OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Revenue	**6**	1,723,323	2,037,598	1,717,402	2,013,912
Other income	**7**	-	2,053	2,436	4,489
Operating expenses	**8**	(917,045)	(1,002,722)	(928,204)	(1,008,873)
Impairment loss on the financial assets		(28,658)	(14,273)	(30,919)	(16,153)
Depreciation and amortization		(286,723)	(267,497)	(264,932)	(245,670)
Results from operating activities		490,897	755,159	495,783	747,705
Finance income	**9**	14,389	11,896	9,750	7,579
Finance costs	**9**	(44,015)	(56,620)	(44,015)	(56,620)
Net finance costs		(29,626)	(44,724)	(34,265)	(49,041)
Profit before tax		461,271	710,435	461,518	698,664
Income tax expense	**10**	(54,009)	(111,519)	(54,116)	(110,056)
Profit (total comprehensive income) for the year		407,262	598,916	407,402	588,608
Total comprehensive income attributable to:					
Owners of the company		407,311	595,308	407,402	588,608
Non-controlling interest	**24**	(49)	3,608	-	-
Total comprehensive income for the year		407,262	598,916	407,402	588,608
Basic and diluted earnings per share	**11**	**2.76**	**4.03**	**2.76**	**3.98**

Figures in brackets indicate deductions.

The Consolidated and Separate Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Consolidated and Separate Financial Statements of the Company set out on pages 11 to 54. The Report of the Independent Auditors is given on pages 1 to 5.

OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
As at 31 December 2020

		Group		Company	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Notes	MVR "000"	MVR "000"	MVR "000"	MVR "000"
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,222,453	1,041,535	1,213,724	1,031,554
Intangible assets	13	61,042	100,136	40,503	59,058
Prepaid lease rent	14	-	-	-	-
Right of use assets	15	189,689	168,122	189,689	168,122
Investment in subsidiary	16	-	-	188,488	188,488
Financial assets at amortised cost	20	48,467	56,214	-	10,000
Deferred tax assets	10.2	52,513	27,044	51,258	27,434
Total non-current assets		1,574,164	1,393,051	1,683,662	1,484,656
Current assets					
Inventories	17	12,675	28,546	12,675	28,546
Trade and other receivables	18	356,420	494,271	355,747	496,926
Amount due from a related party	19	33,191	31,549	-	-
Financial assets at amortised cost	20	419,155	532,749	251,958	357,650
Cash and cash equivalents	21	991,278	618,272	964,260	593,608
Total current assets		1,812,719	1,705,387	1,584,640	1,476,730
Total assets		**3,386,883**	**3,098,438**	**3,268,302**	**2,961,386**
EQUITY AND LIABILITIES					
Equity					
Share capital	22	1,478,004	1,478,004	1,478,004	1,478,004
Reserve on translation of share capital	23	144,180	144,180	144,180	144,180
Accumulated deficit		(458,661)	(378,231)	(479,319)	(398,980)
Total equity attributable to equity holders of the parent		1,163,523	1,243,953	1,142,865	1,223,204
Non-controlling interest	24	112,585	112,634	-	-
Total equity		1,276,108	1,356,587	1,142,865	1,223,204
LIABILITIES					
Non-current liabilities					
Loans and borrowings	25	349,777	496,028	349,777	496,028
Provisions	26	13,351	17,690	13,351	17,690
Deferred tax liabilities	10.3	1,256	567	1,256	2,105
Lease liabilities	27	167,386	150,013	167,386	150,013
Total non-current liabilities		531,770	664,298	531,770	665,836
Current liabilities					
Loans and borrowings	25	192,236	263,449	192,236	263,449
Lease liabilities	27	49,938	26,472	49,938	26,472
Amounts due to related parties	28	317,138	231,538	340,394	231,870
Trade and other payables	29	979,840	495,997	968,814	489,865
Current tax liabilities	30	39,853	60,097	42,285	60,690
Total current liabilities		1,579,005	1,077,553	1,593,667	1,072,346
Total liabilities		2,110,775	1,741,851	2,125,437	1,738,182
Total equity and liabilities		**3,386,883**	**3,098,438**	**3,268,302**	**2,961,386**

Figures in brackets indicate deductions.

The Consolidated and Separate Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Consolidated and Separate Financial Statements of the Company set out on pages 11 to 54. The Report of the Independent Auditors is given on pages 1 to 5.

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

Name of the Director	**Signature**
George Bowring Challenor / Chairman of the Audit & Risk Committee	G. B. Challenor
Najib Khan / Managing Director & Chief Executive Officer	[signature]
Suresh Kalpathi Chidambaram / Chief Financial Officer	[signature]
31st January 2021	

OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Attributable to the owners of the company				**Non-controlling interest**	**Total equity**
Group	**Share capital MVR "000"**	**Reserve on translation of share capital MVR "000"**	**Accumulated deficit MVR "000"**	**Total MVR "000"**	**MVR "000"**	**MVR "000"**
As at 1 January 2019	1,478,004	144,180	(497,622)	1,124,562	109,026	1,233,588
Comprehensive income for the year						
Profit for the year	-	-	595,308	595,308	3,608	598,916
Total comprehensive income for the year	-	-	595,308	595,308	3,608	598,916
Transactions with owners in their capacity as owners :						
Dividend declared (note 22.4)	-	-	(475,917)	(475,917)	-	(475,917)
Total transactions with owners in their capacity as owners	-	-	(475,917)	(475,917)	-	(475,917)
As at 31 December 2019	1,478,004	144,180	(378,231)	1,243,953	112,634	1,356,587
As at 1 January 2020	1,478,004	144,180	(378,231)	1,243,953	112,634	1,356,587
Comprehensive income for the year						
Profit for the year	-	-	407,311	407,311	(49)	407,262
Total comprehensive income for the year	-	-	407,311	407,311	(49)	407,262
Transactions with owners in their capacity as owners :						-
Dividend declared (note 22.4)	-	-	(487,741)	(487,741)	-	(487,741)
Total transactions with owners in their capacity as owners	-	-	(487,741)	(487,741)	-	(487,741)
As at 31 December 2020	1,478,004	144,180	(458,661)	1,163,523	112,585	1,276,108

Figures in brackets indicate deductions.

The Consolidated and Separate Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Consolidated and Separate Financial Statements of the Company set out on pages 11 to 54. The Report of the Independent Auditors is given on pages 1 to 5.

OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

Company	Share capital MVR "000"	Reserve on translation of share capital MVR "000"	Accumulated deficit MVR "000"	Total equity MVR "000"
As at 1 January 2019	1,478,004	144,180	(511,671)	1,110,513
Comprehensive income for the year				
Profit for the year	-	-	588,608	588,608
Total comprehensive income for the year	-	-	588,608	588,608
Transactions with owners in their capacity as owners :				
Dividend declared (Note 22.4)	-	-	(475,917)	(475,917)
Total transactions with owners in their capacity as owners	-	-	(475,917)	(475,917)
As at 31st December 2019	1,478,004	144,180	(398,980)	1,223,204
As at 1st January 2020	1,478,004	144,180	(398,980)	1,223,204
Comprehensive income for the year				
Profit for the year	-	-	407,402	407,402
Total comprehensive income for the year			407,402	407,402
Transactions with owners in their capacity as owners :				
Dividend declared (Note 22.4)	-	-	(487,741)	(487,741)
Total transactions with owners in their capacity as owners	-	-	(487,741)	(487,741)
As at 31 December 2020	1,478,004	144,180	(479,319)	1,142,865

Figures in brackets indicate deductions.

The Consolidated and Separate Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Consolidated and Separate Financial Statements of the Company set out on pages 11 to 54. The Report of the Independent Auditors is given on pages 1 to 5.

OOREDOO MALDIVES PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
For the year ended 31 December 2020

