the prescribed termination rate.

As from 1 September 2010, every ILD operator was required to pay a fraud-tracking account charge to the ICTA. Mauritius Telecom contributed into the fraud-tracking account from October 2010 to October 2012.

As the mechanism was never operational, ILD operators entered a case against the ICTA and the Supreme Court ruled that ILD operators were not required to contribute into the fraud-tracking account.

On 14 Feb 2022, Mauritius Telecom entered a claim in the Supreme Court against the ICTA for the refund of its contribution into account. On 28 October 2022, the ICT Authority refunded Mauritius Telecom the total amount it had contributed.

1. Broadcasting sector
In 2022, the Independent Broadcasting Authority (IBA) brought regulatory changes to the broadcasting environment, which included changes to Mauritius Telecom's Internet Protocol television (IPTV) service: As from 1 June 2022, the new applicable IPTV service licence fees were amended to Rs 2 million or 0.25 % on the gross annual turnover figures of the preceding year, whichever is the higher.

Amendments were made to Mauritius Telecom's IPTV service licence by imposing additional obligations, most notably seeking approval from the IBA prior to any intended increase in customers' subscription fees and giving any TV subscriber, upon written notice and payment of outstanding fees, the right to terminate services after 12 months.

2. Fintech sector
Payment Service Provider Licence

On 6 June 2022, the Bank of Mauritius issued a Payment Service Provider (PSP) licence to Cellplus Mobile Communications Ltd to provide payment services. The PSP licence allows Cellplus to become a full participant in the financial ecosystem by interconnecting with all banks through the Mauritius Central Automated Switch (MauCas). The transaction limit was increased from Rs 5,000 to Rs 50,000.

Digital onboarding solution

Following representations by Cellplus, the Bank of Mauritius issued new guidelines regarding digital onboarding of customers on 10 March 2022.

Under the new guidelines, Cellplus will be able to introduce appropriate technological solutions for non-face-to-face customer onboarding.

BUSINESS REVIEW

MUGA Futsal

Distribution of musical instruments to senior citizens

MUGA

SOCIAL

Mauritius Telecom Foundation

Mauritius Telecom through its Mauritius Telecom Foundation subsidiary is fully committed to upholding its corporate social responsibilities. Operating since 2009, the Mauritius Telecom Foundation has funded to the fare of Rs 343M major national projects that promote social and economic integration and also the fight against poverty.

Health, fitness and wellness

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

After the success of its first five MUGA (MUGA Phoenix, MUGA Tyack, MUGA Triolet, MUGA La Source and MUGA Goodlands), MTF in the presence of the Hon Prime Minister and CEO of Mauritius Telecom inaugurated another MUGA on Saturday 26 November 2022 in La Tour Koenig region of Port Louis. Construction has already started for another seven MUGA across the island (Beau Vallon, Bel Air, Central Flacq, Malherbes, La Flora, Sainte Croix and Poudre d'Or Hamlet).

It also sponsored six items of gym equipment for the Riviere des Anguilles Village Council to promote sporting activities in the locality.

Mobility

Wheelchairs are among the most relevant equipment that can promote mobility, particularly in the elderly and those with walking impairments. However many of those who suffer from a walking impairment cannot afford to buy a wheelchair and this limits their social integration and stops them from living a normal life. The Mauritius Telecom Foundation has continued to honour its commitment to help people with disability by distributing some 45 commode wheelchairs in 2022.

Transforming lives through education

In 2022, the MTF continued to help underprivileged children have better access to education. Accordingly, the Foundation again gave a helping hand to parents who find themselves in difficulty with the purchase of school materials for their children, with some 128,500 exercise books and 4,669 school bags being distributed to children in need.

Putting a smile on children's faces

The Mauritius Telecom Foundation donated gifts across the island to children in disadvantaged areas during the Christmas period. It also distributed toys to some children's shelters such as Pure Mind Haven and Gayasingh Ashram.

A better environment for a better tomorrow

In line with the Government's policy regarding the prohibition of the use of plastic bags, the Foundation distributed long-lasting and re-usable bags to the general public.

Technological Support

In 2022, the Foundation helped many NGOs that provide remedial classes to students from disadvantaged backgrounds, including the NGO Angel Special School and Welfare Association.

It also helped such children by donating appropriate technological tools and internet connections for educational purposes.

Promoting music culture

Music is considered a universal language, encompassing the imagination of the human mind and representing creative freedom. Music can be seen as a form of therapy and has been demonstrated to be effective for seniors, especially those suffering from Alzheimer's disease.

In 2022, the Foundation donated 25 sets of musical instruments to some senior citizen associations across the island.

Rodrigues

The Foundation donated Rs 1 million of its CSR funds to help NGOs in Rodrigues. Like Mauritian projects, the aim of the NGO projects in Rodrigues is to help needy families.

Customer excellence above all

Our dedicated team of professionals is passionate about serving our customers and delivering the highest levels of satisfaction, day in and day out. There is a commitment to excellence in all that we do.

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 "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 108 to 181, which comprise the statements of financial position as at 31 December 2022, 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 2022, 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' International 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 2021 and 1 January 2021 and for the year ended 31 December 2021. 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.

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.

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.

Financial Reporting Act 2004

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 public interest

Independent auditor's report to the Shareholders of Mauritius Telecom Ltd (cont'd)

entity has failed to satisfactorily explain the reasons for non-compliance with the requirements of the Code with respect to Points 2, 3 and 4 as described in the statement of compliance.

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	**R. Srinivasa Sankar, FCA**
Chartered Accountants	Licensed by FRC

19 May 2023

FINANCIAL STATEMENTS

for the year ended 31 December 2022

Consolidated and Separate Statements of Financial Position

as at 31 December 2022

	Notes	THE GROUP			THE COMPANY		
		31 December 2022	31 December 2021	01 January 2021	**31 December 2022**	31 December 2021	01 January 2021
		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	**15,616,330**	15,372,439	15,678,251	**13,497,797**	13,425,481	13,838,745
Intangible assets	6	**1,649,426**	1,637,433	1,618,506	**1,077,856**	1,083,709	1,118,023
Right-of-use assets	36(i)	**529,877**	581,422	493,361	**439,142**	413,066	392,737
Investments in subsidiaries	7	**-**	-	-	**842,408**	842,408	842,408
Equity investments at FVTOCI	9	**201,871**	197,974	202,575	**201,871**	197,974	202,575
Loan to subsidiary	10	**-**	-	-	**53,138**	84,794	113,735
Contract assets	12	**229,548**	310,676	356,338	**229,548**	310,676	356,338
Other receivables	13	**175,532**	82,756	90,534	**178,422**	82,756	90,534
Deferred tax asset	18	**457,783**	448,417	716,859	**416,836**	408,513	647,883
Total non-current assets		**18,860,367**	18,631,117	19,156,424	**16,937,018**	16,849,377	17,602,978
CURRENT ASSETS							
Inventories	11	**925,800**	658,267	821,458	**772,751**	544,721	670,868
Trade receivables	12	**872,765**	939,384	993,820	**719,390**	779,215	823,397
Other receivables	13	**760,241**	810,968	566,796	**724,772**	752,419	514,540
Contract assets	12	**549,193**	423,116	447,166	**95,212**	80,516	70,258
Loan to subsidiary	10	**-**	-	-	**31,656**	28,941	26,459
Tax receivables	18	**6,928**	6,928	6,928	**6,928**	6,928	6,928
Cash and bank balances	37	**2,050,835**	2,392,636	1,602,943	**1,856,979**	2,199,069	1,479,880
		5,165,762	5,231,299	4,439,111	**4,207,688**	4,391,809	3,592,330
Assets classified as held-for-sale	38	**290,920**	290,920	301,450	**40,935**	40,935	51,465
Total current assets		**5,456,682**	5,522,219	4,740,561	**4,248,623**	4,432,744	3,643,795
Total assets		**24,317,049**	24,153,336	23,896,985	**21,185,641**	21,282,121	21,246,773

	Notes	THE GROUP			THE COMPANY		
		31 December 2022	31 December 2021	01 January 2021	**31 December 2022**	31 December 2021	01 January 2021
		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	**195,396**	191,499	196,100	**195,396**	191,499	196,100
Cash flow hedge reserves	44	**(189,609)**	(175,765)	-	**(189,609)**	(175,765)	-
Translation reserve		**(14,236)**	(14,236)	(14,236)	**-**	-	-
Retained earnings		**9,047,145**	8,336,978	6,433,216	**1,645,443**	1,838,439	678,144
Total equity		**9,228,696**	8,528,476	6,805,080	**1,841,230**	2,044,173	1,064,244
Non-current liabilities							
Loans	17	**3,145,167**	3,094,356	2,423,788	**3,145,167**	3,094,356	2,423,788
Lease liabilities	36(v)	**505,244**	553,867	435,151	**530,108**	491,156	458,951
Deferred tax liabilities	18	**64,067**	6,952	-	**-**	-	-
Retirement benefit obligations	19	**5,099,138**	5,303,621	7,184,759	**4,534,816**	4,773,749	6,607,823
Deferred revenue	22	**407,775**	407,556	423,921	**407,775**	407,556	423,921
Provisions		**47,467**	45,480	43,475	**5,193**	5,122	4,660
Other Payables	21	**310,651**	432,449	285,738	**305,947**	429,529	282,158
Total non-current liabilities		**9,579,509**	9,844,281	10,796,832	**8,929,006**	9,201,468	10,201,301
Current liabilities							
Loans	17	**62,314**	59,977	50,135	**1,305,467**	1,363,338	1,340,279
Lease liabilities	36(v)	**102,368**	97,840	115,338	**63,261**	44,240	43,265
Trade payables	20	**1,237,435**	1,742,719	2,192,939	**616,316**	1,041,289	1,372,940
Other payables and accrued expenses	21	**2,202,179**	2,184,685	2,287,065	**7,173,463**	6,446,084	6,085,847
Deferred revenue	22	**545,613**	473,173	464,855	**401,013**	327,840	328,026
Security deposits	23	**418,723**	417,621	440,695	**418,723**	417,620	440,695
Dividend payable	14	**844**	747	710	**844**	747	710
Current tax liabilities	18	**507,944**	422,651	366,327	**34,024**	41,075	20,126
Provisions	24	**378,207**	381,166	369,524	**349,077**	354,247	341,855
Bank overdraft	37	**53,217**	-	7,485	**53,217**	-	7,485
Total current liabilities		**5,508,844**	5,780,579	6,295,073	**10,415,405**	10,036,480	9,981,228
Total liabilities		**15,088,353**	15,624,860	17,091,905	**19,344,411**	19,237,948	20,182,529
Total equity and liabilities		**24,317,049**	24,153,336	23,896,985	**21,185,641**	21,282,121	21,246,773

Approved by the Board of Directors and authorised for issue on 13 April 2023.

