WARF
TELECOM INTERNATIONAL PRIVATE LIMITED

To : **Chairperson and Board of Directors of WARF Telecom International Pvt Ltd**

Date : **29th January 2024**

Ref : **WARF/BOD-01/2024/05**

Subject : **Approval of Audited Financial Statements for the year ended 31st December 2023**

SUMMARY

Please find enclosed the draft Audited Financial Statements of the Company for the year ended 31st December 2023, together with the Auditor's report for review and approval of the Board of Directors.

We also confirm that the draft Audited Financial Statements together with Auditor's Report were reviewed by the Management and found to be in order.

DECISION

The Board is requested:

1. To approve the Audited Financial Statements of the Company for the year ended 31st December 2023, hereto attached; and
2. To delegate the authority to any two (2) Directors of the Board to sign the Financial Statements, on behalf of the Company.

KHALID HASSAN M A AL-HAMADI
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

SURESH KALPATHI CHIDAMBARAM
CHIEF FINANCIAL OFFICER

WARF Telecom International Private Limited
Financial statements
For the year ended 31 December 2023

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Independent auditor's report

To the Shareholders of WARF Telecom International Private Limited

Our opinion

We have audited the financial statements of WARF Telecom International Private Limited (the Company). The financial statements of the Company comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of their 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 Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that gives true and fair view in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by section 192(c) of the Companies Act, Law no. 7/2023, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company. The financial statements dealt with by the independent auditor's report are in agreement with the books of account.

MALE` **CHARTERED ACCOUNTANTS**

Registration No: F0005

(All amounts are expressed in United States dollar unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 US$	2022 US$
Revenue	7	301,800	50,300
Network, interconnect and other operating expenses		(307,127)	(287,047)
Depreciation and amortization		(51,429)	(51,429)
Finance income	8	(48,149)	165,455
Impairment provision reversal on financial assets		5,913	43,668
Loss before tax	9	(98,992)	(79,053)
Income tax (charge)/ reversal	10	-	(175,565)
Loss for the year		(98,992)	(254,618)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 29. The report of the Independent Auditors is given on pages 1 to 3.

WARF Telecom International Private Limited
Financial statements
For the year ended 31 December 2023
(All amounts are expressed in United States dollar unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

		As at	
		31/12/2023	**31/12/2022**
	Note	**US$**	**US$**
ASSETS			
Non-current assets			
Property, plant and equipment	**11**	385,718	437,147
Long-term prepayments	**13**	88,890	96,296
Financial assets at amortised cost	**14**	-	2,395,290
Total non-current assets		474,608	2,928,733
Current assets			
Trade and other receivables	**12**	57,219	193,317
Prepayments	**13**	7,407	7,407
Financial assets at amortised cost	**14**	-	1,338,446
Cash and cash equivalents	**16**	4,879,967	5,940,332
Total current assets		4,944,593	7,479,502
Total assets		5,419,201	10,408,235
EQUITY AND LIABILITIES			
Equity			
Share capital	**17**	2,000,000	2,000,000
Accumulated losses		(353,610)	(254,618)
Total equity		1,646,390	1,745,382
Current liabilities			
Trade and other payables	**18**	2,401,979	2,403,125
Amount due to related parties	**19**	1,370,832	6,259,728
Total current liabilities		3,772,811	8,662,853
Total liabilities		3,772,811	8,662,853
Total equity and liabilities		5,419,201	10,408,235

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 29. The report of the Independent Auditors is given on pages 1 to 3.

These Financial Statements were approved by the Board of Directors and signed on its behalf by;

Name of the Director **Signature**

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04 February 2024

(All amounts are expressed in United States dollar unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Share capital US$	Accumulated losses US$	Total US$
As at 1 January 2022	25,493,580	(16,645,839)	8,847,741
Comprehensive loss for the year			
Loss for the year	-	(254,618)	(254,618)
Total comprehensive loss for the year	-	(254,618)	(254,618)
Transactions with owners in their capacity as owners			
Capital reduction (Note 18.4)	(23,493,580)	-	(23,493,580)
Equity change due to capital reduction (Note 18.4)	-	16,645,839	16,645,839
As at 31st December 2022	2,000,000	(254,618)	1,745,382
As at 1st January 2023	2,000,000	(254,618)	1,745,382
Comprehensive loss for the year			
Loss for the year	-	(98,992)	(98,992)
Total comprehensive loss for the year	-	(98,992)	(98,992)
As at 31 December 2023	2,000,000	(353,610)	1,646,391

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 29. The report of the Independent Auditors is given on pages 1 to 3.