		Group		Company	
		2,020	2019	2,020	2019
	Notes	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Cash flows from operating activities					
Profit before tax		461,271	710,435	461,518	698,664
Adjustments for :					
Depreciation on property, plant and equipment	**12**	197,322	194,972	196,070	193,684
Disposal loss of property, plant and equipment		73	-	73	-
Amortization of intangible assets	**13**	45,084	42,054	24,544	21,515
Amortization of right of use assets	**15**	44,318	30,471	44,318	30,471
Write down / write back of inventories	**17.1**	1,695	(485)	1,695	(485)
Provision for the share based payment obligation		-	2,248	-	2,248
Provision for expected credit losses on trade receivables	**18.1**	29,111	16,303	29,677	16,303
Reversal of provision for expected credit losses on investments	**20.1**	702	(81)	751	(29)
Provision / (reversal) for expected credit losses on bank balances	**21.1**	487	(175)	491	(121)
Reversal of amortization of lease prepayment	**14**	-	(619)	-	(619)
Reversal of provision for expected credit losses on amount due from a related party	**19.1**	(1,642)	(1,774)	-	-
Interest income	**9**	(14,389)	(11,896)	(9,750)	(7,579)
Interest expense	**9**	44,015	56,620	44,015	56,620
Operating profit before working capital changes		808,047	1,038,073	793,402	1,010,672
Working capital changes					
Change in inventories		14,176	(3,267)	14,176	(3,267)
Change in trade and other receivables		108,739	(87,828)	111,502	(98,298)
Change in amount due from a related party		-	8,810	-	-
Change in amounts due to related parties		85,600	(39,175)	108,524	(38,843)
Change in trade and other payables		39,846	10,355	34,952	12,830
Cash from operating activities		1,056,408	926,968	1,062,556	883,094
Interest paid		(42,088)	(54,742)	(42,088)	(54,742)
Interest received		14,389	11,896	9,750	7,579
Tax paid		(99,033)	(104,597)	(97,194)	(102,605)
Net cash from operating activities		929,676	779,525	933,024	733,326
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	**12**	(383,807)	(178,284)	(383,807)	(178,284)
Acquisition of intangible assets	**13**	(8,143)	(31,690)	(8,143)	(31,690)
Net movement in financial assets at amortised cost	**20**	120,639	(233,947)	114,941	(155,212)
Net cash used in investing activities		(271,311)	(443,921)	(277,009)	(365,186)
Cash flows from financing activities					
Dividend paid during the year		(43,744)	(408,698)	(43,744)	(408,698)
Principal element of lease repayment		(23,664)	(19,135)	(23,664)	(19,135)
Proceeds from loan and borrowings	**25**	448,722	246,719	448,722	246,719
Repayment of loan and borrowings	**25**	(666,186)	(318,507)	(666,186)	(318,507)
Repayment of share based payment	**26.2**	-	(7,997)	-	(7,997)
Net cash used in financing activities		(284,872)	(507,618)	(284,872)	(507,618)
Net increase / (decrease) in cash and cash equivalents		373,493	(172,014)	371,143	(139,478)
Cash and cash equivalents at beginning of the year		618,981	790,995	594,303	733,781
Cash and cash equivalents at end of the year	**21**	992,474	618,981	965,446	594,303

Figures in brackets indicate deductions.

The Consolidated and Separate Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Consolidated and Separate Financial Statements of the Company set out on pages 11 to 54. The Report of the Independent Auditors is given on pages 1 to 5.

1. Reporting entity

Ooredoo Maldives PLC (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a private limited liability Company since 07 December 2004 under the name of "Wataniya Telecom Maldives Private Limited" with its registered office at 2nd Floor, Urban Unit Building, Hulhumale, Republic of Maldives. The Company's name was changed to Ooredoo Maldives Private Limited and Ooredoo Maldives PLC, respectively with effect from 22 December 2013 and 06 October 2016 and presently governed under the Companies Act No. 10 of 1996, with its registered office at P.O. Box 2196, 5th floor, H. Sunleet, Gadhage' Mohamedfulhu Building, Boduthakurufaanu Magu. Male', Republic of Maldives.

The main business activity of the Company is to engage in the provision of mobile telephone, mobile telecommunication services and provide internet services in Republic of Maldives under a license from Communication Authority of Maldives.

The consolidated financial statements of the Company for the year ended 31st December 2020 comprise the Company and its subsidiary WARF Telecom International Private Limited (together referred to as the “Group”).

The Company is the immediate holding Company of WARF Telecom International Private Limited, which is engaged in facilitating 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. As at the reporting date, the Company holds 65% shareholding of WARF Telecom International Private Limited. Its registered office at 2nd Floor, HDC Building, Hulhumale, Male`, P.O.Box 2196, Republic of Maldives.

The Company’s ultimate parent undertaking and controlling party is Ooredoo Q.S.C., a Company incorporated and domiciled in Qatar.

The Company with its only subsidiary WARF Telecom International private Limited, has reviewed its exposure to COVID-19 pandemic and effect on economic slowdown and other emerging business risks, and has found that it has a slowdown effect on the Group's revenue temporarily. However, it has sufficient working capital to sustain its operations. The Group also has comfortable liquidity buffers and does not foresee any breach in financial covenants set out in loan agreements.

2. Basis of preparation

(a) Statement of compliance

The Consolidated and Separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis of measurement

The Consolidated and Separate financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in Maldivian Rufiyaa, which is the Group’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand Maldivian Rufiyaa.

(d) Use of estimates and judgements

The preparation of the consolidated 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.

(d) Use of estimates and judgements (continued)

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 consolidated and separate financial statements are addressed in the respective notes as below.

- **Impairment of financial assets**
  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company and the Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's and Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

- **Estimation in relation to lease accounting**
  In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

  The lease term is reassessed if an option is actually exercised (or not exercised) or the Company and the Group become obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

- **Estimated useful lives of PPE and intangible assets**
  The Company and the Group review annually the estimated useful lives of PPE and intangible assets 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 and intangible assets would increase the recorded depreciation and amortization charge and decrease the carrying value in accordance with the accounting policy stated in note 4.2 and 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 4.16.

- **Asset retirement obligations ('ARO')**
  ARO applies when there is a legal or constructive obligation associated with the retirement of tangible long-lived assets, and the liability can be reliably estimated. The assumptions used in determining the ARO include the discount rate and expected future cost of escalation as disclosed in note 26 to the financial statements.

- **Fair values - unquoted equity investments and business combinations**
  valuation techniques for unquoted equity investments and identifiable assets, liabilities and contingent liabilities arising in a business combination make use of estimates such as future cash flows, discount factors, yield curves, current market prices adjusted for market, credit and model risks and related costs and other valuation techniques commonly used by market participants where appropriate.

- **Contingent liabilities**

  Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities or litigation is based on management's judgment.

- **Impairment of inventories**
  Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

3. Changes in accounting policies

New and amended accounting standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2020. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and are not significantly affect current or future period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

i. Definition of Material – Amendments to IAS 1 and IAS 8
ii. Definition of a Business – Amendments to IFRS 3
iii. Revised Conceptual Framework for Financial Reporting
iv. Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
v. Covid-19-related Rent Concessions – Amendments to IFRS 16

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 Group.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Non-controlling interest

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

(b) Transactions in foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies other than the functional currency are translated to the functional currency at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to the functional currency 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 the functional currency at the exchange rates ruling at the dates the values were determined.

4.1 Financial instruments

(i) Recognition and initial measurements

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group/ 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.

4.2 Financial instruments

(ii) 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 Group 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 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.

A debt investment is measured at FVOCI 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 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 Group 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.

4.2 Financial instruments (continued)

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 Group 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 Group 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 Group'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 Group'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.

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 Group 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 Group 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 Group'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 FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

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.

(iii) De-recognition

Financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(iv) Offsetting

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

(v) 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.

4.2 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.

(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 Group, 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) Capital work in progress

Capital work in progress 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.

(iv) 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvement	5 years
Network equipment	8 to 25 years
Network infrastructure equipment	14 years
Office and computer equipment	3 to 5 years
Furniture and fixtures	5 years
Tool and equipment	3 to 14 years
Vessels and motor vehicles	5 years

Depreciation is provided from the month in which the property, plant and equipment is available for use. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.3 Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Capital work in progress

Capital work in progress 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.

(iv) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected patterns of consumption of the future economic benefits embodied in the assets.

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

License fee	15 years
IT software	3 to 8 years
Capacity right	15 years

4.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered on or after 1st January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group 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.

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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment, small items of office furniture etc. underlying asset value of which is less than USD 5,000.

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 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 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current. Trade 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. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company.

4.7 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company and the Group 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 recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.8 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.

4.9 Impairment

4.9.1 Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:
- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group 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.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment that includes forward-looking information.

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

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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 Group 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 Group expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Group 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 Group on terms that the Group 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.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

4.9.2 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(i) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, 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. 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.

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.

4.10 Borrowing cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the construction of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

4.11 Employee benefits

(a) Short term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group 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 estimated reliably.

(b) Defined contribution plans - employees' retirement pension scheme

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Employees are eligible for Employees' Retirement Pension Scheme Contributions in accordance with the respective statutes and regulations. The Company contributes 7% of gross emoluments of employees to the Employees' Retirement Pension Scheme.

(c) Share based payment arrangement

The fair value of the amounts payable to employees in respect of shadow shares, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to the payment. The liability is re-measured at each reporting date and settlement date based on the fair value of the shadow shares. Any changes in the liability is recognized in profit or loss for the period.

4.12 Provisions

A provision is recognized if, as a result of a past event, the Group 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 recognized as finance cost.

A provision is 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.

4.13 Revenue recognition

Revenue from contracts with customers

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations they are aggregated with other goods and/or services in the agreement until a separate performance obligation is identified.

The Company and the Group determine the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. In determining the transaction price, the Company and the Group consider variable and non-cash consideration such as rebates or discounts and consideration payable to a customer such as refunds to the extent that it is highly probable that a significant reversal will not occur. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Company and the Group would achieve by selling the same goods and/ or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach.

Revenue is derecognized when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognized as follows:

(i) Domestic and international telecommunications service revenue

Revenue from the provision of telecommunication services, such as call time, messaging, data services and information provision, fees for connecting uses of other fixed line and mobile networks to the Company's and the Group's network recognised when or as the entity performs the related service during the agreed service period. The customers are charged Government taxes at the applicable rates and the revenue is recognised net of such taxes.

