DHIVEHI RAAJJEYGE GULHUN PLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2023

DHIVEHI RAAJJEYGE GULHUN PLC
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

CONTENTS

KPMG
(Chartered Accountants)
2nd Floor, H. Mialani
Sosun Magu,
Male
Republic of Maldives

Tel +960 3310 420
+960 3310 421
Fax +960 3323 175
E-mail kpmgmv@kpmg.com

Independent Auditor's Report
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

Opinion

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of material accounting policies and other explanatory information set out in pages 6 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition – Accuracy of revenue recorded

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.13 and 5 (c) of the financial statements)

Risk Description	Our response
Revenue recognition is one of the complex areas of accounting especially with the added complexity of the vast array of rapidly changing offers, complexity of billing systems, complexity of products and services and due to high volume of low value transactions captured by the billing systems.	Our audit procedures in this area included: - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls.

Key Audit Matters (Continued)

Revenue Recognition – Accuracy of revenue recorded (Continued)

Risk Description	Our response
The majority of the Company's revenue is generated through the billing system. Determining when and how much revenue is recognized from customer contracts has a significant impact especially on multiple arrangements and customer offers. We identified revenue recognition as a key audit matter because of how much revenue is recognised from customers depend on the individual customer contract. Therefore, there is a potential risk that revenue is subject to overstate to meet the expectation of the management.	- Assisting by our IT specialists including, among others, those over the input of terms and pricing of different services; accuracy of the data captured by different systems and interfaces between the systems; - Performing detailed analysis of the timing of revenue recognition through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the; • Adjustments which are outside of the normal billing process, • Revenue recognition on the bundled services offered, • Deferred revenue and cost on installation which is considered as a part of the overall performance obligation of the respective services. - Evaluating the appropriateness of the allocation of the transaction price, including variable consideration to performance obligations and obtaining an understanding and the operating effectiveness of related controls. - Assessing the appropriateness of the Company's accounting policies set out in notes 4.13 and 5 (c), and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.

Key Audit Matters (Continued)

Capitalization of Assets including useful lives, depreciation and impairment

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.3, 4.4, 5 (a), 5 (b) and 5 (g) of the financial statements)

Risk Description	Our response
The Company continues to incur a significant level of capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The carrying value of Property and Equipment was MVR 2,121 million as at 31st December 2023. There are number of areas where management judgment impacts the carrying value of Property and Equipment, and the related depreciation profiles. The complex nature of the assets may result in inappropriate capitalization of the costs and inappropriate determination of the date and the values transferred from construction in progress to property and equipment. Telecommunication industry is evolving continually due to changes in the technology. Further, the Company has significant number of physical assets related to telecommunication subject to the technological update. Therefore, technology changes would create obsolescence of Property and Equipment, which might require an impairment provision. We consider this area as key audit matter because determination of recoverable amount of Property and Equipment involves significant judgments and estimates. Therefore, an error in such estimates could result in material misstatements in the financial statements.	Our audit procedures in this area included: - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the capitalization of property and equipment, including the key internal controls over the estimation of useful economic lives of assets; - Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalized meets the relevant criteria for capitalization and the depreciation is correctly calculated; - Challenging the date of transferring construction-in-progress to Property and Equipment by examining the inspection reports and/or project progress reports, on a sample basis; - Evaluating management's estimation of useful economic lives by considering our knowledge of the business; - Inquiring the networks and the other relevant teams in order to assess on technological updates and actual replacements of assets, if any, with latest technology to identify any potential impairment indicators for the existing assets; - Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property and Equipment based on the internal and external information assessed; - Challenging the management's positions of the impairment assessment as to whether or not a reasonable possible change to key operating assumptions could result in impairment; - Assessing the adequacy of the financial statement disclosures included in notes 4.3, 4.4, 5 (a), 5 (b) and 5 (g).

Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of the Board of Directors for the Financial Statements

The Board is responsible for the preparation and the fair presentation of financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing 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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting processes.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Conclude on the appropriateness of Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board 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.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ali Muaaz
Audit License No: ICAM-IL-FQ1
For and on behalf of KPMG Maldives

5th February 2024

Male'

DHIVEHI RAAJJEYGE GULHUN PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	Note	2023 MVR "000"	2022 MVR "000"
Revenue	8	2,632,337	2,586,136
Operating costs	9	(1,081,940)	(1,137,907)
Depreciation, amortization and impairment	14, 15 & 17	(395,029)	(396,334)
Impairment loss on trade receivables and contract assets	19.1	(21,428)	(20,684)
Other income	10	3,887	82,528
Results from operating activities		1,137,827	1,113,739
Finance income		26,491	23,973
Finance costs		(111,413)	(72,049)
Net finance costs	11	(84,922)	(48,076)
Profit before tax		1,052,905	1,065,663
Tax expense	12	(156,426)	(156,376)
Profit and other Comprehensive Income for the year		896,479	909,287
Earnings per share			
Basic and diluted earnings per share (MVR)	13	11.80	11.96

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 10 to 46. The Report of the Independent Auditors is given on pages 1 to 5.

DHIVEHI RAAJJEYGE GULHUN PLC
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	Note	2023 MVR "000"	2022 MVR "000"
ASSETS			
Non-current assets			
Property and equipment	14	2,120,613	1,851,192
Right-of-use assets	15	291,172	316,771
Investment in subsidiary	16	12,500	-
Intangible assets	17	359,632	350,453
Deferred tax assets	12.2	19,889	9,869
Total non-current assets		2,803,806	2,528,285
Current assets			
Inventories	18	41,988	43,183
Trade and other receivables	19	684,999	652,309
Short term Investments	20	1,266,337	1,264,489
Cash and cash equivalents	21	1,446,213	1,112,200
Total current assets		3,439,537	3,072,181
Total assets		6,243,343	5,600,466
EQUITY AND LIABILITIES			
Equity			
Share capital	22	190,000	190,000
Retained earnings		3,364,760	3,025,361
Total equity		3,554,760	3,215,361
Non-current liabilities			
Provisions	23	149,432	145,168
Loans and Borrowings	24.2	671,310	306,119
Lease liabilities	25.1	284,746	306,318
Total non-current liabilities		1,105,488	757,605
Current liabilities			
Trade and other payables	26	876,795	805,883
Loans and Borrowings	24.2	155,438	196,050
Lease liabilities	25.1	62,512	47,671
Amounts due to a related party	27	402,929	486,357
Current tax payable		85,421	91,539
Total current liabilities		1,583,095	1,627,500
Total liabilities		2,688,583	2,385,105
Total equity and liabilities		6,243,343	5,600,466

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 10 to 46. The Report of the Independent Auditors is given on pages 1 to 5.

These financial statements were approved by the board of directors and signed on its behalf by:

Mr. Ahmed Abdulrahman	Mr. Ismail Rasheed	Mr. Robin Wall
Chairperson of Audit Committee and Deputy Chairperson of Board	Chief Executive Officer and Managing Director	Chief Financial Officer

5th February 2024

DHIVEHI RAAJJEYGE GULHUN PLC
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Note	Share capital MVR "000"	Retained earnings MVR "000"	Total MVR "000"
As at 1st January 2022		190,000	2,556,114	2,746,114
Profit and Other Comprehensive Income for the year		-	909,287	909,287
Transactions with Owners of the Company				
Distributions				
Dividends declared	**22.2**	-	(440,040)	(440,040)
As at 31st December 2022		190,000	3,025,361	3,215,361
As at 1st January 2023		190,000	3,025,361	3,215,361
Profit and Other Comprehensive Income for the year		-	896,479	896,479
Transactions with Owners of the Company				
Distributions				
Dividends declared	**22.2**	-	(557,080)	(557,080)
As at 31st December 2023		190,000	3,364,760	3,554,760

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 10 to 46. The Report of the Independent Auditors is given on pages 1 to 5.

