



2022

FINANCIAL AUDIT REPORT

OCEAN CONNECT MALDIVES PRIVATE LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

**PERIOD FROM INCEPTION ON 09 JANUARY TO 31
DECEMBER 2022**



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DN/NJ/KA

Independent auditor's report to the shareholders of Ocean Connect Maldives Private Limited

Report on the audit of the financial statements

We have audited the financial statements of Ocean Connect Maldives Private Limited (the "Company") which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from inception on 09 January to 31 December 2022 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the 09 January to 31 December 2022 then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

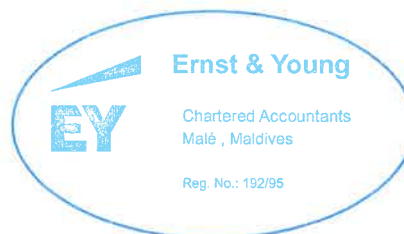
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



For and on behalf of Ernst & Young
Partner: Dhunya Nizar
Licensed Auditor: ICAM-IL-Z73

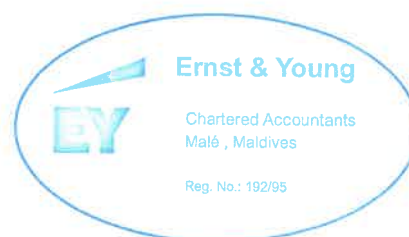
05 February 2024
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OCEAN CONNECT MALDIVES PRIVATE LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from inception on 09 January to 31 December 2022

	Note	2022 MVR
Revenue from contracts with customers		-
Cost of Sales		-
Gross profit		-
Administrative expenses		(2,986,147)
Selling and marketing expenses		(217,602)
Operating loss		(3,203,749)
Net finance cost	6	(114,314)
Loss before tax	7	(3,318,063)
Income tax credit / (expense)	8	-
Loss for the year		(3,318,063)
Other comprehensive income		-
Total comprehensive income		(3,318,063)

The accounting policies and notes on pages 7 to 24 forms an integral part of these financial statements.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022 MVR
Assets		
Non-current assets		
Property, plant and equipment	9	105,952,071
Right-of-use assets	10	5,179,175
Other assets	11	13,104
		<u>111,144,350</u>
Current assets		
Amounts due from related parties	12	13,085,953
Cash and cash equivalents	13	473,563
		<u>13,559,516</u>
Total assets		<u><u>124,703,866</u></u>
Equity and liabilities		
Equity		
Share capital	17	12,079,500
Share premium	18	108,715,500
Accumulated losses		(3,318,063)
Total equity		<u>117,476,937</u>
Non-current liabilities		
Lease liabilities	14	4,505,604
		<u>4,505,604</u>
Current liabilities		
Lease liabilities	14	626,357
Trade and other payables	15	33,068
Amounts due to related parties	16	2,061,900
		<u>2,721,325</u>
Total equity and liabilities		<u><u>124,703,866</u></u>

The Board of Directors is responsible for these financial statements Signed for and on behalf of the Board by:

Name of the director

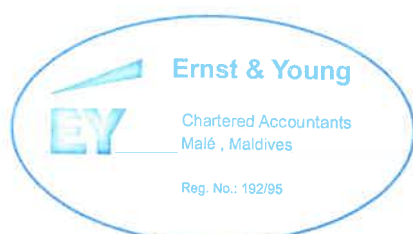
Ahmed Nazim / Non-executive Director

Abdul Nafiu Thaufeeg / Chief Executive Officer

Signature

The accounting policies and notes on pages 7 to 24 forms an integral part of these financial statements.