(ii) Fixed broadband services

Each subscription to a contract for fixed broadband service is considered as a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. The providing of set-top boxes, routers and connection fees for the exclusive use of the Group's services do not represent distinct services or goods, and they are to be combined with the subscription service as a single performance obligation satisfied over time. Revenue is recognised over the period the service is performed from the activation date of the subscription and as the service is provided.

(iii) Revenue from other network operators and international settlement

Revenue from other network operators, local and international, for the use of the Company's and the Group's telecommunication network for completing call connections are recognised when the related services are performed, based on traffic minutes/per second rates stipulated in the relevant agreements and regulations.

(iv) Bundled packages

If a good or service is separately identifiable from other items in a bundled package and if a customer can benefit from it, the Company and the Group recognise revenue for individual services separately. The consideration is allocated between separate services in a bundle based on their standalone selling prices. The standalone selling prices are determined based on the list prices at which the Company and

the Group sell network services separately. Post-paid contracts including handsets are evaluated, to determine if they contain a significant financing component. For the contracts where the timing difference between customer payment and transfer of goods or services is expected to be one year or less, the Company and the Group have elected to apply the practical expedient that allows not to adjust the transaction price for the significant financing components.

(v) Enterprise solutions

Revenue is recognized over time by measuring progress towards complete satisfaction of performance obligation at the reporting date, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contracts costs, using input method.

(vi) Sale of equipment

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from sales of telecommunications equipment is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the performance obligation related to the supply of the goods is completed, recovery of the consideration is probable.

Return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The total consideration on

arrangements with multiple revenue generating activities (generally the sale of telecommunications equipment and ongoing service) is allocated to those components that are separable based on the estimated fair value of the components.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

(vii) Income from capacity right

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.

4.14 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.

4.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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.

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.

4.16 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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 at the reporting date, and any adjustment to tax payable in respect of previous years.

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.

4.17 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.

4.18 Measurement of fair values

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

The Group 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 Group's audit committee.

When measuring the fair value of an asset or a liability, the Group 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 effective.

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- IFRS 17, 'Insurance contracts'
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

6 Revenue

Disaggregation of revenue from contracts with customers

The Company and the Group derive revenue from the transfer of goods and services over time and at a point in time through following business lines.

Business lines	**Group**		**Company**	
	2020	**2019**	**2020**	**2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Mobile revenue	1,318,904	1,689,662	1,318,904	1,689,662
Fixed, broadband and enterprise	380,057	323,949	380,057	323,949
Others	24,362	23,987	18,441	301
	1,723,323	2,037,598	1,717,402	2,013,912

Timing of revenue recognition	**Group**		**Company**	
	2020	**2019**	**2020**	**2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
At a point in time	27,102	57,954	27,102	57,954
Over time	1,696,221	1,979,644	1,690,300	1,955,958
	1,723,323	2,037,598	1,717,402	2,013,912

7 Other income

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Management fee	-	-	2,436	2,436
Exchange gain	-	1,695	-	1,695
Sundry income	-	358	-	358
	-	2,053	2,436	4,489

8 Operating expenses

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Direct cost of services	432,981	436,710	447,214	447,095
Personnel costs **(Note 8.1)**	189,013	188,458	188,920	188,458
Management fees	47,466	56,704	47,466	56,704
Marketing expenses	20,385	43,388	20,385	43,388
Repair and maintenance costs	25,815	27,358	25,815	27,358
Operating lease rent	1,254	1,512	698	957
Royalty expense	25,731	30,209	25,731	30,209
Professional fees	1,128	16,579	970	16,313
Other operating costs	173,272	201,804	171,005	198,391
	917,045	1,002,722	928,204	1,008,873

Other operating costs of the company and group include network maintenance expenses amounting to MVR 45.9Mn (2019 MVR 48.3Mn) and regulatory fees amounting to MVR 90.8Mn (2019 - MVR 119.4Mn).

8.1 Personnel costs

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Salaries and wages	118,048	114,897	117,955	114,897
Pension fund contribution	4,469	4,295	4,469	4,295
Cost of share based payment awards	-	2,248	-	2,248
Allowances	30,271	26,997	30,271	26,997
Bonus	23,765	21,924	23,765	21,924
Other staff costs	12,460	18,097	12,460	18,097
	189,013	188,458	188,920	188,458

		Group		Company	
		2020	**2019**	**2020**	**2019**
9	**Net finance costs**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**
	Finance income				
	Interest income	14,389	11,896	9,750	7,579
	Finance costs				
	Interest expenses	(19,727)	(38,808)	(19,727)	(38,808)
	Interest cost on lease liability	(21,454)	(15,934)	(21,454)	(15,934)
	Exchange loss	(109)	-	(109)	-
	Bank charges	(798)	-	(798)	-
	Unwinding of discount of asset retirement obligation	(1,927)	(1,878)	(1,927)	(1,878)
		(44,015)	(56,620)	(44,015)	(56,620)
	Net finance costs	(29,626)	(44,724)	(34,265)	(49,041)

		Group		Company	
10	**Income tax expense**	**2020**	**2019**	**2020**	**2019**
		MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
	Current tax expense **(Note 10.1)**	78,789	113,799	78,789	113,109
	Recognition of deferred tax asset **(Note 10.2)**	(25,469)	(2,743)	(23,824)	(2,741)
	Recognition/ (reversal) of deferred tax liability **(Note 10.3)**	689	462	(849)	(312)
		54,009	111,519	54,116	110,056

		Group		Company	
10.1	**Reconciliation between accounting profit and taxable profit:**	**2020**	**2019**	**2020**	**2019**
		MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
	Accounting profit before tax	461,271	710,435	461,518	698,664
	Tax calculated at the rate of 15%	69,191	106,565	69,228	104,800
	Add: tax on non-deductible expenses	8,435	20,538	8,167	20,521
	Less: tax on deductible expenses	(23,617)	(15,584)	(23,279)	(15,265)
	Income tax expense	54,009	111,519	54,116	110,056

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, relevant regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including tax regulations, guidelines and prior experience.

10 Tax expense (continued)

10.2 Deferred tax assets

	Group		Company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
As at 1 January	27,044	24,301	27,434	24,693
Recognized during the year	25,469	2,743	23,824	2,741
As at 31 December	52,513	27,044	51,258	27,434

The recognized deferred tax assets are attributable to the following;

As at 31 December 2020	Group		Company	
	31/12/2020		**31/12/2020**	
	Temporary difference	**Tax effect**	**Temporary difference**	**Tax effect**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Property, plant and equipment	169,765	25,466	172,397	25,860
Asset retirement obligation	13,352	2,003	13,352	2,003
Provision for doubtfull debt	124,403	18,660	124,403	18,660
Bonus provision	31,564	4,735	31,564	4,735
Intangible asset	5,090	764	-	-
Unabsorbed losses	5,902	885	-	-
	350,076	52,513	341,716	51,258

As at 31 December 2019	Group		Company	
	31/12/2019		**31/12/2019**	
	Temporary difference	**Tax effect**	**Temporary difference**	**Tax effect**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Property, plant and equipment	154,238	23,136	156,841	23,526
Asset retirement obligation	17,690	2,654	17,690	2,654
Leases	8,363	1,254	8,363	1,254
	180,291	27,044	182,894	27,434

10.3 Deferred tax liabilities

	Group		Company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
As at 1 January	567	105	2,105	2,417
Recognized/ (reversed) during the year	689	462	(849)	(312)
As at 31 December	1,256	567	1,256	2,105

10 Tax expense (continued)

10.3 Deferred tax liabilities (continued)

The recognized deferred tax liabilities are attributable to the following;

	Group		Company	
As at 31 December 2020	**31/12/2020**		**31/12/2020**	
	Temporary difference MVR "000"	**Tax effect MVR "000"**	**Temporary difference MVR "000"**	**Tax effect MVR "000"**
Intangible assets	8,373	1,256	8,373	1,256
	8,373	1,256	8,373	1,256

As at 31 December 2019	**Group**		**Company**	
	31/12/2019		**31/12/2019**	
	Temporary difference MVR "000"	**Tax effect MVR "000"**	**Temporary difference MVR "000"**	**Tax effect MVR "000"**
Intangible assets	3,780	567	14,032	2,105

11 Basic and diluted earning per share

The calculation of basic and diluted earnings per share is based on profit for the year attributable to the ordinary shareholders and weighted number of ordinary shares outstanding during the year and calculated as follows;

	Group		Company	
	2020	**2019**	**2020**	**2019**
Profit for the year attributable to shareholders (MVR. "000")	407,311	595,308	407,402	588,608
Weighted average number of ordinary shares in issue ("000")	147,800	147,800	147,800	147,800
Basic and diluted earnings per shares (MVR)	2.76	4.03	2.76	3.98