(All amounts are expressed in United States dollar unless otherwise stated)

STATEMENT OF CASH FLOWS

	Note	2023 US$	2022 US$
Cash flows from operating activities			
Loss before tax		(98,992)	(79,053)
Adjustment for:			
Interest income	**8**	48,149	(165,455)
Depreciation on property, plant and equipment	**11**	51,428	51,429
Amortization of prepayments	**13**	7,407	7,407
(Reversal) / charge of expected credit losses on bank balances	**16.1**	(1,191)	552
(Reversal) / charge of provision for expected credit losses on investments	**14.1**	(4,722)	4,722
Reversal of provision for expected credit losses on amount due from a related party		-	(48,942)
Operating profit / (loss) before working capital changes		2,080	(229,340)
Working capital changes			
Change in trade and other receivables		136,098	(59,781)
Change in amounts due from related parties		-	588,012
Change in amounts due to related parties		(4,888,896)	-
Change in trade and other payables		(1,147)	6,510
Net cash (used in) / generated from operating activities		(4,751,865)	305,401
Cash flows from investing activities			
Interest (paid) / received	**8**	(48,149)	165,455
Reduction of share capital		-	(588,012)
Net movement in financial assets at amortised cost	**14**	3,738,459	1,413,274
Net cash from investing activities		3,690,310	990,717
Net (decrease) / increase in cash and cash equivalents		(1,061,556)	1,296,118
Cash and cash equivalents at the beginning of the year		5,943,521	4,647,403
Cash and cash equivalents at the end of the year	**16**	4,881,965	5,943,521

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 29. The report of the Independent Auditors is given on pages 1 to 3.

1 Reporting entity

WARF Telecom International Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives since 21 December 2005 as a private limited liability company under the Companies' Act No. 10 of 1996, with its registered office at 2nd Floor, HDC Building, Hulhumale, Male', P.O.Box 2196, Republic of Maldives.

The main business activities of the Company is to facilitate the bulk sale of international telecommunications and to construct and operate all telecommunications apparatus and or facilities that are required to provide international telecommunications bandwidth in and out of the Republic of Maldives.

The immediate parent entity of the Company is Ooredoo Maldives PLC and the ultimate parent entity is Ooredoo Q.S.C incorporated in Qatar.

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 on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars, which is the Company's functional currency. All financial information presented in United States Dollars has been rounded to the nearest Dollar.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS 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 critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements are addressed in the respective notes as below.

2 Basis of preparation (continued)

- **Impairment of financial assets**

  Expected credit loss allowance for receivables from related parties were determined by considering the time value of money. The Company management calculated the expected credit losses on these assets by discounting the future cash flows using the Company's weighted average cost of capital.

- **Estimated useful lives of PPE**

  The Company review annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE assets would increase the recorded depreciation and amortization charge and decrease the carrying value in accordance with the accounting policy stated in note 4.3.

- **Recognition of deferred income tax assets**

  Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred income tax asset has been recognised in accordance with the accounting policy stated in note 4.12.

3 Changes in significant accounting policies

Adoption of new or revised standards and interpretations

(a) New and amended accounting standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2023. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and are not expected to significantly affect current or future period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

(i) Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies – Amendments in IAS 1.

(ii) Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

(iii Income Taxes - International Tax Reform—Pillar Two Model Rules - Amendments in IAS 1

(iv Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates – Amendment to IAS 8.

(v) IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) - IFRS 17 insurance standard and amendments are not applicable to the Company.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements and have been applied consistently by the Company.