5 February 2024



OCEAN CONNECT MALDIVES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
Period from inception on 09 January to 31 December 2022

	Note	Share Capital MVR	Share Premium MVR	Accumulated Losses MVR	Total MVR
Balance at 9 January 2022		-	-	-	-
Shares issued during the period	18,19	12,079,500	108,715,500	-	120,795,000
Loss for the period		-	-	(3,318,063)	(3,318,063)
Balance at 31 December 2022		12,079,500	108,715,500	(3,318,063)	117,476,937

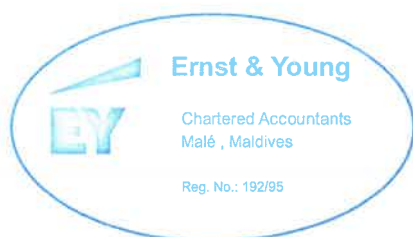
The accounting policies and notes on pages 7 to 24 forms an integral part of these financial statements.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
STATEMENT OF CASH FLOWS
Period from inception on 09 January to 31 December 2022

	Note	2022 MVR
Operating activities		
Loss before tax from operations		(3,318,063)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation on property, plant and equipment	9	82,216
Depreciation of right-of-use assets	10	554,109
Interest income on security deposit	6.1	(108)
Interest expenses on lease liabilities	6.2	114,422
Operating loss before working capital changes		(2,567,424)
Working capital adjustments:		
- Increase in amounts due from related parties	12	(1,153)
- Increase in trade and other payables	15	33,068
- Increase in amounts due to related parties	16	2,061,900
Cash flows used in operating activities		(473,609)
Interest paid	6.2	(114,422)
Net cash flows used in operating activities		(588,031)
Investing activities		
Acquisition of property, plant and equipment	9	(106,034,287)
Payment for security deposit	11.1	(156,693)
Net cash flows used in investing activities		(106,190,980)
Financing activities		
Payment of principal portion of lease liabilities	14	(457,626)
Proceeds from issue of share capital	17	10,771,020
Proceeds from issue of share premium	18	96,939,180
Net cash flows from financing activities		107,252,574
Net increase in cash and cash equivalents		473,563
Cash and cash equivalents as at 31 December	13	473,563

The accounting policies and notes on pages 7 to 24 forms an integral part of these financial statements.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

1 Reporting Entity

1.1 Corporate information

Ocean Connect Maldives Private Limited ("OCM" or "the Company") is a limited company incorporated on 9 January 2022 and domiciled in the Republic of Maldives. The registered address of the Company is 8B H. Orchid, Ameeru Ahmed Magu, Male', Republic of Maldives. OCM was founded as a State-Owned Enterprise categorized as an ICT infrastructure and International Gateway Access Service Provider company to invest in physical and digital infrastructure, promote inclusive digital networks and services to help address the digital divide and drive the next stage of Maldives' growth. The company is a subsidiary of MFMC Capital Pvt Limited ("MFMC Capital") owning 99.99% shares of the Company. 99.99% shares of MFMC Capital Pvt Limited is owned by Maldives Fund Management Corporation ("MFMC") which is a wholly owned subsidiary of the Government of Maldives.

1.2 Date of authorization for issues

The Financial Statements of Ocean Connect Maldives Private Limited for the year ended 31 December 2022 were authorised for issue with board approval on 5 February 2024.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company, which comprises of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows and the notes to financial statements have been prepared and presented in accordance with international financial reporting standards ("IFRS").

2.2 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except for financial instruments that are measured at fair value.

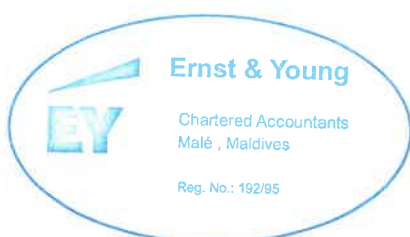
2.3 Functional and presentation currency

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

2.4 Materiality and aggregation

In compliance with IAS 1 Presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are also presented separately unless they are considered to be immaterial.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by accounting standards.



3 Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Detailed information about each of the estimates and judgments is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

3.1 Going concern

The Board assessed the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may be significant upon the Company's ability to continue as a going concern and it does not intend either to liquidate or to cease operations of The Company. Therefore, the Financial Statements are prepared on the going concern basis.