DHIVEHI RAAJJEYGE GULHUN PLC
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER	Note	2023 MVR "000"	2022 MVR "000"
Cash flows from operating activities			
Profit before Tax		1,052,905	1,065,663
Adjustments for:			
Net (gain)/ loss on disposal of property and equipment	10	(249)	379
Interest on loans	11	54,665	19,762
Facility fee amortization	24.3	2,545	2,493
Interest on lease liabilities	11	30,828	31,410
Interest income	11	(26,491)	(23,973)
Depreciation	14	280,419	285,188
Depreciation of right-of-use assets	15	46,841	46,758
Amortization of intangible assets	17	67,769	63,423
Impairment losses on intangible assets	17	-	963
Provision for slow-moving / obsolete inventories	18	1,040	1,250
Provision for impairment loss on trade and other receivables	19.1	21,428	20,684
Unwinding of discounts on provisions	23	3,766	4,057
Operating profit before working capital changes		1,535,466	1,518,058
Changes in:			
Inventories		565	(5,479)
Trade and other receivables		(86,771)	(15,229)
Trade and other payables		22,171	(10,922)
Amounts due to a related party		30,304	(42,425)
Cash generated from operations		1,501,735	1,444,003
Tax paid		(172,564)	(148,694)
Interest paid	24	(73,472)	(12,200)
Net cash generated from operating activities		1,255,699	1,283,109
Cash flows from investing activities			
Purchase and construction of property and equipment		(420,092)	(315,064)
Purchase of intangible assets		(76,948)	(89,354)
Net proceeds from disposal of property and equipment		264	162
Interest received		24,453	23,560
Net change in short term Investments	20	188	(244,805)
Net cash used in investing activities		(472,135)	(625,501)
Cash flows from financing activities			
Borrowings during the year	24	538,774	432,261
Loan facility fee paid	24	(5,333)	(5,705)
Payment of lease liabilities	25	(58,801)	(56,421)
Dividend paid during the year		(700,566)	(497,622)
Repayment of borrowings	24	(223,625)	(156,266)
Net cash used in financing activities		(449,551)	(283,753)
Net increase in cash and cash equivalents		334,013	373,855
Cash and cash equivalents at beginning of the year		1,109,700	735,845
Cash and cash equivalents at end of the year	21	1,443,713	1,109,700

Figures in bracket indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 10 to 46. The Report of the Independent Auditors is given on pages 1 to 5.

1. Reporting entity

Dhivehi Raajjeyge Gulhun PLC (the "Company") was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and presently governed under the Companies' Act No. 10 of 1996 as a limited liability Company in the Republic of Maldives. The Company provides telecommunication services in the Maldives. The registered office of the Company is situated at Dhiraagu Head Office, Ameenee Magu, P.O. Box 2082, Male' 20403, Republic of Maldives.

The Company is a listed Company in the Maldives Stock Exchange, in the Republic of Maldives with effect from 29th September 2011.

2. Basis of preparation

(a) Statement of Compliance

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

(b) Basis of Measurement

The financial statements have been prepared based on the historical costs basis.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is also the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand except where otherwise indicated.

(d) Going Concern basis of Accounting

The financial statements have been prepared on a going concern basis.

(e) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 4 to the financial statements.

3. Changes in material accounting policies

The Company adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practise Statement 2) from 1st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. However, this change had not impact to the Company's financial statements for the year ended 31st December 2023.

In addition, a number of new standards are effective from 1st January 2023, but they do not have a material effect on the Company's financial statements.

4. Material accounting policies

The Company has consistently applied the following accounting policies to all accounting periods presented in these financial statements, except if mentioned otherwise.

4.1 Transactions in foreign currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa (functional currency) at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the reporting date are recognized in profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

4.2 Financial Instruments

(i) Financial Assets (Non-derivative)

Recognition and initial measurement

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

4. Material accounting policies (Continued)

4.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

Business model assessment (Continued)

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss. Financial assets at amortized cost comprise trade and other receivables, Bank deposits and Investment in fixed deposits.

(ii) Financial liabilities (Non-derivative)

Classification, subsequent measurement and gain and losses

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

4. Material accounting policies (Continued)

4.2 Financial Instruments (Continued)

(ii) Financial liabilities (Non-derivative) (Continued)

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including interest expenses are recognized 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 de-recognition is also recognised in profit or loss. The Company has the non-derivative financial liabilities such as trade and other payables and amounts due to related party.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

De-recognition

Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Dividends

Interim dividends to ordinary shareholders are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability in the period which they are approved by the shareholders.

4.3 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

4. Material accounting policies (Continued)

4.3 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative years are as follows:

Buildings		5 to 40 years
Property and equipment	- Civil works, cables and ducting	5 to 40 years
	- Network and electronic equipment	5 to 40 years
Vehicle and launches		4 to 7 years
Furniture and fittings		4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital Work in Progress

Assets under construction as at the year-end represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the year end.

4.4 Intangible assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

4. Material accounting policies (Continued)

4.4 Intangible assets (Continued)

(ii) Subsequent expenditure

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company has sufficient resources to complete development and to use the asset.

(iii) Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3 to 10 Years
Licences	10 Years or licence term whichever is lower
Indefeasible right to use cable capacity	15 Years or cable life whichever is lower

Amortization method, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital Work in Progress

Capital work in progress as at the year-end represents the costs incurred or accrued for the projects which have not commenced commercial operations as at the year end.

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, bank demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

4.7 Contract assets related to the Enterprise Sales Projects

Contract assets related to the sales project represents the gross unbilled amount expected to be collected from customers for performance obligations satisfied to date. It is measured at the consideration allocated to the performance obligations completed as at the reporting date recognised to date less progress billings and recognised losses.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

4. Material accounting policies (Continued)

4.8 Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs for trade and other receivables.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The Company monitor the changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due for the residential segment.
- The financial asset is more than 150 days past due for the Government segment.
- The financial asset is more than 120 days past due for the corporate segment.

The Company has rebutted the presumption of 90 days past due for the Government and corporate segment as the Company has assessed the previous years' collections and the historic collections at a considerable levels after 3 months period.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

4. Material accounting policies (Continued)

4.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or being more than 180 days past due of the significant government customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 180 days past due of the significant corporate customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 365 days past due of the wholesale customers;
- It is probable that the contractual party will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off based on historical experience of recoveries of similar assets and based on the assessment carried out by the Company. For wholesale segment customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

4. Material accounting policies (Continued)

4.9 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company contributes 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

(b) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimate reliably.

4.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

Network and asset retirement obligation provision has been made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located.

4.11 Leases

At inception of a contract, the Company assesses whether a contract is, or contains. a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

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

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

4. Material accounting policies (Continued)

4.11 Leases (Continued)

(i) As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or. if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-use assets" and lease liabilities in "Lease liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with contract term less than one year considered as low-value assets or short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.12 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. Material accounting policies (Continued)

4.13 Revenue from contracts with customers

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

(a) Sale of equipment

Revenue from handset and other equipment sales is recognised when the product is delivered to the customer. In revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

(b) Provision of services

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

(c) Installation revenue

Installation services are specific services and does not have a standalone value without the data/ internet services, it has not been considered as separate performance obligation.

The installation revenue is considered as part of the overall transaction price and is amortized over the expected tenure of the contracts with the customers.

(d) Sales projects

Installation, device sale and service provision are considered to be separate Performance Obligation as those are distinct goods/ services. The customer can obtain each of the said good/ service on a standalone basis from different vendors and each has a standalone value to the customer.

Standalone selling prices ("SSP") is determined for installation service, sale of device and provision of service. Accordingly, transaction price collected from the customers are allocated to each Performance Obligation based on relative SSP allocation and recognize revenue accordingly.

(e) Contract costs

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS 15, the Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

(f) Loyalty Programme

Revenue is allocated between the loyalty programme and other components of the Income. The amount allocated to the loyalty programme is deferred and is recognized as revenue when the Company has fulfilled its obligations to supply the services under terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

4. Material accounting policies (Continued)

4.14 Expenditure

(a) Finance income and expense

Finance income comprise interest income on funds invested. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Finance costs comprise, unwinding of discounts on provisions, unwinding of discount on lease liabilities and foreign exchange losses that are recognised in profit or loss. Foreign exchange gains and losses are reported on net basis.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or

- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Operating Expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

4.15 Tax Expenses

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of the income taxes, and therefore accounting for them under IAS 37, provision, contingent liabilities and contingent assets.