4.1 Transactions in foreign currencies

Transactions in foreign currencies are translated to United States Dollar at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to United States Dollar at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the profit and loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to United State Dollars at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to United State Dollars at the exchange rates ruling at the dates the values were determined.

4.2 Financial instruments

Recognition and initial measurements

Financial assets and financial liabilities are initially recognized when 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.

(a) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized 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 amortized 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
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

4.2 Financial instruments (continued)

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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.

Financial assets- 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:

- 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;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- 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;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4.2 Financial instruments (continued)

Financial assets – 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
- 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 compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – 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 liabilities – Classification, subsequent measurement and gains and losses

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 any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

4.2 Financial instruments (continued)

(ii) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting

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

(iv) 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.

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 if any.

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 labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. 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.

4.3 Property, plant and equipment (Continued)

(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.

Depreciation on property, plant and equipment is charged on the straight-line basis to write off the cost over the estimated useful lives of the assets on following basis.

Main Duct-Hulhumale'	15 years
Sub Duct-Male'	15 years
Equipment	8 years

The charge for depreciation commences from the date on which the property, plant and equipment is available for use.

4.4 Trade and other receivables

Trade and other receivables include advances paid to suppliers and refundable deposits. They are generally due for settlement within a year and therefore are all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.6 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.7 Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company also recognizes loss allowances for ECLs on related party receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

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

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

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

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).

ECLs are discounted at the effective interest rate of the financial asset.

4.7 Impairment (Continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI 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:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized 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.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

4.7 Impairment (Continued)

(ii) Non-financial assets (Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.8 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.

4.9 Revenue

In relation to the services rendered such as income from capacity right, the revenue is recognized by reference to the time duration of service rendered.

4.10 Operating expenses

Operating expenses are the expenses that are incurred in the natural course of business. These expenses generally consist of the selling and administration expenses. These expenses are revenue in nature since these are incurred in the day-to-day operations of the business and do not incur on the non-current assets.

The nature of the operating expenses is revenue. Therefore, these expenses are not capitalized. Unlike capital expenses that are incurred to support the operations of the business or in the extension of operations, these expenses are supporting in nature and are incurred to carry out the small operations.

4.11 Finance income

Finance income comprises interest income on fixed deposit. Interest income is recognized using the effective interest method.

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 amortized cost of the financial liability.

4.11 Finance income (Continued)

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 amortized 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 amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.12 Tax expenses

Tax expense comprises current tax and deferred tax. Current tax is recognized in profit or loss.

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 substantively enacted at the reporting date.

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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

4.1 Events occurring subsequent to the reporting date

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

4.1 Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

4.1 Measurement of fair values (Continued)

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5 New and amended standards and interpretations

5.1 New and amended standards and interpretations issued but not yet adopted.

A number of amended standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

5 New and amended standards and interpretations (Continued)

5.1 New and amended standards and interpretations issued but not yet adopted (Continued)

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

(i) Classification of Liabilities as Current or Non-current – amendments to IAS 1.
(ii) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - amendments to IFRS 10 and IAS 28.
(iii) Non-current Liabilities with Covenants - amendements to IAS 1.
(iii) Non-current Liabilities with Covenants - amendements to IAS 1.
(iv) Supplier Finance Arrangements – amendments to IAS 7 and IFRS 7.
(v) Lease Liability in a Sale and Leaseback - amendments to IFRS 16.
(vi) General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1.
(vii) Climate-related Disclosures - IFRS S2; and,
(viii) Lack of exchangeability - Amendments to IAS 21.

6 Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Company does not have any borrowings and therefore there are no gearing at the end of the current and previous year.