3.2 Leases - Estimating the incremental borrowing rate for discounting land lease commitments

In the absence of interest rate implicit in the lease, the Company therefore uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) with a consideration of entity-specific adjustments.

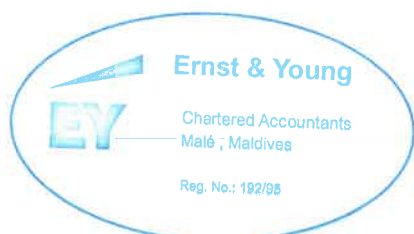
3.3 Depreciation of Property, Plant and Equipment

The Company assigns useful lives and residual values to property, plant and equipment bases on periodic studies of actual asset lives and the intended use of those assets. Changes in circumstances such as technological advances, prospective economic utilization and physical condition of the assets concerned could result in the actual useful lives differing from initial estimates. Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an assets residual value is reflected in The Company's financial statements when the change in estimate is determined.

3.4 Impairment of property, plant and equipment and intangible assets

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

- Obsolescence or physical damage
- Significant changes in technology and regulatory environments
- Significant under performance relative to expected historical or projected future operating results.
- Significant changes in the use of its assets or the strategy for its overall business.
- Significant negative industry or economic trends; the identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash



4 Significant accounting policies

4.1 Financial instruments

a) Financial assets (Non-derivative)

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(iii) Amortized Cost

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

(iv) Business model assessment

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

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

(v) Assessment whether contractual cash flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. Liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, The Company considers the contractual terms of the instrument.



4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

a) Financial assets (Non-derivative) - continued

(v) *Assessment whether contractual cash flows are Solely Payments of Principal and Interest*

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, The Company considers:

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

(vi) *Financial assets at amortised cost*

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

(vii) *De-recognition of financial assets*

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

b) Financial liabilities (Non-derivative)

(i) *Classification, subsequent measurement and gain and losses*

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

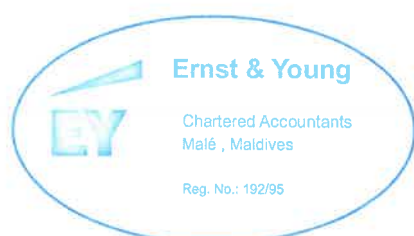
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The Company has the non-derivative financial liabilities such as trade and other payables and amounts due to related party. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(ii) *De-recognition of financial liabilities*

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

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



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

4 Significant accounting policies (continued)

4.1 Leases

The Company adopted IFRS 16 - Leases, which introduces a single, on-balance sheet accounting model for lessees. As a result, The Company, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

a) As a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Company uses the definition of a lease in IFRS 16- Leases.

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, The Company's incremental borrowing rate. Generally, The Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

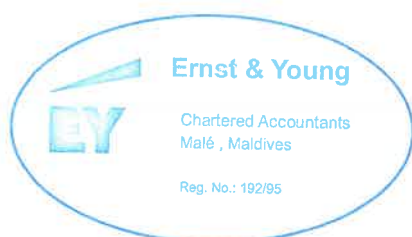
- fixed payments, including in substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option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

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

i) Right-of-use Assets

The right-of-use asset is initially measured at cost comprising the followings;

- The amount of the initial amount of the lease liability
- Any lease payments made at or before the commencement date.
- Any initial Direct costs, and
- Any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset the site on which it is located, less any lease incentives received.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

4 Significant accounting policies (continued)

4.1 Leases (continued)

a) As a lessee (continued)

i) Right-of-use Assets (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to The Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) Short-term leases and leases of low-value assets

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

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks. Cash and cash equivalents are carried at amortized cost in the statement of financial position. Details of cash and cash equivalents are given in Note 13 to the financial statements.

4.3 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted at actual cost on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale. The Company did not hold any inventories for the financial year ended 31 December 2022.