12 Property plant and equipment

12.1 Group	Leasehold improvements MVR "000"	Network equipment MVR "000"	Office and computer equipment MVR "000"	Furniture and fixtures MVR "000"	Tool and equipment MVR "000"	Vessels and motor vehicles MVR "000"	Capital work in progress MVR "000"	Total 31/12/2020 MVR "000"	Total 31/12/2019 MVR "000"
Cost									
As at 1 January	67,307	2,296,714	66,886	19,807	208,951	15,580	279,780	2,955,025	2,720,662
Additions during the year	-	-	-	-	-	-	383,807	383,807	178,284
Transferred from capital work in progress	43	307,645	3,258	277	53,857	1,278	(366,358)	-	-
Transferred from intangible assets	-	-	-	-	-	-	2,154	2,154	25,617
Transferred from prepaid lease rent	-	-	-	-	-	-	-	-	33,435
Changes to the asset retirement obligation	-	(7,648)	-	-	-	-	-	(7,648)	(2,973)
Disposals during the year	-	(286)	(784)	-	-	-	-	(1,070)	-
As at 31 December	67,350	2,596,425	69,360	20,084	262,808	16,858	299,383	3,332,268	2,955,025
Accumulated depreciation									
As at 1 January	31,546	1,611,668	63,631	16,337	176,517	13,791	-	1,913,490	1,718,518
Charge for the year	902	159,452	2,728	1,451	31,911	877	-	197,322	194,972
Disposals during the year	-	(213)	(784)	-	-	-	-	(997)	-
As at 31 December	32,448	1,770,907	65,575	17,788	208,428	14,668	-	2,109,815	1,913,490
As at 31 December 2020	34,902	825,518	3,785	2,296	54,380	2,190	299,383	1,222,453	
As at 31 December 2019	35,761	685,046	3,255	3,470	32,434	1,789	279,780		1,041,535

12.2 The capital work in progress mainly includes the amount incurred in respect of the subsea cable, data centre, 5G projects and buildings. The total cost amount to MVR 145,527,123/-, MVR 57,713,366/-, MVR 30,096,875/- and MVR 54,248,261 respectively, as at 31 December 2020.

12.3 The Group has not capitalized any borrowing costs related to the acquisition and construction of network equipment and network infrastructure equipment during the year ended 31 December 2020 (2019: MVR 771,419/- capitalized using a capitalization rate of 1 month LIBOR +3% rate).

12 Property plant and equipment

12.1 Company	Leasehold improvements MVR "000"	Network equipment MVR "000"	Office and computer equipment MVR "000"	Furniture and fixtures MVR "000"	Tool and equipment MVR "000"	Vessels and motor vehicles MVR "000"	Capital work in progress MVR "000"	Total 31/12/2020 MVR "000"	Total 31/12/2019 MVR "000"
Cost									
As at 1 January	67,307	2,279,208	66,886	19,807	203,462	15,580	279,780	2,932,030	2,697,667
Additions during the year	-	-	-	-	-	-	383,807	383,807	178,284
Transferred from capital work in progress	43	307,646	3,258	277	53,856	1,278	(366,358)	-	-
Transferred from intangible assets	-	-	-	-	-	-	2,154	2,154	25,617
Transferred from prepaid lease rent	-	-	-	-	-	-	-	-	33,435
Changes to the asset retirement obligation	-	(7,648)	-	-	-	-	-	(7,648)	(2,973)
Disposals during the year	-	(286)	(784)	-	-	-	-	(1,070)	-
As at 31 December	67,350	2,578,920	69,360	20,084	257,318	16,858	299,383	3,309,273	2,932,030
Accumulated depreciation									
As at 1 January	31,546	1,604,045	63,631	16,337	171,126	13,791	-	1,900,476	1,706,792
Charge for the year	902	158,277	2,728	1,451	31,834	877	-	196,070	193,684
Disposals during the year	-	(213)	(784)	-	-	-	-	(997)	-
As at 31 December	32,448	1,762,109	65,575	17,788	202,960	14,668	-	2,095,549	1,900,476
As at 31 December 2020	34,902	816,811	3,785	2,296	54,358	2,190	299,383	1,213,724	
As at 31 December 2019	35,761	675,163	3,255	3,470	32,336	1,789	279,780		1,031,554

12.2 The capital work in progress mainly includes the amount incurred in respect of the subsea cable, data centre, 5G projects and buildings. The total cost amount to MVR 145,527,123/-, MVR 57,713,366/-, MVR 30,096,875/- and MVR 54,248,261 respectively, as at 31 December 2020.

12.3 The Company has not capitalized any borrowing costs related to the acquisition and construction of network equipment and network infrastructure equipment during the year ended 31 December 2020 (2019: MVR 771,419/- capitalized using a capitalization rate of 1 month LIBOR +3% rate).

13	**Intangible assets**	**License fee**	**IT software**	**Capacity Right**	**Capital work in progress**	**Total 31/12/2020**	**Total 31/12/2019**
13.1	**Group**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**
	Cost						
	As at 1 January	15,420	285,788	385,500	8,826	695,534	689,461
	Additions during the year	-	-	-	8,143	8,143	31,690
	Transferred from capital work in progress	-	10,126	-	(10,126)	-	-
	Transferred to capital work in progress under property plant and equipment	-	-	-	(2,154)	(2,154)	(25,617)
	As at 31 December	15,420	295,914	385,500	4,689	701,523	695,534
	Accumulated amortization and impairment						
	As at 1 January	15,331	235,645	344,422	-	595,398	553,344
	Amortization for the year	89	24,456	20,539	-	45,084	42,054
	As at 31 December	15,420	260,101	364,961	-	640,482	595,398
	Net carrying values						
	As at 31 December 2020	-	35,813	20,539	4,689	61,042	
	As at 31 December 2019	89	50,143	41,078	8,826		100,136

13.2 The Group has entered into an agreement with the Government of the Republic of Maldives during the year ended 31 December 2005 to obtain a Mobile Telecommunications License to install, own, operate and manage a mobile telecommunication network and provide mobile telecommunication services for a period of fifteen years. The amount paid by the Group to acquire the mobile telecommunication license has been recognized as an intangible asset and amortized over a period of 15 years commencing from the date of acquisition. The telecom license have been renewed for another 15 years with effect from 01 February 2020 with no additional cost except the recuring regulations fees.

13.3 The purchase and upgrade cost of IT software has been recognized as an intangible assets and amortized over a period of 3 to 8 years.

13.4 The Group has 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 Group to acquire the capacity right has been recognized as an intangible asset and amortized over a period of 15 years commencing from the date of ready for service on 01 January 2007.

13.5 The capital work in progress mainly includes amounts incurred in respect of developing the procurement sourcing platform and Data Analysis tool (IDEA) platform.

13	**Intangible assets**	**License fee**	**IT software**	**Capital work in progress**	**Total 31/12/2020**	**Total 31/12/2019**
13.1	**Company**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**	**MVR "000"**
	Cost					
	As at 1 January	15,420	285,788	8,826	310,034	303,961
	Additions during the year	-	-	8,143	8,143	31,690
	Transferred to capital work in progress under property plant and equipment	-	10,126	(10,126)	-	(25,617)
	Transferred to property plant and equipment	-	-	(2,154)	(2,154)	-
	As at 31 December	15,420	295,914	4,690	316,023	310,034
	Accumulated amortization					
	As at 1 January	15,331	235,645	-	250,976	229,461
	Amortization for the year	89	24,456	-	24,544	21,515
	As at 31 December	15,420	260,101	-	275,520	250,976
	Net carrying values					
	As at 31 December 2020	-	35,813	4,690	40,503	
	As at 31 December 2019	89	50,143	8,826		59,058

13.2 The Company has entered into an agreement with the Government of the Republic of Maldives during the year ended 31st December 2005 to obtain a Mobile Telecommunications License to install, own, operate and manage a mobile telecommunication network and provide mobile telecommunication services for a period of fifteen years. The amount paid by the Company to acquire the mobile telecommunication license has been recognized as an intangible asset and amortized over a period of 15 years commencing from the date of acquisition. The telecom license have been renewed for another 15 years with effect from 01 February 2020 with no additional cost except the recuring regulations fees.

13.3 The purchase and upgrade cost of IT software has been recognized as an intangible assets and amortized over a period of 3 to 8 years.

13.4 The capital work in progress mainly includes amounts incurred in respect of developing the procurement sourcing platform and Data Analysis tool (IDEA) platform.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
14 Prepaid lease rent	MVR "000"	MVR "000"	MVR "000"	MVR "000"
As at 1 January	-	33,435	-	33,435
Transferred to property plant and equipment	-	(33,435)	-	(33,435)
As at 31 December	-	-	-	-
Accumulated amortization				
As at 1 January	-	619	-	619
Transferred to statement of comprehensive income	-	(619)	-	(619)
As at 31 December	-	-	-	-
Net carrying values	-	-	-	-

The Company has paid an amount of MVR 33,435,480/- to the Housing Development Corporation Limited as payment for the Land in Hulhumale' acquired for commercial use period for 99 years commencing as per the lease agreement dated 23 March 2017, entered into between the Company and Housing Development Corporation Limited.

15 Right of use assets	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Cost				
Opening balance	199,257	-	199,257	-
Adjustment due to initial application of IFRS 16	-	168,968	-	168,968
Lease modification (Note 15.3)	22,832	-	22,832	-
Increase due to additions	42,389	30,289	42,389	30,289
Closing balance	264,478	199,257	264,478	199,257
Accumulated amortization				
Opening balance	30,471	-	30,471	-
Charge for the period	44,318	30,471	44,318	30,471
Closing balance	74,789	30,471	74,789	30,471
Net carrying value	189,689	168,122	189,689	168,122

Right of use assets will be amortized over the lease period.