(a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

(b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that does not affects neither accounting nor taxable profit or loss and (if) does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

4. Material accounting policies (Continued)

4.15 Tax Expenses (Continued)

(b) Deferred tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.16 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- Level 1 : Quoted prices (Unadjusted) in active market for identical assets and liabilities
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)
- Level 3 : Inputs for the assets or liability that are not used on observable market data (unobservable inputs)

(a) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However, the Company has got short term receivables as at the reporting date.

(b) Financial liabilities (Non- derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the risk adjusted discount rate.

4.17 Investment in subsidiary

Investments in subsidiary are recorded at cost less impairment (if any) in the financial statement of the Company. The net assets of the subsidiary is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investments' recoverable amount is estimated. An impairment loss is recognized to the extent of its net asset loss.

5. Critical accounting estimates, assumptions and judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

(a) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Company's financial statements when the change in estimate is determined.

(b) Impairment of property, plant and equipment and intangible assets

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- Obsolescence or physical damage;
- Significant changes in technology and regulatory environments;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the use of its assets or the strategy for its overall business;
- Significant negative industry or economic trends;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

(c) Revenue recognition

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties. As per the requirements of IFRS 15 Identification of the performance obligations, allocation of the consideration over the performance obligations, determination of the key assumption such as customer expected retention period.

(d) Valuation of receivables

Note 4.8 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments.

5. Critical accounting estimates, assumptions and judgements (Continued)

(d) Valuation of receivables (Continued)

The provision is based on the individual assessment of the customers, lifetime expected credit loss of the trade and other receivables, customer credit-worthiness and the Company's historical write-off experience etc.

Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(e) Interconnection with other operators

As part of the normal course of business, the Company interconnects with other telecommunications operators. In certain instances it uses estimates to determine the amount of revenue receivable from or expense payable to these other operators. The prices at which these services are charged are sometimes regulated and may be subject to retrospective adjustment. Estimates are used in assessing the likely impact of these adjustments. Adjustments to interconnect estimates are taken to operating profit in the period in which the adjustments are made.

(f) Provisions

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 3.10 to the financial statements. Judgement is required to quantify such amounts.

(g) Capitalization of Property, Plant and equipment and projects under construction

Assets are transferred to Property, Plant and equipment from assets under construction when they are ready for its intended use. The complex nature of the assets is such that judgment is required as to when that point is reached. Also, judgment is required to determine whether the costs incurred on those assets can be capitalized or can be recognized as an expense in profit or loss.

(h) Lease Term

Some leases related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

6. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1st January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant Impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7and IFRS 7)
- Lease Liability in a Sale and Lease back (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

FOR THE YEAR ENDED 31ST DECEMBER 2023

7 SEGMENT INFORMATION

Reportable Segments

The Company's operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the reportable segments based on segment operating income, consistent with the Chief Operating Decision Maker's ("CODM") assessment of segment performance.

The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed and broadband) providing services and to provide emerging services to the customers. The Company excludes from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-operational nature.

The Following summery describes the operations of each reportable segment.

(1) Mobile Mobile operation primarily includes prepaid mobile, postpaid mobile, roaming, mobile equipment and mobile broadband which are provided to individuals, business and government customers.

(2) Fixed, Broadband and Enterprise Fixed, Broadband and Enterprise primarily include fixed telephony, fixed and fiber broadband, lease circuits, datacoms, IP TV services, mobile money and enterprise infrastructure project. The Company provides these products and services to the individuals, businesses and government customers.

Information about Reportable Segments

Segment information disclosed for the year ended 31st December 2023 and 2022 are as follows :

	Mobile		Fixed, Broadband and Enterprise		Others		Total	
	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"
External Revenue	1,376,759	1,319,765	1,177,585	1,193,708	77,993	72,663	2,632,337	2,586,136
Total Revenue	1,376,759	1,319,765	1,177,585	1,193,708	77,993	72,663	2,632,337	2,586,136
Operating Costs	(546,068)	(519,962)	(495,609)	(583,230)	(40,263)	(34,715)	(1,081,940)	(1,137,907)
Depreciation, amortization and impairment	(226,390)	(185,678)	(135,294)	(122,828)	(33,345)	(87,828)	(395,029)	(396,334)
Impairment losses on trade and other Receivables	(11,206)	(10,554)	(9,587)	(9,549)	(635)	(581)	(21,428)	(20,684)
Net finance costs	(44,695)	(24,595)	(37,649)	(22,100)	(2,578)	(1,381)	(84,922)	(48,076)
Non-operating income	2,046	42,028	1,723	37,762	118	2,738	3,887	82,528
Reportable segment profit / (loss) before tax	550,446	621,004	501,169	493,763	1,290	(49,104)	1,052,905	1,065,663
Segment assets and liabilities								
Non-current assets	1,083,991	1,090,931	1,264,571	1,014,496	435,355	412,989	2,783,917	2,518,416
Current assets	426,929	378,117	282,464	302,007	17,594	15,368	726,987	695,492
Total assets	1,510,920	1,469,714	1,547,035	1,317,102	452,949	428,395	3,510,904	3,215,211
Non-current liabilities	1,105,488	744,225	-	-	-	13,380	1,105,488	757,605
Current liabilities	839,081	869,171	573,071	586,675	170,943	171,654	1,583,095	1,627,500
Total liabilities	1,944,569	1,613,396	573,071	586,675	170,943	185,034	2,688,583	2,385,105

Other operations include the customer equipment maintenance services, bulk SMS services, domain and web hosting and other adjacent services. None of these segments met the quantitative threshold for reportable segments in 2023 or 2022.

Revenue is shown on gross basis and before out-payments to other telecommunication companies and license payments.

7 SEGMENT INFORMATION (CONTINUED)

Reconciliation of total assets information on reportable segments to the total assets reported in the Statement of Financial Position.

	2023		2022	
	Non-current MVR "000"	Current MVR "000"	Non-current MVR "000"	Current MVR "000"
Total assets for reportable segments	2,348,562	709,393	2,105,428	681,389
Total assets for other segments	435,355	17,594	412,988	15,406
Total assets for segments	2,783,917	726,987	2,518,416	696,795
Other unallocated amounts	19,889	2,712,550	9,869	2,375,386
Total assets as per the statement of financial position	2,803,806	3,439,537	2,528,285	3,072,181

8 REVENUE

A Revenue Streams

The Company generates revenue primarily from mobile and fixed, broadband and enterprise revenue. Other sources of revenue include customer equipment maintenance services and other adjacent services.

	2023 MVR "000"	2022 MVR "000"
Revenue from contracts with customers	2,632,337	2,586,136

B Disaggregation of revenue from contracts with customers

Disaggregation of revenue by major products and service lines has been disclosed in the segment information under mobile, fixed, broadband and enterprise and other revenue.

In the following table, revenue is disaggregated by timing of recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments. Revenue by major products and service lines are disclosed under segment information (See Note 7).

	Reportable Segments							
	Mobile		Fixed, Broadband and Enterprise		Others		Total	
	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"
Revenue by timing of recognition								
Products transferred at a point in time	25,956	26,781	43,819	38,464	3,889	4,546	73,664	69,791
Products and services transferred over time	1,350,803	1,292,984	1,133,766	1,155,244	74,104	68,117	2,558,673	2,516,345
Revenue from contracts with customers	1,376,759	1,319,765	1,177,585	1,193,708	77,993	72,663	2,632,337	2,586,136
External Revenue	1,376,759	1,319,765	1,177,585	1,193,708	77,993	72,663	2,632,337	2,586,136

8.1 Maldives Broadcasting Commission ("MBC") has declined to extend the rebroadcasting license renewal of the Company due to the amendment made to the eligibility criteria such that only 100% Maldivian owned Companies can have the license. Therefore, In December 2022, the Board of Directors has decided to discontinue Dhiraagu TV and DhiraaguPlay service with its license expiry on 29th January 2023. As a result, the Company has entered into an agreement with SS Network Pvt Ltd in December 2022 to continue its IPTV/OTT network rebroadcasting service.

8 REVENUE (CONTINUED)

C Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2023 MVR "000"	2022 MVR "000"
Receivables (included in trade and other receivables)	413,516	365,464
Contract assets (included in trade and other receivables)	247,158	198,644
Contract liabilities (included in trade and other payables)	(116,843)	(113,363)

The contract assets primarily relate to the Company's right to consideration for services performed and work completed, but not billed at the reporting date on customer contracts and costs that were deferred on installations and infrastructure projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and over the period of customer tenure expected in respect of the deferred cost.