4.4 Property, plant and equipment

a) Recognition and measurement

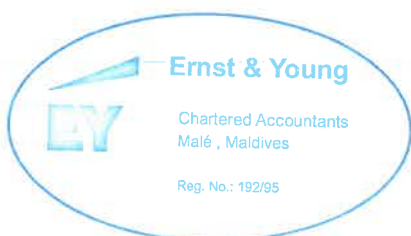
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant, and equipment. The corresponding obligation is recognized as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

b) Subsequent costs

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



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

4 Significant accounting policies (continued)

4.4 Property, plant and equipment (continued)

c) Depreciation (continued)

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

Asset Category	Useful Life	Rate
Furniture and Fittings	10	10%
Office Equipment	5	20%

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

4.5 Intangible assets

a) Recognition and measurement

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

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

b) Subsequent expenditure

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

c) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

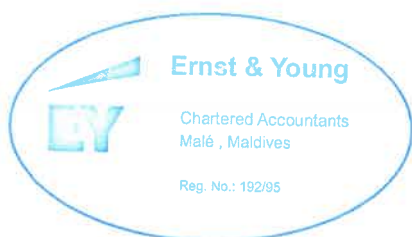
4.6 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expect to be entitled in exchange of those goods or services.

4.7 Deferred grant

Grants are recognised as deferred income when there is a reasonable assurance that they will be received and that the company will comply with the conditions associated with the grant. Grants that compensate the company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Grants related to assets, including non-monetary grants at fair value are deferred in the Statement of Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset. Grants that compensate the direct disbursement to claimants are directly debited to deferred grant.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

4 Significant accounting policies (continued)

4.8 Employee benefits

A defined contribution plan is a postemployment benefit plan under which The Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company is registered for Maldives retirement pension scheme run by Maldives pension administration office. The Company contributes the mandatory 7% of staff's salary into the scheme with an additional, minimum, 7% of salary being contributed by the staff members.

4.9 Expenses

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss for the year. Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

4.10 Determination of fair values

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.11 Share capital

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

4.12 Dividends

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

4.13 Current and deferred Income tax

Tax expense comprises current and deferred income tax:

a) Current tax

Tax expenses for the period comprises current and deferred tax. Tax is recognized in the income statement except to extend that it relates to items recognized directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

4 Significant accounting policies (continued)

4.13 Current and deferred Income tax (continued)

b) Deferred tax

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

5 New and amended accounting standards and interpretations

5.1 New and amended accounting standards adopted by the Company

The Company has applied the following amendments for the first time for the annual reporting periods commencing on 01 January 2022. The following amendments did not have any significant impact on amounts recognised in prior periods and are not expected significantly affect current or future period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards 2018–2020
- Initial application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Non-current liabilities with Covenants (Amendments to IAS 1)

5.2 New and amended standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company.

The Company is currently assessing the impact of the following amendments:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current liabilities with Covenants (Amendments to IAS 1)

The following new or revised standards and amendments are not expected to have a material impact on the Company's financial statements in the current or future reporting periods and on foreseeable future transactions.

- IFRS 17 - Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Initial application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Incomes Taxes)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

6 Net finance cost

	Note	<u>2022</u> <u>MVR</u>
6.1 Finance income		
Finance income from non-current deposits	11.1	(108)
		<u>(108)</u>
6.2 Finance cost		
Finance cost from lease liabilities	14	114,422
		<u>114,422</u>
		<u>114,314</u>

7 Loss before tax

Loss before tax is stated after charging all the expenses including the following:

	<u>2022</u> <u>MVR</u>
Personnel costs	1,953,125
Depreciation of right-of-use assets	554,109
Depreciation on property, plant and equipment	82,216
Utilities	95,473
Travel expenses	72,730
Professional fees	44,538
Repairs and Maintenance	14,124
Training and Development	17,653



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

8 Income tax credit / (expense)

The major components of income tax expenses for the year ended 31 December are as follows,

Statement of profit or loss	Note	2022 MVR
Current income tax		
Current income tax expense on ordinary activities for the year	8.1	-
Deferred taxation charge/(reversal)	8.2	-
Tax expense reported in the statement of profit or loss		-