The total cash outflow for leases in 2020 was MVR 45 Mn (2019 : MVR 35 Mn) for the Company and the Group.

15.1 Analysis of right of use asset

Mobile telecommunication tower sites	156,533	136,181	156,533	136,181
Buildings	33,156	31,941	33,156	31,941
	189,689	168,122	189,689	168,122

15.2 Amounts recognized in profit or loss

	31/12/2020	
	Group	Company
31 December 2020- Leases under IFRS 16	MVR "000"	MVR "000"
Interest on lease liabilities	21,454	21,454
Expenses relating to short-term leases	1,254	698
Amortization of right of use assets	44,318	44,318

15.3 Lease modification

Mobile Telecommunications License to install, own, operate and manage a mobile telecommunication network and provide mobile telecommunication services have been renewed for another 15 years with effect from 01 February 2020. Therefore management has extended estimated lease terms of all lease agreements up to 2035.

The Company does not face a significant liquidity risk with regard to its lease liabilities.

Maturity analysis of non-current lease liabilities is as follows:

	31/12/2020		31/12/2019	
	Group	Company	Group	Company
Later than 1 year and not later than 2 years	49,592	49,592	39,458	39,458
Later than 2 year and not later than 5 years	124,405	124,405	94,977	94,977
Later than 5 years	156,213	156,213	96,983	96,983
	330,210	330,210	231,418	231,418

15 Right of use assets (continued)

15.2 31 December 2019- Leases under IFRS 16

	31/12/2019	
	Group	**Company**
	MVR "000"	**MVR "000"**
Interest on lease liabilities	15,934	15,934
Expenses relating to short-term leases	1,512	957
Amortisation of right of use assets	30,471	30,471

16 Investment in subsidiary

	Company	
	31/12/2020	**31/12/2019**
	MVR "000"	**MVR "000"**
WARF Telecom International Private Limited	255,587	255,587
Less: Impairment provision of investment **(Note 16.1)**	(67,099)	(67,099)
	188,488	188,488

16.1 Provision for impairment of the investment in subsidiary

	31/12/2020	**31/12/2019**
	MVR "000"	**MVR "000"**
As at 1 January	67,099	67,099
As at 31 December	67,099	67,099

16.2 Shareholding of investment in subsidiary

	No. of Shares		Shareholding	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
WARF Telecom International Private Limited (Incorporated in the Republic of Maldives)	211,331,250	211,331,250	65%	65%

17 Inventories

	Group		Company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Hand sets and devices	27,710	41,886	27,710	41,886
Write down of inventories to net realisable value **(Note 17.1)**	(15,035)	(13,340)	(15,035)	(13,340)
	12,675	28,546	12,675	28,546

17.1 Write down of inventories to net realisable value

As at 1 January	13,340	13,825	13,340	13,825
Write down / (write back) made during the year	1,695	(485)	1,695	(485)
As at 31 December	15,035	13,340	15,035	13,340

18 Trade and other receivables

	Group		Company	
	31/12/2020	**31/12/2019**	**31/12/2020**	**31/12/2019**
	MVR "000"	**MVR "000"**	**MVR "000"**	**MVR "000"**
Trade and billing receivables	310,681	340,070	310,681	340,070
Advances and prepayments	61,628	89,330	61,628	89,190
Contract assets	40,701	44,464	40,701	44,464
Other receivables	92,206	140,091	91,959	142,746
	505,216	613,955	504,969	616,470
Less: Loss allowance for expected credit loss of trade and other receivables (Note 18.1)	(148,796)	(119,685)	(149,222)	(119,545)
	356,420	494,271	355,747	496,926

18 Trade and other receivables (continued)

(i) Contract assets recognised in relation to mobile hand set and devices sold on installments revenue amounting to MVR 24,782,010 /- (2019 : MVR 35,249,416/-) and enterprise solution project sales amounting to MVR 15,919,297/- (2019 : MVR 9,215,423/-).

(ii) Other receivables of the company and group mainly includes roaming commitment amounting to MVR 83.5 Mn (2019- MVR 81.2 Mn) and recoverable from MIRA amounting to MVR 35 Mn (2019 - MVR 29.5 Mn).

(iii) The Maldives Inland Revenue Authority ("MIRA") in their notice of assessment dated 28 June 2018 has instructed the Company to pay an additional business profit tax of MVR 16,775,603/- and accrued interest thereon amounting to MVR 12,699,989/- based on the business profit tax audits carried out for the years of 2013, 2014 and 2015. The Company paid the additional tax and interest demand amounting to MVR 29,475,592 and filed an objection against the same on 9 September 2018 which was rejected by MIRA. Further, the Company filed an appeal against the decision of MIRA to the Tax Appeal Tribunal of Maldives on 21 March 2019. The additional tax amount of MVR 29,475,592 paid has been accounted under prepayment.

The Company has also paid fine and interest on withholding tax due for the period January 2017 to January 2019 amounting to MVR 5,089,261, under protest, which has been accounted under prepayment. The Company has filed an appeal in tax appeal tribunal and has obtained a decision in favour of it, which has been further appealed in the Highcourt by the Maldives Inland Revenue Authority. The additional tax amount of MVR 5,089,261 paid has been accounted under prepayment.

18.1 Loss allowance for expected credit loss of trade and other receivables

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
As at 1 January	119,685	103,382	119,545	103,242
Loss allowance made during the year	29,111	16,303	29,677	16,303
As at 31 December	148,796	119,685	149,222	119,545

19 Amount due from a related party

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Focus Infocom Private Limited	36,120	36,120	-	-
Loss allowance for expected credit loss (Note 19.1)	(2,929)	(4,571)	-	-
	33,191	31,549	-	-

19.1 Loss allowance for expected credit loss

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
As at 1 January	4,571	6,345	-	-
Reversal for the year	(1,642)	(1,774)	-	-
As at 31 December	2,929	4,571	-	-

20 Financial assets at amortised cost

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
Investments in fixed deposits more than one year	48,467	56,214	-	10,000
Investments in fixed deposits less than one year	420,150	533,042	252,874	357,815
	468,617	589,256	252,874	367,815
Loss allowance for expected credit losses of investments (Note 20.1)	(995)	(293)	(916)	(165)
	467,622	588,963	251,958	367,650

20.1 Loss allowance for expected credit losses of financial assets at amortised cost

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	MVR "000"	MVR "000"	MVR "000"	MVR "000"
As at 1 January	293	374	165	194
Charge / (reversal) of loss allowance during the year	702	(81)	751	(29)
As at 31 December	995	293	916	165
Investments in fixed deposits less than one year (net)	419,155	532,749	251,958	357,650
Investments (net)	467,622	588,963	251,958	367,650

20 Financial assets at amortised cost (continued)

(i) Investments in fixed deposits are classified under amortized cost. The interest rate of the deposits are ranging from 0.20% to 4.5% per annum and maturity periods are ranging from more than three months to two years. Deposits amounting MVR 23.5 Mn (2019: 23.3 Mn) are denominated in USD.

(ii) Ooredoo Maldives PLC has pledged fixed deposits amounting to MVR 139.5 Mn as at 31 December 2020 (31 December 2019 : MVR 366.95 Mn) as collateral against loans. Refer to note 25 for further information on collateral pledged as security against borrowings.

21 Cash and cash equivalents

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Cash in hand	2,184	6,227	2,184	6,227
Balances with banks	990,290	612,754	963,262	588,076
	992,474	618,981	965,446	594,303
Loss allowances for expected credit losses of bank balances (Note 21.1)	(1,196)	(709)	(1,186)	(695)
Cash and cash equivalents for the purpose of cash flow	991,278	618,272	964,260	593,608

21.1 Loss allowances for expected credit losses of bank balances

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Opening balance	709	884	695	816
Loss allowance charged /(reversal) during the year	487	(175)	491	(121)
As at 31 December	1,196	709	1,186	695

22 Share capital

22.1 Authorized

Authorized share capital comprises of 155,202,000 (2019: 155,202,000) ordinary shares. All shares are at par value of MVR. 10/- (2019 : MVR 10/-) each.

22.2 Issued share capital

Issued and paid up share capital comprises of 147,800,401 (2019: 147,800,401) ordinary shares. All shares are at par value of MVR 10/- (2019: MVR 10/-).

22.3 Fully paid share capital

	Group		Company	
	31/12/2020 MVR "000"	31/12/2019 MVR "000"	31/12/2020 MVR "000"	31/12/2019 MVR "000"
As at 1 January	1,478,004	1,478,004	1,478,004	1,478,004
As at 31 December	1,478,004	1,478,004	1,478,004	1,478,004

22 Share capital (continued)

22.4 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

The Company has declared final dividend of MVR. 3.30 per share amounting to MVR. 487,741,323 for the financial year 2019 (2018 - MVR. 3.22 per share amounting to MVR. 475,917,291).