The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognized over time as the related performance obligations are fulfilled and to the unredeemed customer loyalty points.

9 OPERATING COSTS

	2023 MVR "000"	2022 MVR "000"
Direct cost of services	291,359	375,573
Personnel costs **(Note 9.1)**	237,267	234,807
License fees	121,075	115,689
Support services	32,717	48,050
External publicity	30,569	27,979
Network costs	138,572	123,621
Property and utility costs	106,715	102,036
Professional fees	12,153	10,781
Other administrative expenses	111,513	99,371
	1,081,940	1,137,907

9.1 Personnel Costs

	2023 MVR "000"	2022 MVR "000"
Wages, salaries and performance reward scheme	195,202	201,401
Defined contribution expense	14,039	13,915
Other personnel costs	28,026	19,491
	237,267	234,807

10 OTHER INCOME

	2023 MVR "000"	2022 MVR "000"
Gain on disposal of property, plant and equipment	249	-
Tax Refund **(Note 10.1)**	1,009	80,563
Miscellaneous income	2,629	1,965
	3,887	82,528

10.1 Maldives Inland Revenue Authority ("MIRA") has disputed the "WHT" paid in relation to the interconnection transaction for the period from 2013 to 2019. However, during the year 2022, the Company has received a tax refund of MVR 79.27/- Mn due to the favorable verdict declared for the appeal made in the supreme court. Additionally, "GST" tax refund of MVR 1.3/- Mn was received in relation to debt written off.

In 2023, following the favorable deicision of Tax Appeal Tribunal, the Company had received a refund of MVR 0.9/- Mn together with the balance amount of 0.1/- Mn from the refund received in 2022.

FOR THE YEAR ENDED 31ST DECEMBER 2023

11 NET FINANCE COSTS

	2023 MVR "000"	2022 MVR "000"
Finance Income		
Interest income on fixed deposits	15,076	13,792
Interest income on short term investments	11,415	10,181
	26,491	23,973
Finance Costs		
Interest expenses on loans	(54,665)	(19,762)
Loan arrangement fees	(2,545)	(3,888)
Unwinding of interest on provisions	(3,766)	(4,057)
Interest on lease liabilities	(30,828)	(31,410)
Net Foreign exchange loss	(19,609)	(12,932)
	(111,413)	(72,049)
Net Finance Costs	(84,922)	(48,076)

12 TAX EXPENSE

	2023 MVR "000"	2022 MVR "000"
Income tax		
Current tax expense **(Note 12.1)**	166,446	162,536
Deferred tax		
Origination of temporary differences **(Note 12.2)**	(10,020)	(6,160)
	156,426	156,376

12.1 Reconciliation between accounting profit and taxable income:

	2023 MVR "000"	2022 MVR "000"
Accounting profit before tax	1,052,905	1,065,663
Disallowable expenses	396,539	396,841
Allowable expenses	(339,302)	(378,431)
Tax free allowance	(500)	(500)
Total taxable income	1,109,642	1,083,573
Income tax @ 15%	166,446	162,536

In accordance with the provisions of the Income Tax Act No. 25 of 2019 and subsequent amendments, the Company is liable for income tax at the rate of 15% on its taxable income.

12.2 Deferred Tax Asset

	2023 MVR "000"	2022 MVR "000"
Opening balance	9,869	3,709
Recognized on temporary differences	10,020	6,160
Closing balance	19,889	9,869

FOR THE YEAR ENDED 31ST DECEMBER 2023

12 TAX EXPENSE (CONTINUED)

12.3 Deferred Tax Asset / (Liability) is attributable for following:

	2023		2022	
	Temporary Difference MVR "000"	Tax Effect MVR "000"	Temporary Difference MVR "000"	Tax Effect MVR "000"
Property and equipment	(28,204)	(4,231)	(58,334)	(8,750)
Intangible assets	(110,268)	(16,540)	(119,778)	(17,967)
Provisions	271,067	40,660	243,910	36,586
	132,595	19,889	65,798	9,869

Deferred tax Assets and liabilities are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15% (2022:15%).

12.4 Movement in Deferred Tax Balances

31st December 2023

	Balance as at 1st January 2023	Recognized in profit or loss	Deferred Tax asset/ (liability) as at 31st December 2023
Property and equipment	(8,750)	4,519	(4,231)
Intangible assets	(17,967)	1,427	(16,540)
Provisions	36,586	4,074	40,660
	9,869	10,020	19,889

31st December 2022

	Balance as at 1st January 2022	Recognized in profit or loss	Deferred Tax asset/ (liability) as at 31st December 2022
Property and equipment	(13,194)	4,444	(8,750)
Intangible assets	(18,072)	105	(17,967)
Provisions	34,975	1,611	36,586
	3,709	6,160	9,869

13 EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted earnings per ordinary share is based on the profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	For the year ended 2023	2022
Profit for the year attributable to the ordinary shareholders (MVR "000")	896,479	909,287
Weighted average number of ordinary shares outstanding ("000")	76,000	76,000
Basic and diluted earnings per share (MVR)	11.80	11.96

FOR THE YEAR ENDED 31ST DECEMBER 2023

14 PROPERTY AND EQUIPMENT

31st December 2023	Buildings MVR "000"	Equipment MVR "000"	Vehicles and launches MVR "000"	Furniture and fittings MVR "000"	Capital work-In progress MVR "000"	Total MVR "000"
Cost						
Opening Balance	437,373	4,345,508	10,588	21,370	412,639	5,227,478
Additions during the year	-	-	-	-	549,861	549,861
Capitalizations during the year	7,082	306,035	583	2,707	(316,407)	-
Disposals during the year	-	(6,971)	(2,498)	(257)	-	(9,726)
Closing Balance	444,455	4,644,572	8,673	23,820	646,093	5,767,613
Accumulated Depreciation						
Opening Balance	239,149	3,107,869	10,588	18,680	-	3,376,286
Charge for the year	17,650	260,895	44	1,830	-	280,419
Disposals during the year	-	(6,950)	(2,498)	(257)	-	(9,705)
Closing Balance	256,799	3,361,814	8,134	20,253	-	3,647,000
Carrying amount	187,656	1,282,758	539	3,567	646,093	2,120,613

14.1 Capital work in progress represents the costs incurred mainly on the projects such as submarine cable project (SEA-ME-WE-6) and DDSCN Expansion project which were in progress as at 31st December 2023.

14.2 The Company has fully depreciated property, plant and equipment as at 31st December 2023 amounted to MVR 2,063,588,411/-

14.3 During the year, the Company has capitalized borrowing cost amounting to MVR 29,156,188/-.

31st December 2022	Buildings MVR "000"	Equipment MVR "000"	Vehicles and launches MVR "000"	Furniture and fittings MVR "000"	Capital work-In progress MVR "000"	Total MVR "000"
Cost						
Opening Balance	433,368	4,189,976	10,588	20,579	187,548	4,842,059
Additions during the year	-	-	-	-	387,094	387,094
Capitalizations during the year	5,512	155,698	-	793	(162,003)	-
Disposals during the year	(1,507)	(166)	-	(2)	-	(1,675)
Closing Balance	437,373	4,345,508	10,588	21,370	412,639	5,227,478
Accumulated Depreciation						
Opening Balance	222,556	2,843,057	9,933	16,686	-	3,092,232
Charge for the year	17,631	264,906	655	1,996	-	285,188
Disposals during the year	(1,038)	(94)	-	(2)	-	(1,134)
Closing Balance	239,149	3,107,869	10,588	18,680	-	3,376,286
Carrying amount	198,224	1,237,639	-	2,690	412,639	1,851,192

14.4 Capital work in progress represents the costs incurred mainly on the projects such as Network expansion and submarine cable project (SEA-ME-WE-6) which were in progress as at 31st December 2022.

14.5 The Company has fully depreciated property, plant and equipment as at 31st December 2022 amounted to MVR.1,810,170,910/-.

FOR THE YEAR ENDED 31ST DECEMBER 2023

15 RIGHT-OF-USE ASSETS

Right-of-Use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-Use asset (See note 4.11).