8.1 A reconciliation between tax credit and the product of accounting loss multiplied by Maldives' domestic tax rate for the period ended 31 December is as follows:

	2022 MVR
Loss before tax from operating activities	(3,318,063)
Add: Depreciation and amortisation of non-current assets	82,216
Other disallowable expenses	1,355,344
Less: Capital allowances	(118,366)
Other allowable expenses	(1,358,203)
Taxable losses	(3,357,072)
Taxable profit	-
Income tax on taxable profit @ 15%	-

8.2 Deferred tax

	2022 MVR
Tax loss for the year	3,357,072
Carried forward tax losses	3,357,072

The Company has carried forward tax losses amounting to MVR 3,357,072/- as at the reporting date. However, the Company is unable to assess with reasonable certainty that sufficient taxable profits would be available to obtain the benefits of tax losses carried forward during the time frame provided by the Income Tax Act of the Maldives. Accordingly, the Company has not recognised a deferred tax asset on the current year's temporary differences resulting due to adjustments.



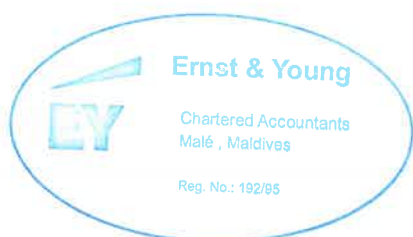
OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 Period from inception on 09 January to 31 December 2022

9 Property, plant and equipment

	Furniture, and fittings MVR	Office equipment MVR	Capital Work-in-progress MVR	Total MVR
Cost				
Acquisitions during the year	449,174	385,053	105,200,060	106,034,287
Disposals/transfers during the year	-	-	-	-
Balance as at 31 December 2021	449,174	385,053	105,200,060	106,034,287
Accumulated depreciation				
Depreciation charge for the year	33,909	48,307	-	82,216
Disposals/transfers during the year	-	-	-	-
Balance as at 31 December 2021	33,909	48,307	-	82,216
Net book value				
As at 31 December 2021	415,265	336,746	105,200,060	105,952,071

9.1 Capital work in progress mainly represents the cost incurred for subsea cable project to build direct connection to International Submarine Cable System by the Company under an agreement with Reliance Jio Infocomm Limited.

9.2 During the financial year, the Company acquired property, plant and equipment for cash to the aggregate value of MVR 106,034,287.



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

10 Right-of-use assets

Leasehold office space of the Company and leasehold land in Hulhumale for the development and operation of a submarine cable landing station are classified as right-of-use assets. The right-of-use assets are depreciated equally over a period of 1 to 35 years based on their lease period and the incremental borrowing rate (IBR) used for the leases is 10%.

10.1 Set out below are carrying amounts of right-of-use assets recognised and the movements during the year

	2022
	MVR
At fair value	
Recognized during the year	5,733,284
Closing balance	5,733,284
Accumulated depreciation	
Depreciation charge for the year	554,109
Closing balance	554,109
Net book value as at 31 December	5,179,175

11 Other assets

11.1 Other non-current assets

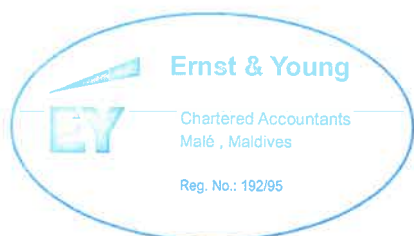
Other non-current assets consists of security deposits paid towards leasehold right-of-use for the lease of land in Hulhumale for the development and operation of a submarine cable landing station as follows:

	2022
	MVR
Deposits made during the year	156,693
Fair valuation of deposits made	(143,697)
Interest income for the year	108
As at 31 December	13,104

12 Amounts due from related parties

	Relationship	2022
		MVR
Maldives Fund Management Corporation Limited	Ultimate parent	7,700
MFMC Capital Limited	Parent	13,077,100
Receivables from key management personnel	Director	1,153
		13,085,953