(All amounts are expressed in United States dollar unless otherwise stated)

7 Revenue

	2023 US$	2022 US$
Capacity rights sales	301,800	50,300
	301,800	50,300

8 Finance income

	2023 US$	2022 US$
Interest (expense) / income on fixed deposits	(48,149)	165,455

9 Loss before tax

	2023 US$	2022 US$
Loss before tax is stated after charging all expenses including the following;		
Depreciation on property, plant and equipment (Note 11)	51,429	51,429
Amortization of prepayments (Note 13)	7,407	7,407
Management fee	170,644	158,004
Reversal other than allowance for irrecoverable debts (Note 14.1 & 16.1)	(5,913)	(43,668)

10 Income tax

	2023 US$	2022 US$
Decrease/(increase) in deferred tax assets (Note 10.2)	-	201,971
(Decrease)/increase in deferred tax liabilities (Note 10.3)	-	(26,406)
	-	175,565

10.1 Reconciliation between accounting loss and taxable income:

	2023 US$	2022 US$
Accounting loss before tax	(98,992)	(79,053)
Tax calculated at the rate of 15%	(14,849)	(11,858)
Add: tax on non-deductible expenses	12,065	167,630
Less: tax on deductible expenses	2,784	19,793
Income tax expenses / (reversal)	-	175,565

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

(All amounts are expressed in United States dollar unless otherwise stated)

10 Tax expense (continued)

10.2 Deferred tax assets (net)

	31/12/2023 US$	31/12/2022 US$
As at 1 January	-	175,565
(Provision)/ reversal during the year	-	(175,565)
As at 31 December	-	-

Deferred tax asset amounting to US$ 201,172 (2022: US$ 190,673) arising from carried forward tax losses was not recognized as of the reporting date due to uncertainty of the recoverability.

10.3 Deferred tax liabilities

	31/12/2023 US$	31/12/2022 US$
As at 1 January	-	26,406
(Reversal)/provision during the year	-	(26,406)
As at 31 December	-	-

11 Property, plant and equipment

	Main Duct-Hulhumale' US$	Sub Duct-Male' US$	Equipment US$	Total 31/12/2023 US$	Total 31/12/2022 US$
Cost					
As at 1 January	990,289	152,347	355,991	1,498,627	1,498,627
As at 31 December	990,289	152,347	355,991	1,498,627	1,498,627
Accumulated depreciation					
As at 1 January	553,142	152,347	355,991	1,061,480	1,010,051
Charge for the year	51,429	-	-	51,429	51,429
As at 31 December	604,571	152,347	355,991	1,112,909	1,061,480
Net book value					
As at 31 December 2023	385,718	-	-	385,718	
As at 31 December 2022	437,147	-	-		437,147

(All amounts are expressed in United States dollar unless otherwise stated)

12 Trade and other receivables

	31/12/2023 US$	31/12/2022 US$
Trade receivables	50,300	50,300
Refundable deposits	6,919	6,919
GST receivable	-	14,236
Income tax receivable	-	121,862
	57,219	193,317

13 Prepayments

	31/12/2023 US$	31/12/2022 US$
Opening balance	103,704	111,111
Amortisation of prepayments	(7,407)	(7,407)
Closing balance	96,297	103,704
Long-term prepayments	**88,890**	**96,296**
Short-term prepayments	**7,407**	**7,407**

The Company had entered into an agreement with Reliance Globalcom Limited (Flag Telecom Group Limited) during the year ended 31 December 2005 for use of capacity right of a fibre optic cable for a period of fifteen years. The amount paid by the Company to acquire the capacity right was recognized as prepayments and amortized over a period of 15 years commencing from the date of ready for service on 01 January 2007. The Company has renewed the agreement for further 15 years commencing form 01 January 2022.

14 Financial assets at amortised cost

	31/12/2023 US$	31/12/2022 US$
Investments in fixed deposits more than one year	-	2,395,290
Investments in fixed deposits less than one year	-	1,343,169
	-	3,738,459

14.1 Provision for expected credit losses of fixed deposits

	31/12/2023 US$	31/12/2022 US$
As at 1 January	4,722	-
(Reversal) / charge made during the year	(4,722)	4,722
As at 31 December	-	4,722
Investments in fixed deposits less than one year (Net)	-	1,338,447
Fixed deposit (net)	-	3,733,737

(All amounts are expressed in United States dollar unless otherwise stated)

14.2 Investments in fixed deposit

The Company had deposited money in fixed deposit during the previous year at the interest rates ranging from 1.75% p.a to 2.75% p.a and maturity periods were ranging from more than six months to two years. The total deposits amounting US$ 5,821,844 were denominated in Maldivian Rufiyaa.