As at 31st December	2023 MVR "000"	2022 MVR "000"
Cost		
Opening Balance	484,732	408,848
Additions during the year	21,242	75,884
Closing Balance	505,974	484,732
Accumulated depreciation		
Opening Balance	167,961	121,203
Charge for the year	46,841	46,758
Closing Balance	214,802	167,961
Carrying amount as at 31st December	291,172	316,771

15.1 Right-of-use assets will be amortized over 1 year to 35 years based on their lease period.

16 INVESTMENT IN SUBSIDIARY

	2023 MVR "000"	2022 MVR "000"
Dhiraagu Fintech Pvt Ltd	12,500	-
	12,500	-

The Company has formed a dedicated Company to carry out it's mobile money service (Dhiraagu Pay), and invested in 4,999,999 of ordinary shares at MVR 2.5/- per share representing 99.99998% of the ownership.

The Company has not prepared consolidated financial statements on the materiality basis as the subsidiary Company does not have any operation results and assets or liabilities as at 31st December 2023.

17 INTANGIBLE ASSETS

31st December 2023	Indefeasible Rights of Use MVR "000"	Licenses MVR "000"	Software MVR "000"	Work-in-progress MVR "000"	Total MVR "000"
Cost					
Opening Balance	118,338	135,672	406,347	94,762	755,119
Additions during the year	-	-	-	76,948	76,948
Capitalizations during the year	11,437	29,011	36,216	(76,664)	-
Closing Balance	129,775	164,683	442,563	95,046	832,067
Accumulated Amortization and impairment loss					
Opening Balance	35,583	79,461	285,895	3,727	404,666
Amortization for the year	8,806	21,134	37,829	-	67,769
Closing Balance	44,389	100,595	323,724	3,727	472,435
Carrying amount	85,386	64,088	118,839	91,319	359,632

17.1 Capital Work in progress represents the costs incurred mainly on CRM Project and IPT Capacity & MSC Upgrade project which were in progress as at 31st December 2023.

17.2 The Company has fully amortized intangible assets as at 31st December 2023 amounted to MVR 240,207,242/-.

17.3 During the year, the Company has capitalized borrowing cost amounting to MVR 1,868,781/-.

17 INTANGIBLE ASSETS (CONTINUED)

31st December 2022	Indefeasible Rights of Use	Licenses	Software	Work-in-progress	Total
Cost	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Opening Balance	108,065	136,788	375,284	48,541	668,678
Additions during the year	-	-	-	89,354	89,354
Capitalizations during the year	10,273	1,731	31,129	(43,133)	-
Written-off during the year	-	(2,847)	(66)	-	(2,913)
Closing Balance	118,338	135,672	406,347	94,762	755,119
Accumulated Amortization and Impairment					
Opening Balance	27,724	63,258	249,447	2,764	343,193
Amortization for the year	7,859	19,050	36,514	-	63,423
Write-off during the year	-	(2,847)	(66)	-	(2,913)
Provision for Impairment	-	-	-	963	963
Closing Balance	35,583	79,461	285,895	3,727	404,666
Carrying amount	82,755	56,211	120,452	91,035	350,453

17.4 Capital Work in progress represents the costs incurred mainly on CRM Project and Open API project which were in progress as at 31st December 2022.

17.5 The Company has fully amortized intangible assets as at 31st December 2022 amounted to MVR 217,956,738/-.

18 INVENTORIES

	2023	2022
	MVR "000"	MVR "000"
Cost of inventories	57,279	57,844
Provision for slow moving / obsolete inventories **(Note 18.1)**	(15,291)	(14,661)
	41,988	43,183

18.1 Provision for Slow-Moving / Obsolete Inventories

	2023	2022
Opening Balance	14,661	14,757
Written-off during the year	(410)	(1,346)
Provision made during the year	1,040	1,250
Closing Balance	15,291	14,661

19 TRADE AND OTHER RECEIVABLES

	2023	2022
	MVR "000"	MVR "000"
Trade receivables	413,516	365,464
Contract Assets	247,158	198,644
	660,674	564,108
Provision for impairment loss on trade receivables and contract assets **(Note 19.1)**	(125,334)	(103,906)
	535,340	460,202
Prepayments	62,947	88,593
Other receivables	87,346	104,148
	150,293	192,741
Allowance for impairment loss on other receivables **(Note 19.1)**	(634)	(634)
	149,659	192,107
Carrying amount	684,999	652,309

The receivables are considered to be held within held to collect business model consistent with the Company's continuing recognition of receivables.

19.1 Allowance for Impairment Loss on Trade and Other Receivables and Contract Asstes

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year and movement of the impairment of other receivables are as follows.

FOR THE YEAR ENDED 31ST DECEMBER 2023

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

19.1 Allowance for Impairment Loss on Trade and Other Receivables and Contract Assets (Continued)

	Trade Receivables and contract assets		Other Receivables	
	2023 MVR "000"	2022 MVR "000"	2023 MVR "000"	2022 MVR "000"
Opening Balance	103,906	100,183	634	634
Provision for the year	21,428	20,684	-	-
Bad debt written-off during the year	-	(16,961)	-	-
Closing Balance	125,334	103,906	634	634

20 SHORT TERM INVESTMENTS

	2023 MVR "000"	2022 MVR "000"
Short term Investments	1,266,337	1,264,489
	1,266,337	1,264,489

20.1 Short Term Investments - Amortized Cost

Investment Type	Invested Currency	Maturity	Indicative Rate	31/12/2023 MVR "000"	31/12/2022 MVR"000"
Investment in Treasury Bills	MVR	3-6 Months	3.50%	302,998	303,186
Investment in Fixed Deposits	MVR	3-6 Months	1.5%-2.8%	960,000	960,000
Accrued Interest				3,339	1,303
				1,266,337	1,264,489

21 CASH AND CASH EQUIVALENTS

	2023 MVR "000"	2022 MVR "000"
Cash in hand	1,819	3,194
Balances with banks **(Note 21.1)**	1,444,394	1,109,006
Cash and bank balance in the statement of financial position	1,446,213	1,112,200
Mobile money assurance deposit **(Note 21.2)**	(2,500)	(2,500)
Cash and cash equivalents in the statement of cash flows	1,443,713	1,109,700

21.1 The Cash at Bank Balances includes following Restricted Cash Balances

Mobile money assurance deposit **(Note 21.2)**	2,500	2,500
Reserve for loan repayments **(Note 21.3)**	43,504	84,805
	46,004	87,305

21.2 Under the National Payment System Act, the Company has made MVR 2,500,000/- deposit with Maldives Islamic Bank "MIB" as the equivalent Mobile Money issued as at 31st December 2023. This deposit does not carry interest and has no maturity period.

21.3 As per loan agreements, the company maintains a reserved cash amount designated specifically for the payment of the next quarter's loan installments. This amount is allocated to ensure timely and secure repayment in accordance with the terms outlined in the loan agreements.

22 SHARE CAPITAL

22.1 Share Capital

	2023 MVR "000"	2022 MVR "000"
Authorized share capital 80,000,000 ordinary shares of MVR 2.5 each	200,000	200,000
Issued and fully paid share capital 76,000,000 ordinary shares of MVR 2.5 each	190,000	190,000

22.2 Dividends

The holders of ordinary shares are entitled to dividend, as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company. The board of directors has declared dividends during the year as follows.

	2023		2022	
	Per share MVR "000"	Dividend MVR "000"	Per share MVR "000"	Dividend MVR "000"
Dividend declared - 1st tranche	5.67	430,920	4.13	313,880
Dividend declared - 2nd tranche	1.66	126,160	1.66	126,160
		557,080		440,040

FOR THE YEAR ENDED 31ST DECEMBER 2023

23 PROVISIONS

	2023 MVR "000"	2022 MVR "000"
Opening Balance	145,168	139,791
Provision made during the year	1,048	1,320
Unwinding of discounts on provisions	3,766	4,057
Disposals made during the year	(550)	-
Closing Balance	149,432	145,168

23.1 Network and assets retirement obligation

The provisions of network and asset retirement obligations represent the provisions made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the network and asset retirement obligation as at reporting date.

	2023	2022
Useful life (years)	15 - 20	15
Expected rate of increase of the dismantling cost	3.5%	3.5%
Discount rate	10%	10%

Based on the market conditions and industry practices, the Management has estimated the useful life of the towers as 20 years from 1st January 2023 onwards.