Maxime **SAUZIER**
CHAIRMAN

Alain **AH-SUE**
DIRECTOR

The notes on pages 114 to 181 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 2022

	Notes	THE GROUP 31 December 2022 Rs 000s	THE GROUP 31 December 2021 Rs 000s (Restated)	THE COMPANY 31 December 2022 Rs 000s	THE COMPANY 31 December 2021 Rs 000s (Restated)
Revenue	25	**11,448,964**	10,876,890	**7,810,463**	7,831,991
Cost of sales		**(3,171,454)**	(2,724,361)	**(1,863,319)**	(1,687,269)
Gross profit		**8,277,510**	8,152,529	**5,947,144**	6,144,722
Other income	26	**268,097**	213,559	**1,128,825**	1,017,532
Operating expenses		**(6,930,099)**	(7,170,086)	**(6,360,123)**	(6,596,599)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	45	**(118,334)**	(242,772)	**(115,104)**	(197,503)
Profit/(loss) from operations	27	**1,497,174**	953,230	**600,742**	368,152
Other gains/(losses)	28	**25,546**	31,851	**72,838**	(23,397)
Finance income	29	**37,064**	31,890	**50,828**	45,850
Finance costs	30	**(263,091)**	(239,700)	**(577,254)**	(471,290)
Profit/(loss) before tax		**1,296,693**	777,271	**147,154**	(80,685)
Income tax (expense)/income	18	**(192,952)**	(159,458)	**54,421**	33,861
PROFIT/(LOSS) FOR THE YEAR, attributable to owners of the Company		**1,103,741**	617,813	**201,575**	(46,824)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of retirement benefit obligations	19	**243,299**	1,877,107	**238,830**	1,786,288
Deferred tax on remeasurement of retirement benefit obligation	18	**(44,073)**	(315,658)	**(40,601)**	(303,669)
Fair value gain on equity investments designated at FVTOCI	9	**3,897**	(4,601)	**3,897**	(4,601)
		203,123	1,556,848	**202,126**	1,478,018
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge movement	44	**(13,844)**	(175,765)	**(13,844)**	(175,765)
Other comprehensive income for the year, net of tax		**189,279**	1,381,083	**188,282**	1,302,253
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, attributable to owners of the Company		**1,293,020**	1,998,896	**389,857**	1,255,429
Earnings per share	31	**5.81**	3.25		

The notes on pages 114 to 181 form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2022

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 2021		190,000	196,100	(14,236)	-	6,685,107	7,056,971
- Prior year adjustment	43	-	-	-	-	(251,891)	(251,891)
As restated 1 January 2021		190,000	196,100	(14,236)	-	6,433,216	6,805,080
Profit for the year		-	-	-	-	617,813	617,813
Cash flow hedge on loan in USD	44	-	-	-	(175,765)	-	(175,765)
Other comprehensive income/(loss) for the year net of tax		-	(4,601)	-	-	1,561,449	1,556,848
Total comprehensive income/(loss) for the year		-	(4,601)	-	(175,765)	2,179,262	1,998,896
Dividend	14	-	-	-	-	(275,500)	(275,500)
At 31 December 2021		190,000	191,499	(14,236)	(175,765)	8,336,978	8,528,476
Profit for the year		-	-	-	-	1,103,741	1,103,741
Cash flow hedge on loan in USD	44	-	-	-	(13,844)	-	(13,844)
Other comprehensive (loss)/income for the year net of tax		-	3,897	-	-	199,226	203,123
Total comprehensive (loss)/income for the year		-	3,897	-	(13,844)	1,302,967	1,293,020
Dividend	14	-	-	-	-	(592,800)	(592,800)
At 31 December 2022		**190,000**	**195,396**	**(14,236)**	**(189,609)**	**9,047,145**	**9,228,696**

The notes on pages 114 to 181 form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity (cont'd)

for the year ended 31 December 2022

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 2021						
- As previously reported		190,000	196,100	-	880,327	1,266,427
- Prior year adjustment	43	-	-	-	(202,183)	(202,183)
As restated 1 January 2021		190,000	196,100	-	678,144	1,064,244
Loss for the year		-	-	-	(46,824)	(46,824)
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)	1,435,795	1,255,429
Dividend	14	-	-	-	(275,500)	(275,500)
At 31 December 2021		190,000	191,499	(175,765)	1,838,439	2,044,173
Profit for the year		-	-	-	201,575	201,575
Cash flow hedge on loan in USD	44	-	-	(13,844)	-	(13,844)
Other comprehensive (loss)/income for the year net of tax		-	3,897	-	198,229	202,126
Total comprehensive (loss)/income for the year		-	3,897	(13,844)	399,804	389,857
Dividend	14	-	-	-	(592,800)	(592,800)
At 31 December 2022		**190,000**	**195,396**	**(189,609)**	**1,645,443**	**1,841,230**

The notes on pages 114 to 181 form an integral part of these financial statements.

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2022

	Notes	THE GROUP		THE COMPANY	
		31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
		Rs 000s	Rs 000s (Restated)	Rs 000s	Rs 000s (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**1,296,693**	777,271	**147,154**	(80,685)
Adjustments for:-					
Profit on disposal of property, plant and equipment		**(2,900)**	(3,189)	**(3,401)**	(3,129)
Interest expense		**263,091**	239,700	**577,254**	471,290
Interest income		**(37,064)**	(31,890)	**(50,828)**	(45,850)
Dividend income		**(12,697)**	(20,340)	**(12,697)**	(20,340)
Retirement benefit obligations		**38,816**	(4,031)	**(103)**	(47,786)
Termination benefits		**(151,777)**	138,797	**(136,245)**	141,669
Depreciation of property, plant and equipment		**2,178,506**	2,197,653	**1,823,845**	1,913,008
Impairment of property plant and equipment		**24,279**	18,785	**12,310**	11,834
Amortisation of intangible assets		**320,046**	280,022	**205,063**	222,013
Depreciation on right-of-use assets		**112,185**	131,842	**79,957**	66,355
Provision for obsolete stock		**(28,655)**	7,864	**(11,916)**	15,192
Impairment losses on receivables and contract assets		**118,334**	242,772	**115,104**	197,503
Unrealised exchange loss/(gain)		**(420)**	(142,372)	**(3,050)**	(86,018)
Fair value adjustment for assets classified as held-for-sale		**-**	-	**-**	1,219
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,118,437**	3,832,884	**2,742,447**	2,756,275
(Increase)/decrease in inventories		**(238,878)**	155,327	**(216,114)**	110,955
(Increase)/decrease in trade receivables and contract assets		**(80,793)**	(2,612)	**37,346**	(57,401)
(Increase)/decrease in other receivables		**(42,050)**	(236,394)	**(78,341)**	(214,970)
(Decrease) in trade payables		**(504,181)**	(435,323)	**(424,973)**	(296,172)
Increase /(decrease) in other payables and accrued expenses		**345,345**	559,203	**361,829**	(419,512)
Increase/(decrease) in deferred revenue		**72,659**	(8,047)	**73,392**	(16,550)
(Decrease) /increase in provisions		**(972)**	13,647	**(5,099)**	12,854
CASH GENERATED FROM OPERATIONS		**3,669,567**	3,878,685	**2,490,487**	1,875,479
Taxes (paid)/refund		**(103,984)**	(137,538)	**(1,555)**	(3,349)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**3,565,583**	3,741,147	**2,488,932**	1,872,130
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	40	**(2,870,605)**	(2,685,847)	**(1,986,028)**	(1,101,471)
Purchase of intangible assets		**(332,039)**	(299,162)	**(199,210)**	(187,699)
Proceeds from sale of property, plant and equipment		**4,059**	4,602	**3,910**	4,542
Proceed from sale of asset classified as held-for-sale		**-**	10,530	**-**	9,311
Interest received		**21,193**	13,605	**34,957**	27,565
Dividend received		**12,697**	20,340	**12,697**	20,340
NET CASH USED IN INVESTING ACTIVITIES		**(3,164,695)**	(2,935,932)	**(2,133,674)**	(1,227,412)
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank loan received		**-**	468,367	**-**	468,367
Payment of lease liability		**(139,780)**	(171,159)	**(97,069)**	(80,887)
Interest paid		**(63,843)**	(55,324)	**(63,843)**	(55,324)
Dividend paid		**(592,703)**	(275,463)	**(592,703)**	(275,463)
NET CASH USED IN FINANCING ACTIVITIES		**(796,326)**	(33,579)	**(753,615)**	56,693
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(395,438)**	771,636	**(398,357)**	701,411
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**2,392,636**	1,595,458	**2,199,069**	1,472,395
Effect of exchange rate changes on the balance of cash held in foreign currencies		**420**	25,542	**3,050**	25,263
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	**1,997,618**	2,392,636	**1,803,762**	2,199,069

The notes on pages 114 to 181 form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2022

1. GENERAL INFORMATION

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

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 their operations and effective for accounting periods beginning on 1 January 2022.