15 Current tax assets	**31/12/2023 US$**	**31/12/2022 US$**
As at 1 January	121,862	121,862
Payments received during the year	(121,862)	-
As at 31 December	-	121,862

16 Cash and cash equivalents	**31/12/2023 US$**	**31/12/2022 US$**
Balances with banks	4,881,965	5,943,521
16.1 Provision for expected credit losses of bank balances		
As at 1 January	3,189	2,637
(Reversed) / charge made during the year	(1,191)	552
As at 31 December	1,998	3,189
Cash and cash equivalents (net)	4,879,967	5,940,332

17 Share capital

17.1 Authorized

The authorized share capital comprises 30,840,000 ordinary shares of US$ 0.06485/- each. (2022: 30,840,000 Ordinary shares of US$ 0.06485/- each)

17.2 Issued and fully paid	**31/12/2023 US$**	**31/12/2022 US$**
Issued share capital		
30,840,000 ordinary shares of US$ 0.06485/- each. (Note 18.4) each.)	2,000,000	2,000,000
Fully paid-up share capital		
30,840,000 ordinary shares of US$ 0.06485/- each. (Note 18.4) each.)	2,000,000	2,000,000

(All amounts are expressed in United States dollar unless otherwise stated)

17 Share capital (continued)

17.3 Capital reduction

Issued and fully paid		
Opening balance of share capital	2,000,000	25,493,580
Capital reduction	-	(23,493,580)
Closing balance of share capital	**2,000,000**	**2,000,000**

In accordance with the Management Memorandum no WARF/BOD-4/2022/05 dated on 19 December 2022 and board meeting held on 21 December 2022 Board of Directors resolved to reduce the amount of share capital to 30,840,000 (US$ 2,000,000) as of 31 December 2022. Accordingly, the share capital was reduced by setting off the accumulated deficit amounting US$ 16,645,839 against the share capital and remaining surplus share capital amounting 6,847,741 was paid to the shareholders of the company.

18 Trade and other payables

	31/12/2023 US$	31/12/2022 US$
Other payables	162,791	163,937
Dividend payable	2,239,188	2,239,188
	2,401,979	2,403,125

Other payables of the Company mainly include provisions for legal consultancy amounting to US$ 74,078 (2022 - US$ 65,973), provisions for regulatory fee payable to Telecommunication Authority Maldives amounting to US$ 84,028 (2022 - US$ 93,380).

19 Amount due to related parties

	31/12/2023 US$	31/12/2022 US$
Ooredoo Maldives PLC	-	4,455,204
Reliance Globalcom	1,370,832	1,370,832
Focus Infocom	-	433,692
	1,370,832	**6,259,728**

Amount due to related parties arose as a result of capital reduction and the amounts payable to shareholders (Note: 17).

20 Financial instruments and risk management

Overview

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

- Credit risk
- Liquidity risk
- 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 Company's financial statements.

(All amounts are expressed in United States dollar unless otherwise stated)

20 Financial instruments and risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(i) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31/12/2023 US$	31/12/2022 US$
Trade and other receivables	57,219	57,219
Balances with banks	4,879,967	5,940,332
Fixed deposits	-	3,733,737
	4,937,186	9,731,288

Measurement of expected credit loss (ECL)

Amount due from related parties

The Company assesses the credit quality of its receivables from related parties, taking into account their financial position, past experience and other factors. The Company is dealing with related parties and has not experienced historical credit losses during the past years. Therefore, expected credit loss allowance for receivables from related parties were determined by considering the time value of money. The Company management calculated the expected credit losses on these assets by discounting the future cash flows using the Company's weighted average cost of capital.

Investments in fixed deposits and balances with banks

The deposits and bank balances have been measured at amortised cost using effective interest methodology. The total amount has been subject to impairment based on the credit ratings obtained from Moodys or Fitch and VIS Credit Rating Company Ltd.