Sensitivity Analysis

An increase / (decrease) of 1% of the below variables would have increased or (decreased) the profit or loss by following amounts. This analysis assumes that the other variables remain constant.

	Effect to Profit or Loss	
	Increase MVR "000"	Decrease MVR "000"
Expected rate of increase of the dismantle cost (Change 1%)	5,204	(2,201)
Discount rate (Change by 1%)	3,988	(7,035)

24 LOANS AND BORROWINGS

	2023 MVR "000"	2022 MVR "000"
Opening balance	508,240	224,683
Obtained during the year	538,774	432,261
Interest for the period	85,690	19,762
Interest paid during the year	(73,472)	(12,200)
Repayment of capital during period year	(223,625)	(156,266)
	835,607	508,240
Unamortized facility fee **(Note 24.3)**	(8,859)	(6,071)
Closing balance	826,748	502,169

24.1 Sources of Finance

	2023	2022
HSBC Bank - Term Loan **(Note 24.4)**	20,571	70,010
HSBC Bank - Import Loan **(Note 24.5)**	119,062	142,202
International Finance Corporation **(Note 24.6)**	251,594	209,930
Asian Development Bank **(Note 24.7)**	143,759	86,098
International Finance Corporation **(Note 24.8)**	191,234	-
Asian Development Bank **(Note 24.8)**	109,387	-
	835,607	508,240

24.2 Maturity analysis

	2023	2022
Non current liabilities		
Term loan	678,480	310,718
Unamortized facility fees	(7,170)	(4,599)
	671,310	306,119
Current liabilities		
Term loan	20,542	49,344
Import loan	116,275	140,086
Interest Payable	20,310	8,092
Unamortized facility fees	(1,689)	(1,472)
	155,438	196,050
Total Loans and Borrowings	826,748	502,169

FOR THE YEAR ENDED 31ST DECEMBER 2023

24 LOANS AND BORROWINGS (CONTINUED)

	2023 MVR "000"	2022 MVR "000"
24.3 Facility fee amortization		
Opening balance	6,071	2,859
Facility fees paid during the year	5,333	5,705
Amortization during the year	(2,545)	(2,493)
Closing balance	8,859	6,071

24.4 As per the term loan facility letter dated 9th April 2021,the Company has obtained a loan of US$ 8,000,000/- from HSBC Bank at rate of 3 months Libor plus 4.75% and SOFR plus 5% per annum starting from March 2023. The loan is repayable in 30 equal monthly installment of US$ 266,666.67/- (excluding interest) with 6 months grace period.

24.5 As per the letter dated 3rd June 2021,the Company has obtained a import loan facility of US$ 12,000,000/- from HSBC Bank at rates of 3 months Libor plus 4.75% and SOFR plus 5% per annum starting from 14th November 2022 and loan settlement period is one year.

24.6 As per Loan Agreement dated 30th June 2022 with IFC, the Company has obtained a loan of US$ 15,909,000/- at rate SOFR plus 6.57% per annum. The loan is repayable in 5 years starting from April 2025.

24.7 As per Loan Agreement dated 5th July 2022 with the ADB, the Company has obtained loan facility of US$ 9,091,000/- at rate of SOFR plus 6.57% per annum. The loan is repayable in 5 years starting from April 2025.

24.8 As per Loan Agreement dated 16th February 2023 with the ADB and IFC, the Company has obtained loan facility of US$ 10,909,000/- and US$ 19,091,000/- respectively, at rate of SOFR plus 6.57% per annum. The loan is repayable in 5 years starting from April 2025.

25 LEASE LIABILITIES

Leases as lessee

The Company leases land, buildings and network assets. The leases typically run for a period of 1 to 35 years, with an option to renew the lease after non-cancellable period.

Information about leases for which the Company a lessee is presented below.

	2023 MVR "000"	2022 MVR "000"
Opening Balance	353,989	303,117
Additions during the year	21,242	75,883
Interest on lease liabilities	30,828	31,410
Payments of lease liabilities	(58,801)	(56,421)
Closing balance	347,258	353,989
25.1 Lease liabilities included in the statement of financial position		
Current	62,512	47,671
Non-current	284,746	306,318
	347,258	353,989
25.2 Maturity analysis - Contractual undiscounted cash flows		
Less than one year	66,825	65,241
One to five years	213,230	214,574
More than five years	208,004	254,177
Total undiscounted lease liabilities	488,059	533,992

Extension Options

Some land and buildings and network assets related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

Amounts recognized in profit or loss in relation to leases	2023 MVR "000"	2022 MVR "000"
Interest on lease liabilities	30,828	31,410
Depreciation of ROU assets	46,841	46,758
	77,669	78,168

Amounts recognized in cash flow	2023 MVR "000"	2022 MVR "000"
Total cash outflow for leases	58,801	56,421

FOR THE YEAR ENDED 31ST DECEMBER 2023

26 TRADE AND OTHER PAYABLES

	2023 MVR "000"	2022 MVR "000"
Trade payables	93,199	51,876
Contract Liabilities	116,843	113,363
Accruals and payables	597,159	559,985
Dividend payable	2,612	19,866
Refundable deposits from customers	28,170	26,809
Customer loyalty points	5,190	3,008
Other Payables	33,622	30,976
	876,795	805,883

27 AMOUNTS DUE TO A RELATED PARTY

	2023 MVR "000"	2022 MVR "000"
BTC Islands Limited - Immediate Parent	390,429	486,357
Dhiraagu Fintech Pvt Ltd **(Note 29.5)**	12,500	-
	402,929	486,357

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Treasury Policy

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Day to day management of treasury activities is delegated to the Company's treasury function ("Treasury"), within specified financial limits for each type of transaction and counterparty.

To the extent that the Company undertakes treasury transactions, these are governed by Company policies and delegated authorities.

The key responsibilities of Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Company's cash resources (including facilities) and borrowings are managed centrally by Treasury.

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(i) Credit Risk

The maximum exposure to credit risk of the financial assets at the reporting date was:

	Carrying Amount	
	2023	2022
	MVR "000"	MVR "000"
Trade receivables and contract assets*	506,982	439,296
Other receivables	86,712	103,514
Cash at banks	1,444,394	1,109,006
Short term Investments	1,266,337	1,264,489
	3,304,425	2,916,305

* The carrying amount excludes GST amounting to MVR 28.4/- Mn (2022: MVR 21/- Mn)

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

The carrying amount of financial assets of the Company represents the maximum credit exposure. In relation to deposits held, the management seeks to reduce the credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds are prescribed by the Board. These policies contain limits on exposure for the Company as a whole to any one counterparty.

Impairment Losses on financial assets and contract assets recognized in profit or loss were as follows;

	2023	2022
	MVR "000"	MVR "000"
Impairment loss on trade receivables and contract assets arising from contracts with customers	21,428	20,684

Trade and other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes a provision for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. The allowance for impairment represents the specific loss component that relates to individually significant exposures.

FOR THE YEAR ENDED 31ST DECEMBER 2023

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(i) Credit Risk (Continued)

Trade and other receivables and contract assets (Continued)

The maximum exposure (excluding GST) to credit risk of trade receivable and contract asset at the reporting date for each segment was:

	Carrying Amount	
	2023	2022
	MVR "000"	MVR "000"
Consumer Segment	37,277	45,490
Corporate Segment	147,617	126,180
Government Segment	68,446	71,186
Wholesale Segment	253,641	196,439
	506,982	439,296

Expected credit loss assessment for the customers as at 31st December 2023 and 31st December 2022

Exposures within each credit risk grades are segmented by the type of the customers.

The Company uses an allowance Matrix to measure the ECLs of trade receivables and contract asset of individual customers, which comprise a very large number of small customers except for its wholesale segment.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

Consumer Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for consumer customers segment as at 31st December 2023 and 31st December 2022.

31st December 2023	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
0 - 30 days past due	3%	37,164	986	36,178
31 - 60 days past due	47%	1,494	695	799
61 - 90 days past due	73%	900	658	242
More than 90 days past due	99.8%	32,590	32,532	58
		72,148	34,871	37,277

31st December 2022	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
0 - 30 days past due	2%	45,227	1,041	44,186
31 - 60 days past due	48%	1,689	813	876
61 - 90 days past due	69%	1,110	761	349
More than 90 days past due	99.7%	27,789	27,710	79
		75,815	30,325	45,490

* Gross carrying amount excludes of GST

Loss rates are based on actual credit loss experience over Five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company has assessed individual consumer customers and recognized a 100% specific provision of MVR 268,022/- as at 31st December 2023 (31st December 2022: MVR 198,950/-).