New and revised standards that are effective for the current year.

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.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.

IFRS 3 Business Combinations: Amendments updating a reference to the Conceptual Framework.

IFRS 3 Reference to conceptual framework: Amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 framework.

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)

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 has been amended to link it to the EURIBOR. This amendment has been done in 2022 and has been applied prospectively. Following this amendment, the interest amount has not changed 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 to IAS 1 Presentation of financial statements and IFRS Practice Statements 2: Making materiality judgements - Disclosure of accounting policies (effective 1 January 2023)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments to the definition of accounting estimates (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)

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:

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Business combinations (cont'd)

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.

(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 recognise 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Revenue recognition (cont'd)

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 include 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:

	Estimated useful lives
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.

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 3 to 20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies (cont'd)

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

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

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

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

On the disposal of foreign operations (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to statement of profit or loss.
In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to statement of profit or loss.

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

(n) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

(iii) Current and deferred taxes for the year

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

(o) Cash and cash equivalents

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

(p) Retirement benefit costs and termination benefits

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Retirement benefit costs and termination benefits (cont'd)

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.

(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 taking; 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 to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (cont'd)

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

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain 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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (cont'd)

(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.

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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 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 terminates. 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.

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 use 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. As from 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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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

(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 2021	23,218	2,649,028	30,254,112	1,453,603	233,866	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	1,441,378	231,997	2,157,783	38,579,811
Additions	-	-	-	97	-	2,447,738	2,447,835
Disposals	-	(500)	(69,456)	(1,859)	(13,378)	-	(85,193)
Reclassification	-	(939)	(13,840)	2,560	-	12,219	-
Assets capitalised during the year	-	4,904	2,152,441	123,448	7,604	(2,288,397)	-
At 31 December 2022	**23,218**	**2,659,587**	**34,138,458**	**1,565,624**	**226,223**	**2,329,343**	**40,942,453**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2021	-	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
Charge for the year	-	65,870	2,023,673	70,525	18,438	-	2,178,506
Disposals	-	(500)	(68,358)	(1,824)	(13,352)	-	(84,034)
Impairment	-	-	24,279	-	-	-	24,279
At 31 December 2022	**-**	**1,502,672**	**22,375,174**	**1,234,761**	**213,516**	**-**	**25,326,123**
NET BOOK VALUE							
At 31 December 2022	**23,218**	**1,156,915**	**11,763,284**	**330,863**	**12,707**	**2,329,343**	**15,616,330**
At 31 December 2021	23,218	1,218,820	11,673,733	275,318	23,567	2,157,783	15,372,439

Impairment loss recognised during the year amounted to Rs'000s 24,279 (2021: Rs' 000s 18,785) was due to changes in technology.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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 2021	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
Additions	-	-	-	-	-	1,908,980	1,908,980
Assets capitalised during the year	-	4,904	1,692,710	79,285	7,604	(1,784,503)	-
Disposals	-	(500)	(58,279)	(1,859)	(13,378)	-	(74,016)
At 31 December 2022	**23,218**	**2,115,519**	**27,479,147**	**1,098,679**	**220,631**	**1,994,617**	**32,931,811**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2021	-	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
Charge for the year	-	49,664	1,700,779	54,964	18,438	-	1,823,845
Impairment	-	-	12,310	-	-	-	12,310
Disposals	-	(500)	(57,831)	(1,824)	(13,352)	-	(73,507)
At 31 December 2022	**-**	**1,245,473**	**17,152,811**	**828,086**	**207,644**	**-**	**19,434,014**
NET BOOK VALUE							
At 31 December 2022	**23,218**	**870,046**	**10,326,336**	**270,593**	**12,987**	**1,994,617**	**13,497,797**
At 31 December 2021	23,218	914,806	10,347,163	246,307	23,847	1,870,140	13,425,481

Impairment loss recognised during the year amounted to Rs'000s 12,310 (2021: Rs' 000s 11,834) was due to changes 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 2021	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
Assets capitalised during the year	(567,379)	567,379	-	(119,302)	119,302	-
Additions	332,039	-	332,039	199,210	-	199,210
At 31 December 2022	**235,345**	**4,134,132**	**4,369,477**	**157,958**	**2,842,190**	**3,000,148**
ACCUMULATED AMORTISATION						
At 1 January 2021	-	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
Charge for the year	-	320,046	320,046	-	205,063	205,063
At 31 December 2022	**-**	**2,720,051**	**2,720,051**	**-**	**1,922,292**	**1,922,292**
NET BOOK VALUE						
At 31 December 2022	**235,345**	**1,414,081**	**1,649,426**	**157,958**	**919,898**	**1,077,856**
At 31 December 2021	470,685	1,166,748	1,637,433	78,050	1,005,659	1,083,709

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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2022	**2021**
	Rs 000s	Rs 000s
At cost, unquoted		
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 2022 (2021: Nil).

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest		Type of Shareholding	Principal activity
			2022	**2021**		
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 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 as at 31 December 2022, 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		Type of Shareholding	Principal activity
			2022	2021		
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 2023. Refer to Note 38.

	THE COMPANY	
	2022	**2021**
	Rs 000s	Rs 000s
THE GROUP		
Opening balance	**-**	-
Share of profit during the year	**-**	-
Closing balance	**-**	-
THE COMPANY		
At cost		
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	
	2022	**2021**
	Rs 000s	Rs 000s
At 1 January	**197,974**	202,575
Fair value movement	**3,897**	(4,601)
At 31 December	**201,871**	197,974

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.

The Group and the Company hold 30% equity shares in HDM Interactive Ltd and do not have significant influence in that entity. The investment is held for strategic purposes. The investment is fully impaired.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

10. LOAN TO SUBSIDIARY

	THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
At 1 January	**113,735**	140,194
Movement during the year	**(28,941)**	(26,459)
At 31 December	**84,794**	113,735
Disclosed as follows:		
Current	**31,656**	28,941
Non current	**53,138**	84,794
	84,794	113,735

The loan to subsidiary is unsecured, repayable monthly and will mature in June 2025. The loan bears fixed interest at 9% per annum (2021: 9%). The carrying value of the loan to subsidiary approximate the fair value.

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories	**188,586**	176,139	**19,550**	29,867
Provision for obsolete stock	**(23,312)**	(44,368)	**(7,325)**	(11,642)
	165,274	131,771	**12,225**	18,225
Non-trading inventories	**774,233**	547,802	**774,233**	547,802
Provision for obsolete stock	**(13,707)**	(21,306)	**(13,707)**	(21,306)
	760,526	526,496	**760,526**	526,496
	925,800	658,267	**772,751**	544,721

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

Reversal of provision for obsolete stock amounts to Rs000's 6,091 (2021: additional provision Rs000's 7,864) for the Group and additional provision of Rs000's 10,649 (2021: Rs 000's 15,192) for the Company.

12. TRADE RECEIVABLES AND CONTRACT ASSETS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	**2,359,050**	2,317,774	**1,948,739**	1,903,792
Contract assets	**778,741**	733,792	**324,760**	391,192
Provision for doubtful debts	**(1,486,285)**	(1,378,390)	**(1,229,349)**	(1,124,577)
	1,651,506	1,673,176	**1,044,150**	1,170,407
Disclosed as follows:				
Non-Current				
Contract assets	**229,548**	310,676	**229,548**	310,676
	229,548	310,676	**229,548**	310,676
Current				
Trade receivables	**872,765**	939,384	**719,390**	779,215
Contract assets	**549,193**	423,116	**95,212**	80,516
	1,421,958	1,362,500	**814,602**	859,731
	1,651,506	1,673,176	**1,044,150**	1,170,407

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 defines 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 (2021: 210 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 Commissioner of Police and the public sector as the risk of default is very low.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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 2022.

THE GROUP

FIXED LINE SERVICES

Business Market		Trade receivables and contract assets - past due							
	Not yet past 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%**	**31%**	**16%**	**36%**	**56%**	**69%**	**51%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	122,256	18,198	13,755	9,258	7,967	4,599	7,140	271,805	454,978
Lifetime ECL (Rs 000's)	2,445	5,641	2,201	3,333	4,462	3,173	3,641	271,805	296,701

Consumer Market		Trade receivables and contract assets - past due							
	Not yet past 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%**	**29%**	**51%**	**61%**	**71%**	**76%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	355,910	59,480	30,582	16,563	15,332	10,845	13,798	490,787	993,297
Lifetime ECL (Rs 000's)	14,236	11,301	8,869	8,447	9,353	7,700	10,486	490,787	561,179

Public Sector		Trade receivables and contract assets - past due							
	Not yet past 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%**	**35%**	**37%**	**59%**	**62%**	**72%**	**81%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	35,597	11,691	2,422	1,442	1,619	1,020	1,740	84,305	139,836
Lifetime ECL (Rs 000's)	2,492	4,092	896	851	1,004	734	1,410	84,305	95,784

Postpaid Services		Trade receivables and contract assets - past due							
	Not yet past 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	**11%**	**26%**	**60%**	**50%**	**47%**	**65%**	**63%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	24,086	9,497	5,648	4,674	4,385	3,882	2,920	164,820	219,912
Lifetime ECL (Rs 000's)	2,553	2,467	3,377	2,326	2,077	2,524	1,830	164,820	181,974

Other Services		Trade receivables and contract assets - past due							
	Not yet past 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%**	**4%**	**4%**	**5%**	**4%**	**6%**	**10%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	616,719	87,624	64,598	61,689	55,195	65,395	57,706	320,842	1,329,768
Lifetime ECL (Rs 000's)	9,467	3,211	2,436	3,157	2,360	3,669	5,505	320,842	350,647

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 2022.