Amount due from related parties mainly includes capital called up for shares issued and outstanding from MFMC Capital (99.99%) and MFMC (0.01%)



OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

13 Cash and cash equivalents

	2022
	MVR
Cash at bank	473,363
Cash in hand	200
	473,563

14 Lease liabilities

	2022
	MVR
Recognitions during the year	5,589,587
Interest charge during the year	114,422
Payments made/payable during the year	(572,048)
As at 31 December	5,131,961
Current lease liabilities	626,357
Non-current lease liabilities	4,505,604
	5,131,961

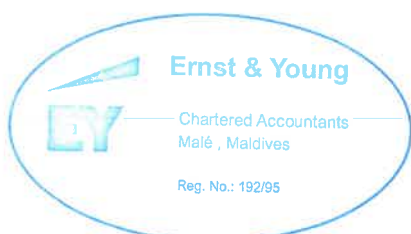
15 Trade and other payables

	2022
	MVR
Payroll liabilities	10,388
Other payables	22,680
	33,068

16 Amounts due to related parties

	2022
	MVR
Maldives Fund Management Corporation Limited	2,061,900
Ultimate parent	-
	2,061,900

Amount due to related parties include outstanding balance from advances by companies within the



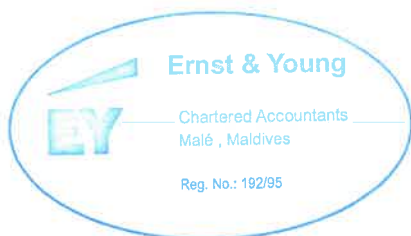
OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

17 Share capital

17.1 Authorised share capital	Number of shares	Number of shares
Changes in Authorised capital during the year	10,000,000	100,000,000
As at 31 December 2022	10,000,000	100,000,000
17.2 Issued share capital	Number of shares	Number of shares
Issues of 1,207,950 shares at MVR 10 per share	1,207,950	12,079,500
As at 31 December 2022	1,207,950	12,079,500
17.3 Paid up share capital	Number of shares	Number of shares
Paid up share capital at MVR 10 per share during the year	1,077,102	10,771,020
As at 31 December 2022	1,077,102	10,771,020
Outstanding as at 9 January 2022	-	-
Outstanding as at 31 December 2022	130,848	1,308,480

18 Share premium

18.1 Issued share premium	Number of shares	Number of shares
Issues of 1,207,950 shares with a premium of MVR 90 per share	1,207,950	108,715,500
As at 31 December 2022	1,207,950	108,715,500
18.2 Paid up share premium	Number of shares	Value MVR
Paid up share premium at MVR 90 per share during the year	1,077,102	96,939,180
As at 31 December 2022	1,077,102	96,939,180
Outstanding as at 31 December 2022	130,848	11,776,320



OCEAN CONNECT MALDIVES PRIVATE LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 Period from inception on 09 January to 31 December 2022

19 Related party transactions

19.1 Transactions with key management personnel

	2022 MVR
Board allowance	148,163
Director's salary	667,523
Board sitting fees	14,000
Other allowances and pension	503,962
Total	1,333,648

19.2 Transactions which are individually significant

a) Items in Statement of Profit or Loss

2022 MVR
-

b) Items in Statement of Financial Position

Assets

	2022 MVR
Capital contribution	107,710,200
	107,710,200

Liabilities

	2022 MVR
Loans and advances	2,061,900
	2,061,900

19.3 Transactions which are collectively significant

a) Items in Statement of Profit or Loss

2022 MVR
-

Rent payments

b) Items in Statement of Financial Position

2022 MVR
-

Liabilities

Other payables	-
	-

19.3 Related party transactions

19.3.1 Amounts due from related parties	Relationship	<u>Transactions during the year</u>		Balance as at
		Expenses paid on behalf	Settlements	31-Dec-22
		MVR	MVR	MVR
Maldives Fund Management Corporation Limited	Ultimate parent	12,100	(4,400)	7,700
MFMC Capital Limited	Parent	120,782,900	(107,705,800)	13,077,100
Key management personnels	Directors	1,153	-	1,153