23 Reserve on translation of share capital

Consequent to the decision taken by the Board of Directors of the Group/ Company, the functional currency of the Group/ Company was changed from United States Dollar (US$) to Maldivian Rufiyaa (MVR) with effect from 1st January 2014. The exchange difference arose from the translation of issued share capital as at 1st January 2014 was recognized in this reserve. This is an un-distributable reserve.

24 Non-controlling interest

	Group	
	31/12/2020 MVR"000"	**31/12/2019 MVR"000"**
As at 1st January	112,634	109,026
(Loss) / profit allocated to non-controlling interest	(49)	3,608
As at 31st December	112,585	112,634

The following table summarizes the information relating to WARF Telecom International Private Limited which is the subsidiary of the Company that has material non-controlling interest (NCI), before any intra group eliminations,

	31/12/2020 MVR"000"	**31/12/2019 MVR"000"**
Non-controlling interest %	35%	35%
Non-current assets	30,918	52,578
Current assets	301,622	275,766
Non-current liabilities	395	(393)
Current liabilities	(11,264)	(6,139)
Net assets	321,671	321,812
Net assets attributable to NCI	112,585	112,634

24 Non-controlling interest (continued)

	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Non-controlling interest %	35%	35%
Revenue	34,057	56,817
(Loss) / profit after tax	(140)	10,308
Total comprehensive income	(140)	10,308
(Loss) / profit allocated to non-controlling interest	(49)	3,608
Net cash (used in) / generated from operating activities	(5,224)	35,594
Net cash generated from / (used in) investing activities	7,575	(68,130)
Net decrease in cash and cash equivalents	2,351	(32,536)

25 Loans and borrowings

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
As at 1 January	759,477	657,609	759,477	657,609
Borrowings during the year	448,722	246,719	448,722	246,719
Transferred from related party	-	173,656	-	173,656
Repayments during the year	(666,186)	(318,507)	(666,186)	(318,507)
As at 31 December	542,013	759,477	542,013	759,477
25.1 Sources of finance				
Wataniya International Fz-LLC	-	450,008	-	450,008
Term loan i	-	36,072	-	36,072
Term loan ii (Note 25.4)	118,220	241,580	118,220	241,580
Term loan iii	-	22,822	-	22,822
Term loan iv	-	8,995	-	8,995
Term loan v (Note 25.5)	423,793	-	423,793	-
	542,013	759,477	542,013	759,477
25.2 Non - current liabilities	349,777	496,028	349,777	496,028
Repayment of non-current liabilities schedule is as follows:				
More than one year, less than two years	125,416	164,721	125,416	164,721
More than two years	224,361	331,307	224,361	331,307
	349,777	496,028	349,777	496,028
25.3 Current liabilities	192,236	263,449	192,236	263,449

25 Loans and borrowings (continued)

25.4 Term loan ii

The Company entered into a loan agreement dated 27 April 2018, and obtained a term loan facility amounting to US$ 10,000,000/- at an interest rate of 1 month LIBOR + 6.25% for the purpose of capital expenditure requirements. The loan is repayable within 30 equal monthly instalments of US$ 333,333/- (1 US$ = MVR 15.42) each. The facility is secured by a MVR deposit equivalent to 100% of outstanding loan amount at the year end.

The Company entered into a loan agreement dated 30 June 2019, and obtained a term loan facility amounting to US$ 10,000,000/- at an interest rate of 1 month LIBOR + 5.50% for the purpose of capital expenditure requirements. The loan is repayable within 30 equal monthly instalments of US$ 333,333/ (1 US$ = MVR 15.42). The facility is secured by a USD deposit equivalent to 100% of outstanding loan amount at the year end.

25.5 Term loan v

The Company obtained the term loan facility by entering into a loan agreement dated 13 January 2020, amounting to US$ 29,100,000/- at an interest rate of 3 months LIBOR + 4.125% per annum for the purpose of restructuring the loan facility. The loan is repayable within 54 equal monthly instalments of USD 538,888.88/- each (1 US$ = MVR 15.42). The loan is unsecured.

26 Provisions	**Group**		**Company**	
	31/12/2020 MVR"000"	**31/12/2019 MVR"000"**	**31/12/2020 MVR"000"**	**31/12/2019 MVR"000"**
Network and asset retirement obligation (Note 26.1)	13,351	17,690	13,351	17,690
	13,351	17,690	13,351	17,690

26.1 Network and assets retirement obligation	**Group**		**Company**	
	31/12/2020 MVR"000"	**31/12/2019 MVR"000"**	**31/12/2020 MVR"000"**	**31/12/2019 MVR"000"**
As at 1 January	17,690	18,785	17,690	18,785
Increase due to additions	1,382	-	1,382	-
Unwinding of discount	1,927	1,878	1,927	1,878
Provision/(reversal) during the year	(7,648)	(2,973)	(7,648)	(2,973)
As at 31 December	13,351	17,690	13,351	17,690

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, plant and equipment and restoring the sites on which they are located. The following key assumptions have been used to calculate the network and asset retirement obligation.

Lease period	14 Years	15 Years	14 Years	15 Years
Discount rate	10.50%	10.00%	10.50%	10.00%
Expected future cost of escalation	2.70%	3.00%	2.70%	3.00%

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	**Decrease MVR**
Profit	(173,592)	172,963
Expected future cost of escalation	11,297	(10,784)

26.2 Share based payment arrangements (Cash settled)

On 1 August 2017, the Company introduced a shadow share scheme as one time IPO incentive to all of its permanent staff members. The amount of cash payment is determined based on the average trading price of the Company's shares on the Maldives Stock Exchange for the 30 days preceding the vesting date of 31 July 2019. This was settled on 30 July 2019.

27 Lease liabilities

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Opening balance	176,485	-	176,485	-
Adjustment due to initial application of IFRS 16	-	165,995	-	165,995
Additions during the year	41,671	29,625	41,671	29,625
Lease modification (Note 15.3)	22,832	-	22,832	-
Interest expense for the year	21,454	15,934	21,454	15,934
Repayment during the year	(45,118)	(35,069)	(45,118)	(35,069)
Closing balance	217,324	176,485	217,324	176,485
Non - current liabilities	167,386	150,013	167,386	150,013
Current liabilities	49,938	26,472	49,938	26,472

The total cash outflow for leases in 2020 was MVR 45 Mn (2019 : MVR 35 Mn) for the Company and the Group.

27.1 Analysis of lease liabilities

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Mobile telecommunication tower sites	169,571	143,670	169,571	143,670
Buildings	47,753	32,815	47,753	32,815
	217,324	176,485	217,324	176,485

Leases as lessee (IFRS 16)

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

Extension options

Some property lease contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options and if the Group is reasonably certain not to terminate.

28 Amounts due to related parties

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Ooredoo Kuwait	148,220	148,219	148,220	148,219
Wataniya International Fz-LLC	105,174	57,709	105,174	57,709
Ooredoo Group LLC	26,722	11,747	26,722	11,747
Ooredoo IP LLC	37,022	13,863	37,022	13,863
WARF Telecom International Private Limited	-	-	23,256	332
	317,138	231,538	340,394	231,870

29 Trade and other payables

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Trade payables	160,272	77,446	152,734	72,692
Deferred revenue	42,197	87,313	42,197	87,313
Accruals and provisions	241,852	233,720	239,182	232,768
Dividend payable	448,991	5,051	448,991	5,051
Other payables	86,528	92,467	85,710	92,040
	979,840	495,997	968,814	489,865

Other payables of the company and group mainly includes deposits received from customers amounting to MVR 24.3 Mn (2019- MVR 22.1Mn), bonus payable MVR 25.8 Mn (2019- MVR 26.4Mn), WHT payable MVR 5.6 Mn (2019- MVR 6.6 Mn) and GST payable MVR 2.4 Mn (2019 - MVR 6.5 Mn).