THE COMPANY

FIXED LINE SERVICES

Business Market		Trade receivables and contract assets - past due							
	Not yet past 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%**	**31%**	**16%**	**36%**	**56%**	**69%**	**51%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	122,256	18,198	13,755	9,258	7,967	4,599	7,140	271,805	454,978
Lifetime ECL (Rs 000's)	2,445	5,641	2,201	3,333	4,462	3,173	3,641	271,805	296,701

Consumer Market		Trade receivables and contract assets - past due							
	Not yet past 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%**	**29%**	**51%**	**61%**	**71%**	**76%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	355,910	59,480	30,582	16,563	15,332	10,845	13,798	490,787	993,297
Lifetime ECL (Rs 000's)	14,236	11,301	8,869	8,447	9,353	7,700	10,486	490,787	561,179

Public Sector		Trade receivables and contract assets - past due							
	Not yet past 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%**	**35%**	**37%**	**59%**	**62%**	**72%**	**81%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	35,597	11,691	2,422	1,442	1,619	1,020	1,740	84,305	139,836
Lifetime ECL (Rs 000's)	2,492	4,092	896	851	1,004	734	1,410	84,305	95,784

Other Services		Trade receivables and contract assets - past due							
	Not yet past 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%**	**5%**	**4%**	**8%**	**30%**	**13%**	**58%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	359,304	23,651	11,873	9,609	1,218	6,836	2,941	269,956	685,388
Lifetime ECL (Rs 000's)	341	1,183	475	769	366	889	1,706	269,956	275,685

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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 GROUP

FIXED LINE SERVICES

Business Market

		Trade receivables and contract assets - past due							
	Not yet past 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 past 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

Public Sector

		Trade receivables and contract assets - past due							
	Not yet past 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 past 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%	94%	
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 past 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%	3%	4%	9%	10%	16%	55%	98%	
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	367,762	388,451

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

FIXED LINE SERVICES

Business Market

		Trade receivables and contract assets - past due							
	Not yet past 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 past 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

Public Sector

		Trade receivables and contract assets - past due							
	Not yet past 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 past 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

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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

Provision on trade receivables/contract assets

	THE GROUP		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2021	154,050	1,318,274	1,472,324
Increase/(decrease) 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
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(64,471)	172,366	107,895
Balance at 31 December 2022	166,450	1,319,835	1,486,285

	THE COMPANY		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2021	114,515	1,063,283	1,177,798
Increase/(decrease) 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
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(64,396)	169,168	104,772
Balance at 31 December 2022	112,498	1,116,851	1,229,349

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

13. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Receivable from third parties	**432,713**	284,948	**415,987**	263,119
Prepayments	**457,247**	585,669	**441,394**	548,949
Related parties	**45,813**	23,107	**45,813**	23,107
	935,773	893,724	**903,194**	835,175
Disclosed as follows:				
Current	**760,241**	810,968	**724,772**	752,419
Non-Current	**175,532**	82,756	**178,422**	82,756
	935,773	893,724	**903,194**	835,175

The receivables from third parties are unsecured, interest free and do not have fixed terms of repayment. They include loans to staff which bear interest at 4% to 5.5% (2021: 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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Additional provision/(Reversal) booked for the financial year	**10,439**	(14,114)	**10,332**	(15,131)

14. DIVIDEND

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
At 1 January	**747**	710
Dividend declared during the year	**592,800**	275,500
Dividend paid	**(592,703)**	(275,463)
Dividend payable at 31 December	**844**	747

On 14 April 2022, a dividend of Rs 3.12 per share amounting to Rs 000s 592,800 was declared for the year ended 31 December 2021 out of which an amount of Rs 000s 592,703 was paid during the financial year ended 31 December 2022.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

15. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
Authorised, issued and fully paid up		
190,000,001 Ordinary shares of Rs1 each	**190,000**	190,000

The constitution of the Company was amended at an extraordinary meeting held on 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 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 to 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 is provided in the table below:

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
At 1 January	**191,499**	196,100
Fair value gain/(loss) for the year	**3,897**	(4,601)
At 31 December	**195,396**	191,499

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

17. LOANS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Bank loan (i)	**3,207,481**	3,154,333	**3,207,481**	3,154,333
Loan from subsidiary (ii)	**-**	-	**1,243,153**	1,303,361
	3,207,481	3,154,333	**4,450,634**	4,457,694
Disclosed as follows:				
Current	**62,314**	59,977	**1,305,467**	1,363,338
Non-Current	**3,145,167**	3,094,356	**3,145,167**	3,094,356
	3,207,481	3,154,333	**4,450,634**	4,457,694

17. LOANS (CONT'D)

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
(i) Bank Loan		
At 1 January	**2,618,124**	2,005,326
Additions	**-**	468,367
Fair value arising on initial recognition	**-**	(96,264)
Interest expense for the year at effective interest rate	**117,167**	97,573
Interest expense paid at contractual rate	**(63,843)**	(51,510)
Foreign exchange loss	**32,712**	194,632
Loan balance	**2,704,160**	2,618,124
Deferred interest	**503,321**	536,209
At 31 December	**3,207,481**	3,154,333

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 2022, the loan amounted to USD 73,686,500 (2021: USD 73,686,500).

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 2022 has been estimated at Rs 000's 2,704,160 (2021: Rs 000's 2,618,124). The difference of Rs 000's 503,321 (2021: Rs 000's 536,209) 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 Euribor plus 3% per annum and is unsecured and repayable on demand.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

18. INCOME TAXES

Income tax liability

Income tax is calculated at the rate of 15% (2021: 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 2022 of Rs 000's 3,321,109 (2021: Rs 000's 3,758,858) and the company has Rs 000's 3,285,809 (2021: Rs 000's 3,658,790) 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 program 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 2020 and 2021, 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 was 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.

18.1 Current tax liabilities

	THE GROUP		THE COMPANY	
Income tax and CSR	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		(Restated)		(Restated)
At beginning of year as reported	**202,104**	126,465	**34,147**	13,198
Prior year adjustment	**-**	38,763	**-**	-
As restated	**202,104**	165,228	**34,147**	13,198
Provision for the year	**160,054**	137,798	**-**	-
CSR provision	**17,830**	13,856	**-**	-
Under/(over) provision of income tax and CSR in previous years	**5,014**	16,545	**(5,496)**	24,298
Tax paid	**(103,984)**	(131,324)	**(1,555)**	(3,349)
At 31 December	**281,018**	202,103	**27,096**	34,147
Solidarity levy provision				
At beginning of year as reported	**213,620**	194,171	**-**	-
Provision for the year	**22,104**	25,663	**-**	-
Overprovision previous year	**(15,726)**	-	**-**	-
Solidarity levy paid	**-**	(6,214)	**-**	-
At 31 December	**219,998**	213,620	**-**	-
Net current tax liabilities	**501,016**	415,723	**27,096**	34,147
Analysed as follows:				
Current tax asset	**(6,928)**	(6,928)	**(6,928)**	(6,928)
Current tax liabilities	**507,944**	422,651	**34,024**	41,075
	501,016	415,723	**27,096**	34,147

18. INCOME TAXES (CONT'D)

Income tax liability (Cont'd)

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		(Restated)		(Restated)
Current tax	**160,054**	137,796	**-**	-
CSR expense	**17,830**	13,856	**-**	-
Underprovision/(overprovision) in income tax and CSR	**5,014**	22,406	**(5,497)**	30,438
Deferred tax movement	**3,676**	(40,263)	**(48,924)**	(64,299)
	186,574	133,795	**(54,421)**	(33,861)
Solidarity levy	**6,378**	25,663	**-**	-
Tax expense/(credit)	**192,952**	159,458	**(54,421)**	(33,861)

18.3 Tax reconciliation

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		(Restated)		(Restated)
Profit/(loss) before tax	**1,296,693**	777,271	**147,154**	(80,685)
Tax at the rate of 17% (2020 : 17%)	**220,438**	132,136	**25,016**	(13,716)
Tax effect of:				
- Non allowable expenses	**154,735**	103,301	**26,702**	32,162
- Expenses eligible for 200% deduction	**(6,622)**	(7,623)	**(4,231)**	(7,623)
- Exempt income	**(100,430)**	(84,153)	**(33,841)**	(35,015)
- (Over)/underprovision in income tax and CSR	**48,381**	23,132	**(5,496)**	30,438
- Underprovision of deferred tax	**(53,004)**	12,363	**-**	-
- Deferred tax asset not recognised in previous year	**2,379**	(25,954)	**(62,571)**	(27,830)
- Deferred tax impact on ECL	**(79,303)**	(16,597)	**-**	(12,277)
- Tax loss of a subsidiary not utilised	**-**	(2,810)	**-**	-
	(33,864)	1,659	**(79,437)**	(20,145)
Income tax and CSR expense	**186,574**	133,795	**(54,421)**	(33,861)

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

18. INCOME TAXES (CONT'D)

18.4 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Deferred tax				
Remeasurement of retirement benefit obligation	**(44,073)**	(315,658)	**(40,601)**	(303,669)

18.5 Movement in deferred tax balances

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.