31 December 2023	Weighted average loss rate	Gross carrying amount US$	Loss allowance US$
0- 180 days	0.04%	4,881,965	1,998
More than 181 days	0.00%	-	-
Total		4,881,965	1,998

(All amounts are expressed in United States dollar unless otherwise stated)

20 Financial instruments and risk management (continued)

31 December 2022	**Weighted average loss rate**	**Gross carrying amount US$**	**Loss allowance US$**
0- 180 days	0.05%	5,943,521	3,154
More than 181 days	0.13%	3,738,459	4,757
Total		9,681,980	7,911

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic and expected payment behaviour. Based on historic default rates and expected behaviour, the Company believes that, apart from the above, no provision for impairment is necessary in respect of other receivables and amounts due from related parties outstanding.

The movement in provision for impairment in respect of balances with banks is given in (Note 16.1) and investments in fixed deposits (Note 14.1) to financial statements.

(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 asset. 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 following are the contractual maturities of financial liabilities,

31st December 2023	**Carrying amount US$**	**0-12 Months US$**
Financial liabilities (non- derivative)		
Trade and other payables	2,401,979	2,401,979

31st December 2022	**Carrying amount US$**	**0-12 Months US$**
Financial liabilities (non- derivative)		
Trade and other payables	2,403,125	2,403,125

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(All amounts are expressed in United States dollar unless otherwise stated)

20 Financial instruments and risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates 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

There are no interest bearing borrowing or lending by the Company. Hence, the Company is not exposed to interest rate risk as at the reporting date. However, the company has invested in Fixed term deposites with Bank at Fixed interest rate, which keep changing on renewal date depending upon the market condition.

(b) Currency risk

Exposure to currency risk

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

	31/12/2023 MVR	31/12/2022 MVR
Cash and cash equivalents	75,249,097	91,599,916
Fixed deposits	-	57,647,038
Gross statement of financial position exposure	75,249,097	149,246,954

The following significant exchange rates were applied during the year :

	Average rate		Reporting date spot rate	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
1 US$: MVR.	15.42	15.42	15.42	15.42

In respect of the monetary assets and liabilities denominated in MVR, the Company has a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.

21 Events subsequent to the reporting date

No circumstances have arisen since the reporting date which require adjustments to / or disclosure in the financial statements.

22 Comparative figures

Comparative figures have been reclassified wherever appropriate to confirm with the current year presentation.

23 Contingent liabilities

There were no contingent liabilities which require disclosure in the financial statements as at the reporting date.

24 Capital commitments

There were no material capital commitments approved or contracted as at the reporting date.

25 Director's responsibility

The Board of Director's of the Company is responsible for the preparation and presentation of these financial statements.

(All amounts are expressed in United States dollar unless otherwise stated)

26 Related party transactions

(a) Ooredoo Maldives PLC owns 65% of the total number of shares in issue of the Company. The remaining 35% of the shares are held by two other shareholders. The ultimate parent of the Company is Ooredoo Q.S.C., a company incorporated and domiciled in Qatar.

All related party transactions were entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: "Related Party Disclosure".

The Company provides telecommunication services as part of its ordinary operations. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

(b) Details of transactions carried out with related parties in the ordinary course of business are set out below:

Name of the related party	Relationship	Nature of transaction	Amount 2023 US$	Amount 2022 US$	Balance due from/ (to) as at 31/12/2023 US$	Balance due from/ (to) as at 31/12/2022 US$
Ooredoo Maldives PLC	Immediate parent company	Management fee	(170,623)	(167,484)	-	(4,455,204)
		Recharge of expenses incurred by WARF on behalf of Ooredoo Maldives PLC	114,073	220,935		
		Recharge of expenses incurred by Ooredoo Maldives PLC on behalf of WARF	(223,087)	(106,178)		
Focus Infocom Private Limited	Shareholder	Re-payment entitled due to Capital reduction	-	-	-	(433,692)
Reliance Globalcom	Shareholder	Re-payment entitled due to Capital reduction	-	-	(1,370,832)	(1,370,832)

27 Transactions with key management personnel

The Board of Directors of the Company have been classified as key management personnel of the Company. No emoluments were paid to key management personnel during the year ended 31 December 2023 (2022: Nil).