30 Current tax payable

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
As at 1 January	60,097	50,894	60,690	50,186
Tax expense for the year	78,789	113,800	78,789	113,109
Payments made during the year	(99,033)	(104,597)	(97,194)	(102,605)
As at 31 December	39,853	60,097	42,285	60,690

31 Financial instruments and risk management

Financial risk management

Overview

The Group/ Company have exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group/ the Company if a customer fails to meet its contractual obligations, and arises principally from the Group'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:

	Group Carrying amount		Company Carrying amount	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Trade and other receivables	294,792	404,940	294,119	407,735
Amount due from related parties	33,191	31,549	-	-
Balances with banks	989,094	612,045	962,076	587,381
Investments in fixed deposits - financial assets at amortised cost	467,622	588,963	251,958	367,650
	1,784,699	1,637,497	1,508,153	1,362,766

Measurement of expected credit loss (ECL)

Trade and other receivables

The Group's/ Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

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

31 Financial instruments and risk management (continued)

(i) Credit risk (continued)

Impairment losses	**31/12/2020**			**31/12/2019**		
	Gross	**Loss rate**	**Impairment**	**Gross**	**Loss rate**	**Impairment**
Group	**MVR"000"**	**%**	**MVR"000"**	**MVR"000"**	**%**	**MVR"000"**
The aging of trade and other receivables at the reporting date was:						
Not past due	168,487	2.90%	4,889	295,976	0.88%	2,601
Past due 0-30 days	34,507	2.71%	936	48,269	2.97%	1,435
Past due 31-120 days	27,773	9.19%	2,552	100,590	47.38%	47,657
Past due 121-180 days	36,159	36.24%	13,104	20,814	65.33%	13,598
Past due more than 181 days	176,662	72.07%	127,315	58,976	92.23%	54,394
	443,588		148,796	524,625		119,685

Impairment losses	**31/12/2020**			**31/12/2019**		
	Gross	**Loss rate**	**Impairment**	**Gross**	**Loss rate**	**Impairment**
Company	**MVR"000"**	**%**	**MVR"000"**	**MVR"000"**	**%**	**MVR"000"**
The aging of trade and other receivables at the reporting date was:						
Not past due	168,487	2.90%	4,889	295,758	0.83%	2,461
Past due 0-30 days	34,507	2.71%	936	48,876	2.94%	1,435
Past due 31-120 days	27,773	9.19%	2,552	102,031	46.71%	47,657
Past due 121-180 days	36,159	36.24%	13,104	21,075	64.52%	13,598
Past due more than 181 days	176,415	72.41%	127,742	59,540	91.36%	54,394
	443,341		149,222	527,280		119,545

Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. Ooredoo Maldives PLC has performed historical analysis and identified the key economic variables; Gross domestic product (GDP) of Maldives impacting credit risk and expected credit losses for the trade receivables.

Forecasts of the economic variables (the "base economic scenario") are obtained by Ooredoo Maldives PLC from the report available in the IMF website "World Economic Outlook Database, October 2020". Government of Maldives has established economic support programms for impacted businesses and industries to mitigate the impact of COVID 19.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information abound counterparty default rates:

	Group		**Company**	
Trade receivables	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
	MVR"000"	**MVR"000"**	**MVR"000"**	**MVR"000"**
Not past due	168,487	295,976	168,487	295,758

Economic variable assumptions

Forecasted GDP growth rates

The forecasted GDP growth rates considered to determine the weightages along with weightages for each case are as follows :

	2021
GDP	12.70%

Cases	Weightages
Best case	25%
Base case	50%
Worst case	25%

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Corporation considers these forecasts to represent its best estimate of the possible outcomes.

Other forward-looking considerations not otherwise incorporated, such as the impact of any regulatory or legislative, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

31 Financial instruments and risk management (continued)

(i) Credit risk (continued)

Set out below are the changes to the ECL as at 31 December 2020 that would result from reasonably possible changes in the parameter from the actual assumption used in Corporation's economic variable assumption.

		GDP	
	-1%	No change	+1%
	MVR	MVR	MVR
Loss allowance as at 31 December 2020	149,934	148,294	146,648

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a member to engage in a repayment plan with the Corporation, and failure to make contractual payments.

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.

There are some deposits pledged against loans where the Company's exposure will be the net amount after setting off the loan against the deposit. Therefore, the amount subjected to impairment will be the net amount between the company's deposit and the loan.

The Group/ Company believes that the unimpaired amounts outstanding are still collectible, based on historic payment behaviour. Based on historic default rates, the group believes that, apart from the above, no provision for impairment is necessary.

The movement in provision for impairment in respect of trade and other receivables is given in (Note 18.1), balances with banks (Note 21.1), amounts due from related parties (Note 19.1) and investments in fixed deposits (Note 20.1) to consolidated and separate financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group/ 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 Group's/ 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 Group's/ the Company's reputation.

The followings are the contractual maturities of financial liabilities as at the year end.

31 December 2020 **Group**	**Carrying amount MVR"000"**	**0-12 Months MVR"000"**	**1-2 Years MVR"000"**	**2-5 Years MVR"000"**	**>5 Years MVR"000"**
Financial liabilities (non- derivative)					
Trade and other payables	937,643	937,643	-	-	-
Loans and borrowings*	612,053	206,802	149,524	255,727	-
Amounts due to related parties	317,138	317,138	-	-	-
Lease liabilities	380,004	49,794	49,592	124,405	156,213
	2,246,838	1,511,378	199,116	380,132	156,213

31 Financial instruments and risk management (continued)

(ii) Liquidity risk (continued)

31 December 2019 **Group**	**Carrying Amount MVR"000"**	**0-12 Months MVR"000"**	**1-2 Years MVR"000"**	**2-5 Years MVR"000"**	**>5 Years MVR"000"**
Financial liabilities (non- derivative)					
Trade and other payables	408,684	408,684	-	-	-
Loans and borrowings*	955,721	305,193	333,927	287,907	28,695
Amounts due to related parties	231,538	231,538	-	-	-
Lease liabilities	271,741	40,323	39,458	94,977	96,983
	1,867,684	985,738	373,385	382,884	125,678

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

31 December 2020 **Company**	**Carrying amount MVR"000"**	**0-12 Months MVR"000"**	**1-2 Years MVR"000"**	**2-5 Years MVR"000"**	**>5 Years MVR"000"**
Financial liabilities (non - derivative)					
Trade and other payables	926,617	926,617	-	-	-
Loans and borrowings*	612,053	206,802	149,524	255,727	-
Amounts due to related parties	340,394	340,394	-	-	-
Lease liabilities	380,004	49,794	49,592	124,405	156,213
	2,259,067	1,523,607	199,116	380,132	156,213

31 December 2019 **Company**	**Carrying amount MVR"000"**	**0-12 Months MVR"000"**	**1-2 Years MVR"000"**	**2-5 Years MVR"000"**	**>5 Years MVR"000"**
Financial liabilities (non - derivative)					
Trade and other payables	402,551	402,551	-	-	-
Loans and borrowings*	955,721	305,193	333,927	287,907	28,695
Amounts due to related parties	231,870	231,870	-	-	-
Lease liabilities	271,741	40,323	39,458	94,977	96,983
	1,861,883	979,937	373,385	382,884	125,678

* Excluding interest payables

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group’s/ the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

31 Financial instruments and risk management (continued)

(iii) Market risk (Continued)

(a) Interest rate risk

Profile

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

	Group Carrying amount		Company Carrying amount	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Variable rate instruments				
Wataniya International Fz-LLC	-	450,008	-	450,008
Term loan i	-	36,072	-	36,072
Term loan ii (Note 25.4)	118,220	241,580	118,220	241,580
Term loan iii	-	22,822	-	22,822
Term loan iv	-	8,995	-	8,995
Term loan v (Note 25.5)	423,793	-	423,793	-
	542,013	759,477	542,013	759,477

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) the profit of the Group and Company by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Group		Company	
	31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
100 Basis points increase in interest rate	7,595	6,576	7,595	6,576
100 Basis points decrease in interest rate	(7,595)	(6,576)	(7,595)	(6,576)

(b) Exposure to currency risk

The Group's exposure to foreign currency risk is as follows based on the year end outstanding balance :

	31/12/2020		31/12/2019	
Group	US$ "000"	Euro "000"	US$ "000"	Euro "000"
Cash and cash equivalents	38,404	4,421	27,631	158
Trade and other receivables	8,230	-	3,333	-
Trade and other payables	(5,132)	(2,255)	(1,995)	-
Gross statement of financial position exposure	41,502	2,166	28,969	158

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1 MVR. : US$	0.065	0.065	0.065	0.065
1 MVR. : Euro	0.055	0.056	0.053	0.057

31 Financial instruments and risk management (continued)

(iii) Market risk (continued)

(b) Exposure to currency risk (continued)

In respect of the monetary assets and liabilities denominated in US Dollar, 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.

(iv) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Group	**Carrying amount**			**Fair value**		
As at 31st December 2020	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
	MVR"000"	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**
Financial assets not measured at fair value						
Trade and other receivables	254,091	-	254,091	-	-	-
Amounts due from related parties	33,191	-	33,191	-	-	-
Investments in fixed deposits at amortised cost	467,622	-	467,622	-	-	-
Cash and cash equivalents	991,278	-	991,278	-	-	-
	1,746,181	-	1,746,181	-	-	-
Financial liabilities not measured at fair value						
Loans and borrowings	-	612,053	612,053	-	-	-
Amounts due to related parties	-	317,138	317,138	-	-	-
Trade and other payables	-	937,643	937,643	-	-	-
Lease liabilities	-	380,004	380,004	-	-	-
	-	2,246,838	2,246,838	-	-	-

31 Financial instruments and risk management (continued)

(iv) Accounting classifications and fair values (continued)

Group	**Carrying amount**			**Fair value**		
As at 31 December 2019	**Financial assets at amortized cost**	**Financial liabilities at**	**Total**	**Level 1**	**Level 2**	**Level 3**
	MVR"000"	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**
Financial assets not measured at fair value						
Trade and other receivable	360,476	-	360,476	-	-	-
Amounts due from related parties	31,549	-	31,549	-	-	-
Investments in fixed deposits at amortised cost	588,963	-	588,963	-	-	-
Cash and cash equivalents	618,272	-	618,272	-	-	-
	1,599,260	-	1,599,260	-	-	-
Financial liabilities not measured at fair value						
Loans and borrowings	-	955,721	955,721	-	-	-
Amounts due to related parties	-	231,538	231,538	-	-	-
Trade and other payables	-	408,684	408,684	-	-	-
Lease liabilities	-	271,741	271,741	-	-	-
	-	1,867,684	1,867,684	-	-	-

The Group has not disclosed the fair values for financial instruments when their carrying amounts are a reasonable approximation of fair value.