	THE GROUP						
	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
1 January 2021	**(1,179,455)**	**(9,453)**	**1,221,887**	**75,318**	**538,090**	**272,655**	**919,042**
Prior year adjustment	(61,378)	-	-	-	(140,805)	-	(202,183)
1 January 2021 as restated	**(1,240,833)**	**(9,453)**	**1,221,887**	**75,318**	**397,285**	**272,655**	**716,859**
(Charge)/credit to profit and loss	(87,670)	(1,090)	(4,613)	28,878	122,420	(17,661)	40,264
Credit to other comprehensive income	-	-	(315,658)	-	-	-	(315,658)
31 December 2021	**(1,328,503)**	**(10,543)**	**901,616**	**104,196**	**519,705**	**254,994**	**441,465**
(Charge)/Credit to profit and loss	(61,893)	(540)	9,310	525	44,884	4,038	(3,676)
Credit to other comprehensive income	-	-	(44,073)	-	-	-	(44,073)
31 December 2022	**(1,390,396)**	**(11,083)**	**866,853**	**104,721**	**564,589**	**259,032**	**393,716**

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

	THE GROUP	
	2022	2021
	Rs 000s	Rs 000s
		(Restated)
Deferred tax assets	**457,783**	448,417
Deferred tax liabilities	**(64,067)**	(6,952)
	393,716	441,465

18. INCOME TAXES (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.

	THE COMPANY					
	Property, plant & equipment	Retirement benefit obligation	Other temporary differences	Tax losses	Provision for ECL	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	
At 1 January 2021	**(1,076,893)**	**1,158,207**	**49,665**	**512,846**	**206,240**	**850,065**
Prior year adjustment	(61,378)	-	-	(140,805)	-	(202,183)
1 January 2021 as restated	**(1,138,271)**	**1,158,207**	**49,665**	**372,041**	**206,240**	**647,882**
(Charge)/credit to profit and loss	(75,170)	(32,896)	56,496	136,979	(21,110)	64,299
Credit to other comprehensive income	-	(303,669)	-	-	-	(303,669)
At 31 December 2021	**(1,213,441)**	**821,642**	**106,161**	**509,020**	**185,130**	**408,512**
(Charge)/Credit to profit and loss	(24,877)	(8,146)	3,323	49,568	29,057	48,925
Credit to other comprehensive income	-	(40,601)	-	-	-	(40,601)
At 31 December 2022	**(1,238,318)**	**772,895**	**109,484**	**558,588**	**214,187**	**416,836**

Deferred tax assets and liabilities 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	
	2022	2021
	Rs 000s	Rs 000s
Deferred tax assets	**1,655,155**	1,560,576
Deferred tax liabilities	**(1,238,318)**	(1,152,063)
Net deferred tax assets	**416,837**	408,513

19. RETIREMENT BENEFIT OBLIGATIONS

EMPLOYEE BENEFITS

(i) Retirement benefit plans

The Group and the Company operate defined benefits pension plans. All 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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

EMPLOYEE BENEFITS (CONT"D)

(i) Retirement benefit plans (Cont'd)

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	
		2022	2021	2022	2021
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
Defined benefit plans	19(a)	**4,875,347**	5,192,921	**4,417,384**	4,750,703
Retirement gratuities	19(b)	**223,791**	110,700	**117,432**	23,046
Present value of retirement benefit obligations		**5,099,138**	5,303,621	**4,534,816**	4,773,749
Defined benefit plans	19(a)	**246,259**	1,871,569	**247,686**	1,787,635
Retirement gratuities	19(b)	**(2,960)**	5,538	**(8,856)**	(1,347)
Amounts Recognised in other comprehensive income		**243,299**	1,877,107	**238,830**	1,786,288

(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 OTS 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.

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Present value of funded obligations	**11,502,132**	12,131,387	**10,836,522**	11,508,099
Fair value of plan assets	**(6,626,785)**	(6,938,466)	**(6,419,138)**	(6,757,396)
	4,875,347	5,192,921	**4,417,384**	4,750,703

Reconciliation of net defined benefit liability

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**5,192,921**	7,082,522	**4,750,703**	6,582,909
Amount recognised in profit or loss	**463,940**	538,428	**411,685**	489,325
Amount recognised in other comprehensive income	**(246,259)**	(1,871,569)	**(247,686)**	(1,787,635)
Less: Employer contributions	**(535,255)**	(556,460)	**(497,318)**	(533,896)
At 31 December	**4,875,347**	5,192,921	**4,417,384**	4,750,703

Reconciliation of fair value of plan assets

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**6,938,466**	6,509,270	**6,757,396**	6,347,666
Interest income	**331,235**	197,130	**321,317**	191,564
Employer contributions	**535,255**	556,460	**497,318**	533,896
Employee contributions	**6,316**	7,559	**6,316**	7,559
Benefits paid	**(346,145)**	(476,804)	**(343,538)**	(465,323)
Return on plan assets excluding interest income	**(838,342)**	144,851	**(819,671)**	142,034
At 31 December	**6,626,785**	6,938,466	**6,419,138**	6,757,396

Reconciliation of present value of defined benefit obligation

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**12,131,387**	13,591,792	**11,508,099**	12,930,575
Current service cost	**206,421**	279,138	**174,660**	244,424
Employee contributions	**6,316**	7,559	**6,316**	7,559
Interest expense	**563,312**	402,195	**532,900**	381,125
Benefits paid	**(346,145)**	(476,804)	**(343,538)**	(465,323)
Liability loss due to change in financial assumptions	**(964,959)**	(1,563,312)	**(955,102)**	(1,489,804)
Liability experience loss/(gain)	**(119,642)**	(163,406)	**(112,255)**	(155,797)
Past service cost	**25,442**	54,225	**25,442**	55,340
At 31 December	**11,502,132**	12,131,387	**10,836,522**	11,508,099

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	**206,421**	279,138	**174,660**	244,424
Past service cost	**25,442**	54,225	**25,442**	55,340
Service Cost	**231,863**	333,363	**200,102**	299,764
Net interest on net defined benefit liability	**232,077**	205,065	**211,583**	189,561
Components of defined benefit costs recognised in profit or loss	**463,940**	538,428	**411,685**	489,325

Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Return on plan assets above interest income	**838,342**	(144,851)	**819,671**	(142,034)
Liability experience loss/(gain)	**(119,642)**	(163,406)	**(112,255)**	(155,797)
Liability loss due to change in financial assumptions	**(964,959)**	(1,563,312)	**(955,102)**	(1,489,804)
Components of defined benefit costs recognised in other comprehensive income	**(246,259)**	(1,871,569)	**(247,686)**	(1,787,635)

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Equity - Local quoted	**994,018**	832,616	**962,871**	810,888
Equity - Local unquoted	**-**	69,385	**-**	67,574
Debt - Local quoted	**-**	138,769	**-**	135,148
Debt - Local unquoted	**3,114,589**	3,261,079	**3,016,995**	3,175,976
Property Local	**66,268**	69,385	**64,191**	67,574
Investment Funds	**1,789,232**	2,150,924	**1,733,167**	2,094,793
Cash and other	**662,678**	416,308	**641,914**	405,443
Total	**6,626,785**	6,938,466	**6,419,138**	6,757,396

Allocation of Plan Assets at 31 December	THE GROUP AND COMPANY	
	2022	2021
	%	%
Equity - Local quoted	**15**	12
Equity - Local unquoted	**-**	1
Debt - Local quoted	**-**	2
Debt - Local unquoted	**47**	47
Property Local	**1**	1
Investment Funds	**27**	31
Cash and other	**10**	6
Total	**100**	100

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Principal assumptions for accounting purposes

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Discount rate %	**5.9-6.9**	4.3-5.1	**6.9/6.8/6.3/6.5**	5.1/4.8/4.40/4.5
Rate of salary increases	**7.7%**	6.4%	**7.7%**	6.4%
Rate of pension increases	**4-4.2%**	3%	**4%**	3%
Average retirement age	**60-63 yrs**	60-63 yrs	**63 yrs**	63 yrs
Average life expectancy for:				
- Male at ARA	**16.5-17.4 yrs**	14.1-17.3 yrs	**17.3 yrs**	17.3 yrs
- Female at ARA	**17.4-21.7 yrs**	15.2-21.7 yrs	**21.7yrs**	21.7yrs

Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**1,782,341**	2,055,865	**1,654,260**	1,922,602
Decrease due to 1% increase in discount rate	**1,444,425**	1,643,573	**1,341,484**	1,538,340

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 532,098 to its pension plan in 2023 and the weighted average duration of the defined benefit obligations ranges between 9.0 and 21.5 years for the Company.

The Group expects to contribute Rs 000s 572,563 to its pension plan in 2023. The weighted average duration of the defined benefit obligations ranges between 7 and 27 years for the Group.

The most recent actuarial valuation of the pension plan was carried out at 31 December 2022 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

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Amounts recognised in the statements of financial position.