19.3.1 Amounts due to related parties	Relationship	<u>Transactions during the year</u>		Balance as at
		Expenses paid on behalf	Settlements	31-Dec-22
		MVR	MVR	MVR
Maldives Fund Management Corporation Limited	Ultimate parent	106,149,360	(104,087,460)	2,061,900

Amounts due to and from related parties shown above are interest-free and unsecured. There are no fixed repayment terms.

OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

20 Financial risk management

The company has exposure to following risks from use of its financial instruments.

- Market risk
- Liquidity risk
- Credit risk

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as commodity price risk. Financial instrument affected by market risk include bank deposits of the Company.

The Company is not significantly exposed to foreign currency risk on transactions that are denominated in a currency other than the respective functional currency of the Company.

20.2 Liquidity risk

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

The Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
At 31 December 2022	MVR	MVR	MVR	MVR
Trade and other payables	10,223	-	-	-
Lease liabilities	216,536	966,144	111,024	30,897,762
Amounts due to related parties	-	2,061,900	-	-

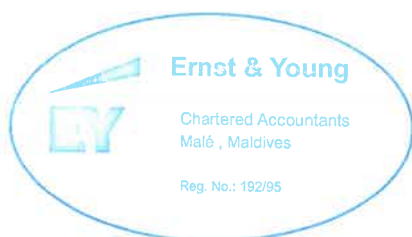
20.3 Credit risk

Credit risk is the risk that a counterparty or customer will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Company's maximum exposure to credit risk at the reporting date were as follows;

	2022
	MVR
Cash at bank	473,563
Amount due from related parties	13,085,953

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The Company has made no provision for impairment losses as there were no receivables as at the reporting date.



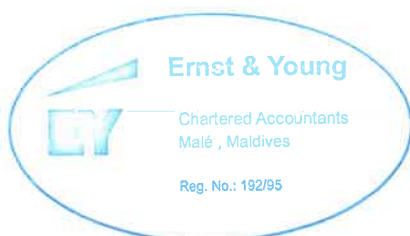
OCEAN CONNECT MALDIVES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period from inception on 09 January to 31 December 2022

21 Capital commitments and contingencies

As at 31 December 2022, the company had commitments of MVR 242,865,000 relating to the completion of subsea cable project.

22 Events subsequent to the reporting period

There have been no significant events, occurring after the reporting date that require adjustments to or disclosure



OCEAN CONNECT MALDIVES PRIVATE LIMITED
DETAILED STATEMENT OF EXPENDITURE
Period from inception on 09 January to 31 December 2022

(I) Administrative expenses

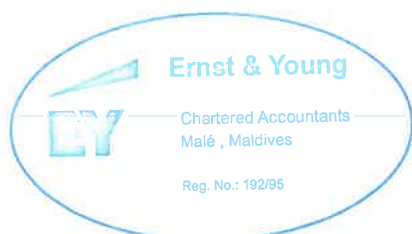
	2022
	MVR
Personnel costs (a)	1,953,125
Depreciation of right-of-use assets	554,109
Depreciation on property, plant and equipment	82,216
Utilities	95,473
Travel expenses	72,730
Professional fees	44,538
Stationary and office supplies	37,274
Bank charges	35,726
Other administrative fees	32,730
IT expenses	31,900
Training and Development	17,653
Repairs and Maintenance	14,124
Pantry expenses	8,985
Meeting and refreshments	5,564
	2,986,147

(a) Personnel costs

	2022
	MVR
Wages and Salaries	345,092
Staff Allowance	252,689
Directors Remuneration	1,284,461
Pension Contributions	70,883
	1,953,125

(II) Selling and marketing expenses

	2022
	MVR
Marketing and PR Events	217,602
	217,602



(I)