FOR THE YEAR ENDED 31ST DECEMBER 2023

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(i) Credit Risk (Continued)

Expected Credit loss assessment for the customers as at 31st December 2023 and 31st December 2022 (Continued)

Corporate Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers segment as at 31st December 2023 and 31st December 2022.

31st December 2023	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
1 - 30 days past due	7%	73,439	5,192	68,247
31 - 60 days past due	17%	23,913	4,129	19,784
61 - 90 days past due	24%	18,468	4,416	14,052
91 - 120 days past due	31%	14,469	4,500	9,969
More than 120 days past due	60%	89,214	53,650	35,564
		219,504	71,887	147,617

31st December 2022	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
1 - 30 days past due	3%	67,582	2,328	65,254
31 - 60 days past due	13%	22,824	2,977	19,847
61 - 90 days past due	20%	15,635	3,069	12,566
91 - 120 days past due	33%	11,485	3,820	7,665
More than 120 days past due	67%	63,298	42,450	20,848
		180,824	54,644	126,180

* Gross carrying amount excludes of GST

Loss rates are based on actual credit loss experience over past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

All customers' receivable more than MVR 100,000/- are assessed for specific impairment and based on the assessment, specific impairment is made for required customers.

The Company has assessed individual corporate customers amounting to MVR 101,782,201/- (31st December 2022: MVR 58,292,452/-) and recognized a specific provision of MVR 27,658,338/- as at 31st December 2023 (31st December 2022: MVR 19,371,960/-).

Government Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers segment as at 31st December 2023 and 31st December 2022.

31st December 2023	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
1 - 30 days past due	5%	27,930	1,389	26,541
31 - 60 days past due	6%	13,273	756	12,517
61 - 90 days past due	6%	7,490	452	7,038
91 - 120 days past due	8%	6,993	573	6,420
121 - 150 days past due	36%	1,433	519	914
More than 150 days past due	44%	26,689	11,672	15,017
		83,809	15,363	68,446

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(i) Credit Risk (Continued)

Government Segment (Continued)

31st December 2022	Weighted average loss rate	Gross carrying amount* MVR "000"	Loss allowance MVR "000"	Net carrying amount* MVR "000"
1 - 30 days past due	3%	28,033	708	27,325
31 - 60 days past due	3%	10,363	344	10,019
61 - 90 days past due	6%	8,439	499	7,940
91 - 120 days past due	8%	9,386	765	8,621
121 - 150 days past due	39%	2,357	911	1,446
More than 150 days past due	45%	29,015	13,180	15,835
		87,593	16,407	71,186

* Gross carrying amount excludes of GST

Loss rates are based on actual credit loss experience over past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

All customers' receivable more than MVR 100,000/- are assessed for specific impairment and based on the assessment, specific impairment is made for required customers.

The Company has assessed individual government customers amounting to MVR 35,342,293/- (31st December 2022: MVR 32,941,320/-) and recognized a specific provision of MVR 567,026/- as at 31st December 2023 (31st December 2022: MVR 592,208/-).

Wholesale segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for wholesale customers segment as at 31st December 2023 and 31st December 2022.

31st December 2023	External credit rating	Weighted average loss rate	Gross carrying amount MVR "000"	Impairment loss allowance MVR "000"	Net carrying amount MVR "000"
Grades 1 - 6: Low risk	BBB- to AAA	0.30%	157,793	477	157,316
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	33,293	-	33,293
Unrated customers			65,768	2,736	63,032
			256,854	3,213	253,641

31st December 2022	External credit rating	Weighted average loss rate	Gross carrying amount MVR "000"	Impairment loss allowance MVR "000"	Net carrying amount MVR "000"
Grades 1 - 6: Low risk	BBB- to AAA	0.23%	123,861	287	123,574
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	20,946	-	20,946
Unrated customers			54,308	2,389	51,919
			199,115	2,676	196,439

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(i) Credit Risk (Continued)

Wholesale segment (Continued)

Expected credit loss assessment for individual specific wholesale customers as at 31st December 2023

Specific provision would be made for any of the following indicators;

- If the customer (roaming or carrier partners) declare bankruptcy, the full amount receivable should be provided, unless there is a high probability of recovering the debt.

- If the customer is having known financial problems, it would considered for specific provision.

- If there are on-going disputes for the receivable amounts from a customer, the amount receivable shall be assessed for the possible risk and management would decide on the provision required on case-by case basis.

- If the debt from any roaming partner is aged more than 12 months, the amount which is aged more than 12 months, after netting off any payables from respective operator will be assessed for impairment.

The Company has recognized a specific impairment of MVR 2,736,019/- as at 31st December 2023 (31st December 2022: MVR 2,389,364/-).

Short term Investments

The Company limits its exposure to credit risk by investing in short term deposits with selected banks and investing in treasury bills. In respect of the short term investments, the Company has not recognized any allowance for impairment based on the materiality ground.

Cash and Cash Equivalents

The Company held cash and cash equivalents of MVR 1,446,213/- as at 31st December 2023 (31st December 2022: MVR 1,112,200/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognized any allowance for impairment for the bank balance based on the materiality ground.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's exposure to liquidity risk as at the reporting date is against the following liabilities.

31st December 2023 Financial Liabilities	Carrying Amount MVR "000"	Contractual Cash Flows MVR "000"	Within One Year MVR "000"	1 to 2 Years MVR "000"	2 to 3 Years MVR "000"	3 to 4 Years MVR "000"	Over 4 Years MVR "000"
Trade and other payables	754,762	754,762	754,762	-	-	-	-
Amounts due to a related party	402,929	402,929	402,929	-	-	-	-
Lease liabilities	347,258	488,059	66,825	62,943	55,622	50,670	251,999
Loan and Borrowings*	826,748	826,748	148,268	54,248	72,330	108,526	443,376
Total	2,331,697	2,472,498	1,372,784	117,191	127,952	159,196	695,375

31st December 2022 Financial Liabilities	Carrying Amount MVR "000"	Contractual Cash Flows MVR "000"	Within One Year MVR "000"	1 to 2 Years MVR "000"	2 to 3 Years MVR "000"	3 to 4 Years MVR "000"	Over 4 Years MVR "000"
Trade and other payables	689,512	689,512	689,512	-	-	-	-
Amounts due to a related party	486,357	486,357	486,357	-	-	-	-
Lease liabilities	353,989	533,992	65,241	60,569	57,547	50,467	300,168
Loan and Borrowings*	502,169	502,169	191,451	20,542	38,690	58,035	193,451
Total	2,032,027	2,212,030	1,432,561	81,112	96,237	108,502	493,619

* Loans and borrowings excludes future interests.

FOR THE YEAR ENDED 31ST DECEMBER 2023

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk (Continued)

The Company manages its own liquidity to meet its financial obligations of servicing and repaying external debt, dividends, Company costs and strategic initiatives. The principal source of liquidity for the Company is its operating cash inflows from the business, supported by bank finance.

The Management produces liquidity forecasts on a regular basis to ensure the utilization of current facilities is optimized that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Company.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	2023	2022
	MVR "000"	MVR "000"
Fixed Rate Instruments		
Financial Assets - Short term investments	1,266,337	1,264,489
Variable Rate Instruments		
Financial Liabilities - Loans	835,607	508,240

Sensitivity Analysis	2023		2022	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
Variable Rate Instruments	8,356	(8,356)	5,082	(5,082)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(b) Currency risk

Exposure to currency risk

The Company is exposed to the risk of available foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions (US Dollars, Euro, Sterling Pounds and Singapore Dollars). The Company receives certain collections such as roaming and interconnect in terms of foreign currency and on the other hand, the Company makes certain payments such as capex payments, dividends, out payments, roaming settlements, payments relating to group management in terms of foreign currencies.

Currency risk is managed by the Company's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Company also monitors its exposure to movements in exchange rates on a net basis. The Company currently does not use forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term.