Present value of unfunded obligations

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Reconciliation of net defined benefit liability/(asset)				
At 1 January	110,700	102,237	23,046	24,914
Amount recognised in profit or loss	110,201	14,378	85,530	(3,215)
Amount recognised in other comprehensive income	2,960	(5,538)	8,856	1,347
Less: Employer contribution	(70)	(377)	-	-
At 31 January	223,791	110,700	117,432	23,046

Reconciliation of Present Value of plan assets

	THE GROUP	
	2022	2021
	Rs 000s	Rs 000s
At 1 January	-	-
Employer contribution	70	377
Other benefits paid	(19)	(377)
At 31 January	51	-

Reconciliation of Present Value of unfunded obligations

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	110,700	102,237	23,046	24,914
Current service cost	18,474	15,741	2,544	888
Interest expense	9,434	3,549	3,990	809
Past service cost	82,293	(4,912)	78,996	(4,912)
Other benefits paid	(19)	(377)	-	-
Liability experience (gain)/loss	12,078	15,557	9,564	3,347
Liability loss/(gain) due to change in financial assumptions	(9,118)	(21,095)	(708)	(2,000)
At 31 January	223,842	110,700	117,432	23,046

Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	18,474	15,741	2,544	888
Past service cost	82,293	(4,912)	78,996	(4,912)
Service Cost	100,767	10,829	81,540	(4,024)
Net interest on present value of unfunded obligation	9,434	3,549	3,990	809
Components of present value of unfunded obligation	110,201	14,378	85,530	(3,215)

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Liability experience loss/(gain)	12,078	15,557	9,564	3,347
Liability loss due to change in financial assumptions	(9,118)	(21,095)	(708)	(2,000)
Components of present value of unfunded obligation recognised in other comprehensive income	2,960	(5,538)	8,856	1,347

Principal assumptions for accounting purposes

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Discount rate %	5.7-6.9	4.5-5.4	5.7 - 6.7	5.1 - 4.8
Rate of salary increases	7.7%	6.4%	7.7%	6.4%
Average retirement age	63-65 yrs	63-65 yrs	63 yrs	63 yrs

Sensitivity analysis on present value of unfunded obligation

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	47,697	32,786	11,979	2,739
Decrease due to 1% increase in discount rate	37,561	24,911	10,492	2,373

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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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 1,019 and Rs 000 623 respectively as retirement gratuities to members in 2023.

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 2022 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 (2021: 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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**1,180,379**	1,592,390	**559,260**	890,960
Related parties	**57,056**	150,329	**57,056**	150,329
	1,237,435	1,742,719	**616,316**	1,041,289

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		(Restated)		
Other fiscal liabilities	**182,140**	162,969	**168,556**	138,231
Solidarity levy	**88,465**	57,473	**-**	-
Amount due to subsidiaries	**-**	-	**5,677,672**	4,944,618
Other payables and accrued expenses	**1,699,042**	1,305,505	**887,478**	844,778
Termination benefits	**411,232**	536,466	**411,232**	536,466
Accrual for capital expenditure in progress	**131,951**	554,721	**334,472**	411,520
	2,512,830	2,617,134	**7,479,410**	6,875,613
Analysed as:				
Current	**2,202,179**	2,184,685	**7,173,463**	6,446,084
Non-Current	**310,651**	432,449	**305,947**	429,529
	2,512,830	2,617,134	**7,479,410**	6,875,613

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%-7.9% per annum (2021: 5.25% 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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

22. DEFERRED REVENUE

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**880,729**	888,776	**735,396**	751,947
Net movement on services	**72,659**	(8,047)	**73,392**	(16,551)
At 31 December	**953,388**	880,729	**808,788**	735,396
Analysed as:				
Current	**545,613**	473,173	**401,013**	327,840
Non-Current	**407,775**	407,556	**407,775**	407,556
	953,388	880,729	**808,788**	735,396

23. SECURITY DEPOSITS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third Parties	**418,723**	417,621	**418,723**	417,620

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Employee benefits	**349,435**	356,970	**339,519**	345,849
Dismantling costs	**76,239**	69,676	**14,751**	13,520
	425,674	426,646	**354,270**	359,369
Analysed as:				
Current	**378,207**	381,166	**349,077**	354,247
Non-Current	**47,467**	45,480	**5,193**	5,122
	425,674	426,646	**354,270**	359,369

24. PROVISIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	Employee Benefits	Dismantling Costs	Employee Benefits	Dismantling Costs
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2021	**346,419**	66,580	**333,515**	13,000
Provisions recognised 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
Provisions recognised/(reversed) during the year	**73,804**	6,563	**75,009**	1,231
Utilised in current year	**(81,339)**	-	**(81,339)**	-
At 31 December 2022	**349,435**	76,239	**339,519**	14,751

(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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At a point in time				
Sale of goods	**1,036,320**	850,061	**178,763**	177,500
Over time				
Rental of Equipment	**189,616**	183,353	**159,102**	129,216
Rendering of services	**10,223,028**	9,843,476	**7,472,598**	7,525,275
	11,448,964	10,876,890	**7,810,463**	7,831,991

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 3,226 (2021: Rs 000s 6,887) and has been included in operating expenses. The volume of incoming international minutes terminated by Mauritius Telecom Ltd in 2022 was 4.6 million minutes (2021: 6.5 million minutes).

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Management fees	**-**	-	**895,313**	834,901
Surcharge	**166,534**	137,248	**145,919**	119,489
Non-operating revenue	**88,866**	55,971	**74,896**	42,802
Dividend income	**12,697**	20,340	**12,697**	20,340
	268,097	213,559	**1,128,825**	1,017,532

27. PROFIT/(LOSS) FROM OPERATIONS

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Depreciation of property, plant and equipment	**2,178,506**	2,197,654	**1,823,845**	1,913,008
Impairment of property, plant and equipment	**24,279**	18,785	**12,310**	11,834
Amortisation of intangible assets	**320,046**	280,022	**205,063**	222,013
Depreciation of right-of-use asset	**112,185**	131,842	**79,957**	66,355
Staff costs	**2,931,484**	3,190,324	**2,591,368**	2,897,080
Costs of inventories recognised as expense	**961,161**	771,685	**159,082**	149,405
Impairment loss net of reversal recognised on receivables and contract asset	**118,334**	242,772	**115,104**	197,503
Directors` emoluments	**4,347**	3,837	**4,347**	3,837

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
- Staff costs excluding post-employment benefits	2,347,696	2,326,948	2,028,705	2,105,035
- Defined benefit plans and retirement gratuities	574,141	552,806	553,016	486,110
- Termination benefits	9,647	310,570	9,647	305,935
	2,931,484	3,190,324	2,591,368	2,897,080

28. OTHER GAINS/(LOSSES)

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Net exchange gains/(losses):				
- Realised exchange gain/(loss)	**44,657**	(113,711)	**31,036**	(112,542)
- Unrealised exchange (loss)/gain	**(22,011)**	142,373	**38,401**	86,017
Gain on disposal of property, plant and equipment	**2,900**	3,189	**3,401**	3,128
	25,546	31,851	**72,838**	(23,397)

29. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest income:				
- Bank deposits	**14,378**	8,274	**14,373**	8,272
- Treasury bills	**2,211**	1,270	**2,210**	1,270
- Current accounts with subsidiaries	**-**	-	**2,743**	2,418
- Loan to subsidiaries	**-**	-	**9,062**	11,544
- Financing component on advance payment	**15,871**	18,285	**15,871**	18,285
- Interest on tax refunds and other finance income	**4,604**	4,061	**6,569**	4,061
	37,064	31,890	**50,828**	45,850

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest expense:		(Restated)		
- Bank borrowings	**117,168**	101,387	**117,168**	101,387
- Loan with related parties	**-**	-	**40,936**	39,152
- Current accounts with related parties	**-**	-	**304,542**	241,726
- Financing component on deferred cost	**17,986**	18,678	**17,986**	18,678
- Lease interest expense	**26,847**	35,219	**49,011**	27,384
- Financing component on voluntary retirement scheme	**14,930**	7,914	**11,010**	5,702
- Others	**86,160**	76,502	**36,602**	37,261
	263,091	239,700	**577,254**	471,290

31. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year after taxation attributable to owners of the Company of Rs 000s 1,103,741 (2021 restated: Rs 000s 617,813) and on 190,000,001 shares in issue for the years ended 31 December 2022 and 31 December 2021.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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 remain unchanged from 2021.

The capital structure of the Group and the Company consist 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.

The Group's and the Company's net debt to equity ratio at 31 December 2022 were as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s (Restated)	Rs 000s	Rs 000s
Total loans including bank overdraft	**3,260,698**	3,154,333	**4,503,851**	4,457,694
Less: Cash and cash equivalents	**(2,050,835)**	(2,392,636)	**(1,856,979)**	(2,199,069)
Net debt	**1,209,863**	761,697	**2,646,872**	2,258,625
Total equity	**9,228,696**	8,756,641	**1,841,230**	2,044,173
Net debt to equity ratio	**0.13**	0.09	**1.44**	1.10

Significant accounting policies

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

32. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instrument

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s (Restated)	Rs 000s	Rs 000s
Financial assets				
At amortised cost				
Trade receivables	**872,764**	939,384	**719,389**	779,215
Other receivables	**341,798**	189,514	**338,714**	159,282
Contract assets	**778,741**	733,792	**324,760**	391,192
Cash and bank balances	**2,050,835**	2,392,636	**1,856,979**	2,199,069
Loan to subsidiary	**-**	-	**84,794**	113,735
At FVTOCI				
Equity Investments designated at FVTOCI	**201,871**	197,974	**201,871**	197,974
	4,246,009	4,453,300	**3,526,507**	3,840,467
Financial liabilities				
At amortised cost				
Loans	**3,207,482**	3,154,333	**4,450,634**	4,457,694
Lease liabilities	**608,033**	651,707	**593,369**	535,396
Trade payables	**1,235,673**	1,742,719	**616,316**	1,041,289
Security deposit	**418,723**	417,621	**418,724**	417,620
Other payables and accrued expenses	**2,271,899**	2,449,665	**7,421,220**	6,842,965
Dividend payable	**844**	747	**844**	747
Bank overdraft	**53,217**	-	**53,217**	-
Provisions	**415,758**	426,646	**354,270**	359,369
	8,211,629	8,843,438	**13,908,594**	13,655,080

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.