31 Financial instruments and risk management (continued)

(iv) Accounting classifications and fair values (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Company	**Carrying amount**			**Fair value**		
As at 31st December 2020	**Financial assets at amortized cost**	**Financial liabilities at**	**Total**	**Level 1**	**Level 2**	**Level 3**
	MVR"000"	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**
Financial assets not measured at fair value						
Trade and other receivables	253,418	-	253,418	-	-	-
Investments in fixed deposits at amortised cost	251,958	-	251,958	-	-	-
Cash and cash equivalents	964,260	-	964,260	-	-	-
	1,469,636	-	1,469,636	-	-	-
Financial liabilities not measured at fair value						
Loans and borrowings	-	612,053	612,053	-	-	-
Amounts due to related parties	-	340,394	340,394	-	-	-
Trade and other payables	-	926,617	926,617	-	-	-
Lease liabilities	-	380,004	380,004	-	-	-
	-	2,259,068	2,259,068	-	-	-

31 Financial instruments and risk management (continued)

(iv) Accounting classifications and fair values (continued)

Company	**Carrying amount**			**Fair value**		
As at 31 December 2019	**Financial assets at amortized cost**	**Financial liabilities at**	**Total**	**Level 1**	**Level 2**	**Level 3**
	MVR"000"	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**	**MVR"000"**
Financial assets not measured at fair value						
Trade and other receivable	363,271	-	363,271	-	-	-
Investments in fixed deposits at amortised cost	367,650	-	367,650	-	-	-
Cash and cash equivalents	593,608	-	593,608	-	-	-
	1,324,529	-	1,324,529	-	-	-
Financial liabilities not measured at fair value						
Loans and borrowings	-	955,721	955,721	-	-	-
Amounts due to related parties	-	231,870	231,870	-	-	-
Trade and other payables	-	402,551	402,551	-	-	-
Lease liabilities	-	271,741	271,741	-	-	-
	-	1,861,883	1,861,883	-	-	-

The Group has not disclosed the fair values for financial instruments when their carrying amounts are a reasonable approximation of fair value.

(v) Capital management

The Group’s objectives when managing capital are to safeguard the group’s ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings and lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated statement of financial position.

31 Financial instruments and risk management (continued)

(v) Capital management (continued)

	Group		Company	
	31/12/2020 MVR"000"	**31/12/2019 MVR"000"**	**31/12/2020 MVR"000"**	**31/12/2019 MVR"000"**
Net debt				
Borrowings	542,013	759,477	542,013	759,477
Lease liabilities	217,324	176,485	217,324	176,485
Cash and cash equivalents	(991,278)	(618,272)	(964,260)	(593,608)
Financial assets at amortised cost (investments in fixed deposits)	(467,622)	(588,963)	(251,958)	(367,650)
Net debt	(699,563)	(271,273)	(456,881)	(25,296)
Total equity	1,276,108	1,356,587	1,142,865	1,223,204
Gearing	0%	0%	0%	0%

During 2020, the group's strategy, which was unchanged from 2019, was to maintain sufficient cash and bank balances to cover borrowing balances.

32 Events after the reporting date

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

33 Contingent liabilities

33.1 The Maldives Inland Revenue Authority ("MIRA") in their notice of assessment dated 28 June 2018 has instructed the Company to pay an additional business profit tax of MVR 16,775,603/- and accrued interest thereon amounting to MVR 12,699,989/- based on the business profit tax audits carried out for the years of 2013, 2014 and 2015. The Company paid the additional tax and interest demand amounting to MVR 29,475,592 and filed an objection against the same on 9 September 2018 which was rejected by MIRA. Further, the Company filed an appeal against the decision of MIRA to the Tax Appeal Tribunal of Maldives on 21 March 2019. As per assessment by the management if MIRA take the same position for the years of 2016, 2017,2018 and 2019 the Company will have to pay an additional business profit tax amounting to MVR 18,145,737. The additional tax amount of MVR 29,475,592 paid has been accounted under prepayment (Note 18).

The Company has also paid fine and interest on withholding tax due for the period January 2017 to January 2019 amounting to MVR 5,089,261, under protest, which has been accounted under prepayment. The Company has filed an appeal in tax appeal tribunal and has obtained a decision in favour of it, which has been further appealed in the High Court by the Maldives Inland Revenue Authority.

33.2 A related entity of the Group has filled a case in the Civil Court of Maldives against the Company alleging a breach of contract and claiming damages. The first instance the Civil Court has issued a judgment in favour of the related entity, that the Company pays the sum of MVR 67 Million as damages within 4 months from the date of the judgment i.e. 25 December 2018. The Company has appealed against the Judgement given by the Civil Court in the High Court of Maldives on 9 January 2019 and the second hearing of the case was held on 16 July 2019, where the Company has submitted part of its appeal pursuant to the constitutional right of appeal in Article 56 of the constitution.

33 Contingent liabilities (continued)

33.2 The Board of Directors of the Company is confident that the High Court's judgments in respect of the appeal will be favourable to the Company on the grounds that there are numerous issues relating to jurisdiction of the Civil Court to hear the case, incorrect application of the law (Law of Contracts, Arbitration Act), applicable precedents of higher courts not being followed, incorrect interpretation of the agreement, reliance on incorrect facts as well as procedural issues. Further, the Civil Court's judgment is subject to appeal at the High Court and finally at the Supreme Court, with the latter having determined in 2011/SC-SJ/04 that stay of enforcement of the judgment being appealed is an expected principle of civil procedure for exercise of the constitutional right of appeal to the fullest extent, the Group expects that a stay order will be issued in due course on the judgment of the Civil Court and thus no provision has been made in the financial statements with respect to the Civil Court's judgment.

33.3 Bank guarantees and letter of credits as at 31 December 2020 are MVR 13,455,461 (as at 31 December 2019 : MVR 20,838,962).

33.4 There are no other contingent liabilities outstanding as at the reporting date, which require disclosure in the consolidated and separate financial statement other than above.

34 Comparative figures

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

35 Commitments

35.1 Capital commitments

The Group/ the Company have entered into contract to purchase / construct property, plant and equipment and intangible assets of MVR. 67,572,997/- as at 31 December 2020 (31 December 2019: MVR. 104,334,725/-).

36 Related party transactions

(a) Wataniya International FZ-LLC holding owns 90.5% of the total number of shares in issue of the Company. The remaining 9.5% of the shares are widely held. The ultimate parent of the Company is Ooredoo IP LLC, 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 Group 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.

36 Related party transactions (continued)

(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 the transaction	Amount		Balance outstanding due from/ (to)	
			31/12/2020 MVR"000"	31/12/2019 MVR"000"	31/12/2020 MVR"000"	31/12/2019 MVR"000"
Ooredoo Group LLC	Affiliate company	Expenses incurred on behalf of Ooredoo Maldives PLC	(17,288)	(18,800)	(26,722)	(11,747)
		Expenses incurred on behalf of Ooredoo Group LLC	2,313	23,825		
		Roaming charges	(12,542)	719	(11,172)	1,370
Ooredoo IP LLC	Ultimate parent	Brand license fee	(25,731)	(30,204)	(37,022)	(13,863)
		Withholding tax paid	2,572	3,017		
		Repayment of brand license fee	-	19,674		
Ooredoo Kuwait	Intermediate parent	No transactions	-	-	(148,219)	(148,219)
Wataniya International Fz-LLC	Immediate parent company	Management fee	(47,465)	(56,696)	(105,174)	(57,709)
		Withholding tax paid	-	5,663		
		Conversion to loan and borrowings	-	173,656		
		Loan repayment	-	92,696		
Focus Infocom Private Limited	Affiliate company	Lease line charges	-	-	36,120	36,120
		Repayments of lease line charges	-	(8,810)		
WARF Telecom International Private Limited	Subsidiary	Management fee	2,583	2,583	(23,256)	(332)
		Expenses on behalf of WARF	6,872	9,459		
		Expenses on behalf of OMPLC	-	(35,119)		
		Repayments of expenses incurred by WARF on behalf of OMPLC	(32,379)	22,746		

37 Transactions with key management personnel

The Board of Directors of the Company are the members of the key management personnel. The Company has paid MVR 1,852,000/- as emoluments to the key management personnel during the year ended 31 December 2020 (for the year ended 31 December 2019: MVR 1,724,000/-).

38 Operating segments

The Group's operations are solely providing telecommunication services in the Maldives. The operations of the Group looked at as a single operating segment.

The Chief Operating Decision Maker (CODM) of the Group is the Chief Executive Officer (CEO) and the Managing Director of the Group/ the Company. The CEO and Managing Director considers the performance of the Group/ the Company as a whole considering the total operations of the Group/ the Company as one segment in assessing the performance of the Group/ the Company and making decisions about the resource allocation within the Organization.

39 Director's responsibility

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