FOR THE YEAR ENDED 31ST DECEMBER 2023

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

(b) Currency risk (Continued)

Exposure to currency risk (Continued)

The Company's exposure to foreign currency risk was as follows (based on notional amounts) :

	31/12/2023			
	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and bank balances	7,934	120	25	34
Trade and other receivables	17,454	90	-	43
Amount due to related party	(3,534)	-	-	-
Trade and other payables	(26,168)	(103)	(7)	(15)
Loans and Borrowings	(53,615)	-	-	-
Net statement of financial position exposure	(57,929)	107	18	61

	31/12/2022			
	US$ "000"	Euro "000"	SGD "000"	GBP "000"
Cash and bank balances	892	9	2	1
Trade and other receivables	11,869	81	-	7
Amount due to related party	(1,569)	-	-	-
Trade and other payables	(13,196)	(144)	(116)	(12)
Loans and Borrowings	(32,566)	-	-	-
Net statement of financial position exposure	(34,570)	(54)	(114)	(5)

The following significant exchange rates were applied during the year:

	Average Rate		Spot Rate	
	2023	2022	2023	2022
US$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1: MVR	16.69	16.26	16.92	16.40
SGD 1: MVR	11.48	11.18	11.60	11.45
GBP 1: MVR	19.17	19.07	19.61	18.54

Sensitivity Analysis

A strengthening/ (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown below.

	Year ended 2023		Year ended 2022	
	Strengthening MVR "000"	Weakening MVR "000"	Strengthening MVR "000"	Weakening MVR "000"
US$ (10% Movement)	(89,327)	89,327	(53,307)	53,307
Euro (10% Movement)	178	(178)	(88)	88
SGD (10% Movement)	21	(21)	(127)	127
GBP (10% Movement)	118	(118)	(10)	10

(iv) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's debt to adjusted equity ratio was as follows.

	2023 MVR "000"	2022 MVR "000"
Total Liabilities	2,688,583	2,385,105
Less: Cash and Cash Equivalents	(1,446,213)	(1,112,200)
Net Debt	1,242,370	1,272,905
Total Equity	3,554,760	3,215,361
Net Debt to equity ratio	0.35	0.40

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It doesn't include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts is a reasonable approximation of fair value.

31st December 2023	Carrying Amount			Fair Value			
	Financial Assets at Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Balance with banks	1,444,394	-	1,444,394	-	-	-	-
Short term investments	1,266,337	-	1,266,337	-	-	1,266,337	1,266,337
Trade and other receivables	622,052	-	622,052	-	-	-	-
	3,332,783	-	3,332,783	-	-	1,266,337	1,266,337
Financial liabilities not measured at fair value							
Trade and other payables	-	754,762	754,762	-	-	-	-
Loans and Borrowings	-	826,748	826,748	-	-	826,748	826,748
Amounts due to related party	-	402,929	402,929	-	-	-	-
Lease liability	-	347,258	347,258	-	-	347,258	347,258
	-	2,331,697	2,331,697	-	-	1,174,006	1,174,006

31st December 2022	Carrying Amount			Fair Value			
	Financial Assets at Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Balance with banks	1,106,506	-	1,106,506	-	-	-	-
Short term investments	1,264,489	-	1,264,489	-	-	1,264,489	1,264,489
Trade and other receivables	563,716	-	563,716	-	-	-	-
	2,934,711	-	2,934,711	-	-	1,264,489	1,264,489
Financial liabilities not measured at fair value							
Trade and other payables	-	689,512	689,512	-	-	-	-
Loans and Borrowings	-	502,169	502,169	-	-	502,169	502,169
Amounts due to a related party	-	486,357	486,357	-	-	-	-
Lease liability	-	353,989	353,989	-	-	353,989	353,989
	-	2,032,027	2,032,027	-	-	856,158	856,158

29 RELATED PARTY TRANSACTIONS

29.1 Parent and Ultimate Holding Company

Parent of the Company is BTC Islands Limited, a Company incorporated in the United Kingdom and the ultimate parent is Bahrain Telecommunications Company BSC ("Beyon"), a Company incorporated in Bahrain.

29.2 Transactions with BTC Islands Limited

BTC Islands Limited had a 52% shareholding in the Company as at 31st December 2023 (31st December 2022: 52%). Transactions with BTC Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with BTC Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

Transactions	Year ended 2023 MVR "000"	Year ended 2022 MVR "000"
Dividends	289,682	228,821
Management fee	30,305	43,245
	319,987	272,066

FOR THE YEAR ENDED 31ST DECEMBER 2023

29 RELATED PARTY TRANSACTIONS (CONTINUED)

29.2 Transactions with BTC Islands Limited (continued)

Balances outstanding

	2023 MVR "000"	2022 MVR "000"
Amounts payable in respect of expenses incurred	54,495	24,191
Amount payable in respect of Dividend	335,934	462,166
	390,429	486,357

29.3 Transactions with key management personnel

Key management's remuneration

Key management includes Directors and Executive committee members that have regular access to inside information and have the power to make managerial decisions affecting the future development and business prospects of the Company. Employee benefits include key management remuneration as follows:

	Year ended 2023 MVR "000"	Year ended 2022 MVR "000"
Directors Fees	1,092	1,242
Salaries to Executives	14,896	15,436
Short term Benefits to Executives	7,144	4,631
	23,132	21,309

29.4 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2023 (31st December 2022: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

Individually Significant Transactions

Transactions	Year ended 2023 MVR "000"	Year ended 2022 MVR "000"
License fees	121,055	115,688
Rentals on land space	15,318	12,328
Dividends	232,875	183,949
	369,248	311,965

Balances outstanding

	2023 MVR "000"	2022 MVR "000"
Amounts payable in respect of rentals on land space	8,079	6,568
Amounts payable in respect of license payments	10,931	10,360
Amounts payable in respect of Dividends	-	17,579
	19,010	34,507

Collectively, but not individually, significant transactions

Dhivehi Raajjeyge Gulhun PLC has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

FOR THE YEAR ENDED 31ST DECEMBER 2023

29 RELATED PARTY TRANSACTIONS (CONTINUED)

29.5 Transactions with Dhiraagu Fintech Private Limited

The Company owns 99.99998% shareholding of Dhiraagu Fintech Pvt Ltd (Dhiraagu Fintech), which was formed on 31st December 2023 to carry out it's mobile money service (Dhiraagu Pay). Dhiraagu Fintech has issued 4,999,999 of ordinary shares at MVR 2.5/- per share amounting to MVR 12,499,997.5/- to Dhivehi Raajjeyge Gulhun PLC and share capital of Dhiraagu Fintech is yet to be settled by the Company as at 31st December 2023.

30 BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

31 COMPARATIVE FIGURES

Certain reclassifications have been made to the comparative figures to enhance comparability and fair presentation of financial statements. As a result, following balances have been amended in the statement of financial position, statement of cash flows and the related notes as shown below. These reclassifications has not resulted in changes to the profit for the year, total assets, total liabilities or total net assets previously reported and as at 31st December 2023.

	As Previously Reported MVR "000"	Reclassified Amount MVR "000"
Statement of Financial Position		
Short term Investments	-	1,264,489
Cash and cash equivalents	2,375,386	1,112,200
Trade and other receivables	653,612	652,309
Statement of Cash Flow		
Net cash generated from operating activities	1,283,109	1,283,109
Net cash used in investing activities	(375,903)	(625,501)
Net cash used in financing activities	(283,753)	(283,753)
Net increase in cash and cash equivalents	623,453	373,855
Cash and cash equivalents at beginning of the year	1,749,433	735,845
Cash and cash equivalents at end of the year	2,372,886	1,109,700

32 COMMITMENTS AND CONTINGENCIES

Capital Commitments

The Company had capital commitments at the end of the financial period relating to the purchase of property and equipment and acquisition and development of intangible assets of MVR 174,654,589/- (31st December 2022: MVR 150,753,703/-).

Contingencies

No contingencies as of reporting date which require adjustments to/ or disclosure in these financial statements.

33 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustments to/ or disclosure in these financial statements other than disclosed below.

33.1 On 5th February 2024, the Board of Directors of the Company has proposed a final dividend of MVR 5.84/- per share which is to be put forward for approval at the next Annual General Meeting of the shareholders.