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 are not of a speculative nature.

Currency risks on transactions are managed through matching of inflows and outflows of foreign currencies. As the Group and the Company have more outflows than inflows in foreign currency, additional foreign currency requirement are purchased in advance, whenever relevant, at spot rates with financial institutions.

Translation risk at the reporting date is managed through matching of foreign denominated assets and liabilities.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

32. FINANCIAL INSTRUMENTS (CONT'D)

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

Year 2022	THE GROUP				
Financial Assets	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Trade receivables, contract assets & other receivables	28,693	1,528,817	435,676	117	1,993,303
Cash and bank balances	92,624	1,949,103	2,898	6,210	2,050,835
Equity investments at FVTOCI	-	201,871	-	-	201,871
	121,317	3,679,791	438,574	6,327	4,246,009
Financial Liabilities	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Loans	-	-	3,207,482	-	3,207,482
Lease liabilities	-	608,033	-	-	608,033
Trade and other payables and accrued expenses	81,868	3,395,392	28,046	2,266	3,507,572
Security deposit	-	418,723	-	-	418,723
Dividend payable	-	844	-	-	844
Provisions	-	415,758	-	-	415,758
Bank overdraft	-	-	53,217	-	53,217
	81,868	4,838,750	3,288,745	2,266	8,211,629

Year 2021	THE GROUP				
Financial Assets	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
					(Restated)
Trade receivables, contract assets & 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	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Loans	-	-	3,154,333	-	3,154,333
Lease liabilities	-	651,707	-	-	651,707
Trade and other payables and accrued expenses	344,529	3,760,511	85,862	1,482	4,192,384
Security deposit	-	417,621	-	-	417,621
Dividend payable	-	747	-	-	747
Provisions	-	426,646	-	-	426,646
	344,529	5,257,232	3,240,195	1,482	8,843,438

32. FINANCIAL INSTRUMENTS (CONT'D)

Year 2022	THE COMPANY				
Financial Assets	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Trade receivables, contract assets & other receivables	7,748	970,735	404,263	117	1,382,863
Cash and bank balances	37,376	1,811,098	2,428	6,077	1,856,979
Loans to subsidiary	-	84,794	-	-	84,794
Equity investments at FVTOCI	-	201,871	-	-	201,871
	45,124	3,068,498	406,691	6,194	3,526,507
Financial Liabilities	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Loans	1,243,152	-	3,207,482	-	4,450,634
Lease liabilities	-	593,369	-	-	593,369
Trade and other payables and accrued expenses	3,753	8,010,457	21,069	2,257	8,037,536
Security deposit	-	418,724	-	-	418,724
Dividend payable	-	844	-	-	844
Bank overdraft	-	-	53,217	-	53,217
Provisions	-	354,270	-	-	354,270
	1,246,905	9,377,664	3,281,768	2,257	13,908,594

Year 2021	THE COMPANY				
Financial Assets	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
Trade receivables, contract assets & 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
Loans 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
Financial Liabilities	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
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

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Gain/(Loss)	**3,945**	(10,986)	**(285,017)**	(270,481)

	THE COMPANY			
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Loss	**(120,178)**	(138,855)	**(287,508)**	(273,457)

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 2022 and 2021 was as follows:

Financial Assets	THE GROUP AND THE COMPANY	
	2022	2021
Fixed interest	**0% - 2.36%**	0% - 1.30%
Variable Interest	**0 % - 2.4 %**	0% - 0.25%

Financial Liabilities	THE GROUP AND THE COMPANY	
	2022	2021
Fixed interest	**2%**	2%
Variable Interest	**0%, Libor+3%**	0% -5.25%, Libor+3%

32. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
(Decrease) in profit	**(159)**	(335)	**(3,619)**	(3,317)

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 their own trading records, to rate their 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 their 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.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

32. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate sensitivity analysis (Cont'd)

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.

	THE GROUP				
	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
Year 2022	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
FINANCIAL LIABILITIES					
Loans	**32,219**	**5,316**	**24,778**	**3,145,169**	**3,207,482**
Lease liability	**-**	**-**	**102,367**	**505,666**	**608,033**
Trade payables	**-**	**1,237,160**	**18,799**	**-**	**1,255,959**
Security deposit	**-**	**-**	**418,723**	**-**	**418,723**
Other payables and accrued expenses	**2,473**	**1,230,893**	**401,469**	**637,064**	**2,271,899**
Dividend payable	**-**	**844**	**-**	**-**	**844**
Provisions	**-**	**-**	**368,291**	**47,467**	**415,758**
Bank overdraft	**-**	**-**	**53,217**	**-**	**53,217**
	34,692	**2,474,213**	**1,387,644**	**4,335,366**	**8,231,915**
Year 2021					
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	1,441,753	266,581	740,492	2,449,665
Dividend payable	-	747	-	-	747
Provisions	-	-	381,166	45,480	426,646
	30,721	3,161,827	1,216,695	4,434,195	8,843,438

32. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate sensitivity analysis (Cont'd)

Liquidity risk management (Cont'd)

	THE COMPANY				
	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
Year 2022	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	**32,219**	**5,316**	**1,267,930**	**3,145,168**	**4,450,633**
Lease liability	**-**	**-**	**63,261**	**530,108**	**593,369**
Dividend payable	**-**	**844**	**-**	**-**	**844**
Trade payables	**-**	**616,316**	**-**	**-**	**616,316**
Other payables	**-**	**1,074,901**	**6,040,372**	**305,948**	**7,421,221**
Security deposits	**-**	**-**	**418,724**	**-**	**418,724**
Provisions	**-**	**-**	**349,077**	**5,193**	**354,270**
Bank overdraft	**53,217**	**-**	**-**	**-**	**53,217**
	85,436	**1,697,377**	**8,139,364**	**3,986,417**	**13,908,594**
Year 2021					
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
	30,212	2,261,679	7,334,682	4,028,507	13,655,080

The Group and the Company have reported net current liability as at 31 December 2022. However, analysis of the current liabilities shows that some liabilities will not give rise to payments or do not have a fixed payment terms and which management believes will not give rise to a payment during 2023. Excluding these items, the adjusted working capital becomes positive.

Price risk management

The Group's 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).

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

33. FAIR VALUE MEASUREMENTS

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
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2022				
Equity investment designated at FVTOCI	**-**	**5,950**	**195,921**	**201,871**
2021				
Equity investment designated at FVTOCI	-	6,450	191,524	197,974

Reconciliation of level 3 fair values.

	THE GROUP AND THE COMPANY	
	2022	2021
	Rs 000s	Rs 000s
Balance at 1 January	**191,524**	197,064
Fair value gain through OCI	**4,397**	(5,540)
Balance at 31 December	**195,921**	191,524

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 2022, the Group and the Company entered into the following transactions with related parties.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
(i) Turnover - Rendering of services				
- Subsidiaries	**-**	-	**271,925**	443,229
- Shareholders	**-**	25,255	**53,441**	25,255
- Entities under common shareholding	**35,326**	41,243	**23,592**	39,726
(ii) Cost of sales				
- Subsidiaries	**-**	-	**484,382**	498,075
- Entities under common shareholding	**188,826**	170,933	**188,826**	170,933
(iii) Operating Expenses				
- Subsidiaries	**-**	-	**823,975**	581,203
- Shareholders	**1,410**	1,053	**1,410**	1,053
(iv) Dividend income				
- Entities under common shareholding	**9,478**	15,769	**9,478**	15,769
(v) Other income and management fees				
- Subsidiaries	**-**	-	**895,193**	834,471
(vi) Interest expense				
- Subsidiaries	**-**	-	**311,743**	234,068
- On loan from subsidiary	**-**	-	**40,936**	39,236
(vii) Interest income				
- Subsidiaries	**-**	-	**2,743**	355
- On loan to subsidiary	**-**	-	**9,062**	11,543
(viii)Emoluments of key management personnel				
- Short term benefits	**94,983**	89,917	**94,491**	84,892
Directors' emoluments disclosed in note 27 profit/(loss) from operations.				
(ix) Outstanding balances receivable from:				
- Subsidiaries	**-**	-	**45,813**	23,107
- Related parties	**18,044**	20,294	**4,279**	19,648
(x) Outstanding balances payable to				
- Subsidiaries	**-**	-	**5,677,672**	4,944,618
- Entities under common shareholding	**95,172**	151,846	**57,056**	150,329
(xi) Loan to subsidiaries	**-**	-	**84,794**	113,735
(xii) Loan from subsidiary	**-**	-	**1,243,152**	1,303,361

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

35. COMMITMENTS FOR EXPENDITURE

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Commitments for the acquisition of property, plant and equipment	**1,964,890**	2,129,528	**1,296,988**	1,910,412

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	Plant and equipment	Total	Land and buildings	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2021	317,372	175,989	493,361	392,737	392,737
Additions	219,903	-	219,903	86,684	86,684
Depreciation	(43,348)	(88,494)	(131,842)	(66,355)	(66,355)
At 31 December 2021	493,927	87,495	581,422	413,066	413,066
Additions	232,197	-	232,197	106,033	106,033
Terminations during the year	(171,557)	-	(171,557)	-	-
Depreciation	(86,894)	(25,291)	(112,185)	(79,957)	(79,957)
At 31 December 2022	467,673	62,204	529,877	439,142	439,142

(ii) Amounts recognised in statements of profit or loss and other comprehensive income

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Depreciation expense on right-of-use assets	**112,185**	131,842	**79,957**	66,355

(iii) Amounts recognised in statements of cash flow

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Total cash outflow for leases	**139,780**	171,159	**97,069**	80,887

36. LEASES (CONT'D)

(iv) Maturity analysis of lease liability

The following tables set out a maturity analysis of lease payables as at 31 December 2022 and 2021.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Maturity				
Within one year	**133,247**	149,660	**94,891**	71,770
Between one and two years	**121,495**	119,051	**81,846**	67,072
Between two and three years	**113,699**	97,698	**61,315**	58,781
Between three and four years	**80,580**	79,107	**55,085**	42,835
Between four and five years	**57,015**	71,321	**43,119**	36,216
After five years	**251,799**	355,672	**669,093**	702,360
	757,835	872,509	**1,005,349**	979,034
Less unearned interest	**(150,223)**	(220,802)	**(411,980)**	(443,638)
Lease liability	**607,612**	651,707	**593,369**	535,396

(v) Lease liability

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current	**102,368**	97,840	**63,261**	44,240
Non-Current	**505,244**	553,867	**530,108**	491,156
	607,612	651,707	**593,369**	535,396

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	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash and bank balances	**2,050,835**	2,392,636	**1,856,979**	2,199,069
Bank overdraft	**(53,217)**	-	**(53,217)**	-
	1,997,618	2,392,636	**1,803,762**	2,199,069

As at 31 December 2022, the Group and its subsidiaries have Rs000s 111,361 (2021 : Rs 000s 67,755) in their bank accounts from clients/merchants having a my.t mobile money account. The Group and its subsidiaries do not have authority to use this bank balance for their own use and as such this amount is excluded in the cash and cash equivalents as at reporting date.

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

38. ASSETS CLASSIFIED AS HELD-FOR-SALE

The Group and the Company have reclassified Investment in Telsea Investment Ltd previously included in investment in associate as assets held-for-sale.

Investments in associate classified as assets held-for-sale.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	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 2022, 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 2023.

39. CONTINGENT LIABILITIES

There are contingent liabilities not provided for in the financial statements in respect of bank guarantees amounting to Rs 000s 409,708 (2021: Rs 000s 441,247) for the Group and Rs 000s 400,811 (2021: Rs 000s 398,926) 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) Payment for purchase of property, plant and equipment

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.

	1-Jan-2022	Financing cash flows	Interest	Other non-cash changes*	31-Dec-2022
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
THE GROUP					
2022					
Bank loan	**3,154,333**	**-**	**(63,844)**	**116,993**	**3,207,482**
Lease liabilities	**651,707**	**(146,694)**	**-**	**103,021**	**608,034**
Total liabilities arising from financing activities	**3,806,040**	**(146,694)**	**(63,844)**	**220,014**	**3,815,516**
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
THE COMPANY					
2022					
Bank loan	**3,154,333**	**-**	**(63,844)**	**116,993**	**3,207,482**
Lease liabilities	**535,396**	**(97,069)**	**-**	**155,042**	**593,369**
Total liabilities arising from financing activities	**3,689,729**	**(97,069)**	**(63,844)**	**272,035**	**3,800,851**
2021					
Bank loan	2,473,923	468,367	(55,324)	267,367	3,154,333
Lease liabilities	502,216	(80,887)	-	114,067	535,396
Total liabilities arising from financing activities	2,976,139	387,480	(55,324)	381,434	3,689,729

*Other non-cash changes include new leases and interest accrual.

(ii) Payment for purchase of property, plant and equipment

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash purchases	**2,870,605**	2,685,847	**1,986,028**	1,101,471
Non-cash purchases	**(422,770)**	(773,807)	**(77,048)**	411,520
	2,447,835	1,912,040	**1,908,980**	1,512,991

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

41. GOING CONCERN

At 31 December 2022, the Group and the Company had net current liabilities of Rs 000s 52,162 (2021: Rs 000s 258,360) and Rs 000s 6,166,782 (2021: Rs 000s 5,603,736) respectively. Included in the net current liabilities are non-financial liabilities which would not result in cash outflows of the Group and the Company. These include deferred revenue, provision for untaken leaves, security deposits, subordination agreements with subsidiaries amongst others which amount to Rs 000s 1,342,543 (2021: Rs 000s 1,258,891) and Rs 000s 6,545,352 (2021: Rs 000s 5,772,160) 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, 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 2022.

43. PRIOR YEAR ADJUSTMENTS

During the current year, management has identified the following prior period errors:

a) The year-end closure date for the financial statements and annual return of income for tax purposes were non-coterminous for the Company, Mauritius Telecom Ltd, until 31 December 2020. When the tax return was aligned with the financial book closure date the tax losses carried forward in financial statements were inadvertently erroneously considered at a higher amount by Rs 665 million resulting in higher deferred tax asset, which is rectified now in the deferred tax.

b) The capital allowance was erroneously computed resulting in overstatement of the deferred tax assets of the Company, which is rectified now.

c) Upon adoption of IFRS 16, the Group opted to derecognise leased assets, treat rental payments as tax deductible expense in computing the tax chargeable income and no capital allowances were to be claimed on rights-of-use of assets. However, when determining the tax chargeable income, one of the subsidiary has inadvertently claimed capital allowance on rights-of-use assets resulting in lower tax chargeable income and tax liability, which has been rectified now.

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		
Statement of financial position	**As previously reported**	**Adjustments**	**As restated**	**As previously reported**	**Adjustments**	**As restated**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Impact at 1 January 2021						
Deferred tax assets	919,042	(202,183)	716,859	850,066	(202,183)	647,883
Current tax liabilities	327,564	38,763	366,327	-	-	-
Other payables and accrued expenses	2,276,120	10,945	2,287,065	-	-	-
Retained earnings	6,685,107	(251,891)	6,433,216	880,327	(202,183)	678,144
Impact at 31 December 2021						
Deferred tax assets	622,770	(174,353)	448,417	582,866	(174,353)	408,513
Current tax liabilities	383,888	38,763	422,651	-	-	-
Other payable and accrued expenses	2,169,636	15,049	2,184,685	-	-	-
Retained earnings	8,565,143	(228,165)	8,336,978	2,012,792	(174,353)	1,838,439

Statement of profit or loss and other comprehensive income

	THE GROUP			THE COMPANY		
	As previously reported	**Adjustments**	**As restated**	**As previously reported**	**Adjustments**	**As restated**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
For the year ended 31 December 2021						
Tax expenses	187,288	(27,830)	159,458	(6,031)	(27,830)	(33,861)
Finance costs	235,596	4,104	239,700	-	-	-
Profit/(Loss) for the year	594,087	23,726	617,813	(74,654)	27,830	46,824
Total comprehensive income for the year	1,975,170	23,726	1,998,896	1,227,599	27,830	1,255,429
Earnings per share	3.13	0.12	3.25	-	-	-

Notes to the Consolidated and Separate Financial Statements (cont'd)

for the year ended 31 December 2022

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 2022, Rs'000 18,867 was reclassified to profit or loss.

	THE GROUP AND THE COMPANY
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
Cash flow hedge on loan in USD	32,711
Hedge ineffectiveness recognised in profit/(loss)	(18,867)
At 31 December 2022	189,609

45. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

Impairment losses on financial assets and contract assets charged to profit or loss is as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables and contract assets (note 12)	**107,895**	256,886	**104,772**	212,634
Other receivables and prepayments (note 13)	**10,439**	(14,114)	**10,332**	(15,131)
	118,334	242,772	**115,104**	197,503

Glossary

- **4G**

  4G is a mobile communications standard designed 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.

- **BPO**

  Business process outsourcing (BPO) is a business practice in which an organisation hires another company to perform a task.

- **CSI (Customer satisfaction index)**

  An indicator which gives customer's perception on quality of service satisfaction.

- **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 of the likelihood of the customer to recommend the company/products/services to family/friends.

my.t mobile

- Fastest 4G/5G Data Network
- Unlimited Mobile Data
- Mobile Voice & SMS
- Prepay & Postpay
- eSIM
- my.t Apps
- Roaming Services
- Deezer & Fun Tones
- SMS Info
- Smartphones & Wearables
- Love Pack
- SHOWMAX PRO MOBILE — Showmax Pro Mobile

my.t home

- Fibre Internet & TV
- Fibre Voice
- 1Gbps — Fibre 1Gbps
- TV Packs
- Dual Room
- Catch-Up TV
- SHOWMAX PRO — SHOWMAX Pro
- Wi-Fi Extender
- my.t TV app
- my.t 4K Smart Box
- Smart Box Pro
- Fixed Telephones

my.t business

- Business Internet
- Data Connectivity
- International Connectivity
- Unified Communications
- Data Centre
- Cloud Services
- Security
- Mobile Solutions

my.t money

- Scan to Pay
- Bills
- Move Money
- Recharge
- Rewards