ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Independent Auditors' Report
To the Shareholders of
Addu International Airport Private Limited

Qualified Opinion

We have audited the financial statements of Addu International Airport Private Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 8 to 36.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. As per Note 13 to the financial statements the net carrying value of property, plant and equipment relating to the airport operation is MVR 533,411,221/- as at 31 December 2021. As per IAS 36 "Impairment of Assets", the Company shall assess as at end of each reporting period whether there are any indicators that an asset may be impaired. The Company has been making losses for last few years and recorded accumulated losses of MVR 517,327,338/- as at 31 December 2021. These factors should have been considered as impairment indicators. However, the Company has not performed an impairment assessment to measure the recoverable amount of the property plant and equipment relating to the airport operation as at 31 December 2021. Therefore, we were unable to determine the possible effects on these financial statements as at 31 December 2021.

2. As per Memorandum of Agreement between Ministry of Finance and Treasury and Gan Airport Company Limited dated 21 July 2012, the leasehold right of the Airport land located in Gan Island has been transferred to Addu International Airport Private Limited for a period of 50 years commencing from 21 July 2011. During our field visit, it was observed that management of the Company does not have access to an area which has been used to construct a resort by a third party. Accordingly, said area cannot be used for business purposes. Therefore, we were unable to identify the potential effects on these financial statements as of 31 December 2021.

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

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 30 to the financial statements which states that the Company has incurred a loss of MVR 76,958,144/- during the year ended 31 December 2021 and accumulated losses of MVR 517,327,338/- as at 31 December 2021. Further, the Company's current liabilities exceeded its current assets by MVR 489,886,132/- and total liabilities exceeded its total assets by MVR 197,327,338/- as at 31 December 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Conclude on the appropriateness of the Board'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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

R. W. M. O. W. Duminda B. Rathnadiwakara
For an on behalf of KPMG Maldives

30 June 2022
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ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	2021 MVR	2020 MVR
Revenue	6	73,696,173	36,161,448
Other operating income	7	6,340,412	7,098,189
Operating expenses	8	(120,360,927)	(92,097,188)
Impairment loss on trade and other receivables	9	(8,544,423)	(1,689,788)
Result from operating activities		(48,868,765)	(50,527,339)
Finance costs	10	(26,089,379)	(26,228,667)
Loss before tax		(74,958,144)	(76,756,006)
Tax expense	11	-	-
Loss (Total comprehensive income) for the year		(74,958,144)	(76,756,006)
Basic loss per share	12	**(187)**	**(240)**

The figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 36. The Report of the Independent Auditors is given on pages 1 to 3.

ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER	Note	2021 MVR	2020 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	13	539,141,774	557,177,070
Intangible assets	14	-	1,240
Total non-current assets		539,141,774	557,178,310
Current assets			
Inventories	16	12,116,078	11,364,092
Trade and other receivables	17	14,363,618	12,911,977
Cash and cash equivalents	18	4,747,452	3,193,253
Total current assets		31,227,148	27,469,322
Total assets		570,368,922	584,647,632
EQUITY AND LIABILITIES			
Equity			
Share capital	19	320,000,000	298,000,000
Accumulated losses		(517,327,338)	(442,369,194)
Total Equity		(197,327,338)	(144,369,194)
Non-current liabilities			
Loans and borrowings	20.3	246,582,980	261,843,701
Total non-current liabilities		246,582,980	261,843,701
Current liabilities			
Loans and borrowings	20.3	243,477,941	197,788,666
Trade and other payables	22	275,301,618	269,384,459
Bank overdraft	23	2,333,721	-
Total current liabilities		521,113,280	467,173,125
Total liabilities		767,696,260	729,016,826
Total equity and liabilities		570,368,922	584,647,632

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 36. The Report of the Independent Auditors is given on pages 1 to 3.

These financial statements were approved by the Board of Directors and signed on its behalf by;

Name of the Director	**Signature**
Hussain Mohamed Didi	
Ahmed Marzoog	

30 June 2022

ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital MVR	Accumulated losses MVR	Total equity MVR
Balance as at 1 January 2020	298,000,000	(365,613,188)	(67,613,188)
Loss (Total comprehensive income) for the year	-	(76,756,006)	(76,756,006)
Balance as at 31 December 2020	298,000,000	(442,369,194)	(144,369,194)
Balance as at 1 January 2021	298,000,000	(442,369,194)	(144,369,194)
Loss (Total comprehensive income) for the year	-	(74,958,144)	(74,958,144)
Transactions with Owners of the Company			
Proceeds for call in arrears **(Note 19.2)**	22,000,000	-	22,000,000
Balance as at 31 December 2021	320,000,000	(517,327,338)	(197,327,338)

The figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 36. The Report of the Independent Auditors is given on pages 1 to 3.

ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER	Note	2021 MVR	2020 MVR
Cash flow from operating activities			
Loss before tax		(74,958,144)	(76,756,006)
Adjustments for:			
Depreciation on property, plant and equipment	13	27,018,806	26,155,651
Amortization of intangible asset	14	1,241	597,156
Interest expenses	10	26,089,379	26,228,667
Gain on discontinuation of lease	7	-	(172,921)
Impairment loss on trade and other receivables and receivables from related parties	9	8,544,423	1,689,788
Depreciation of-right-of use assets	15	-	464,213
Trade payables written back	7	(202,484)	-
Loss before working capital changes		(13,506,779)	(21,793,452)
Changes in;			
Inventories		(751,986)	(2,783,559)
Trade and other receivables		(9,996,064)	11,772,202
Trade and other payables		6,119,643	24,596,475
Cash (used in) / generated from operating activities		(18,135,186)	11,791,666
Interest paid		(26,089,379)	(563,987)
Net cash (used) / generated in operating activities		(44,224,565)	11,227,679
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(8,983,510)	(16,923,080)
Net cash used in investing activities		(8,983,510)	(16,923,080)
Cash flows from financing activities			
Repayment of borrowings	20.1	(31,435,928)	(14,032,200)
Proceeds from shareholders loan	20.2	61,864,481	19,043,700
Repayment of lease during the year	21	-	(127,215)
Proceeds from shares call in arrears	19.2	22,000,000	-
Net Cash from financing activities		52,428,553	4,884,285
Net decrease in cash and cash equivalents		(779,522)	(811,116)
Cash and cash equivalents at beginning of the year		3,193,253	4,004,369
Cash and cash equivalents at end of the year	18	2,413,731	3,193,253

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 8 to 36. The Reports of the Independent Auditors is given on pages 1 to 3.

1. REPORTING ENTITY

Addu International Airport Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives since 21 March 2011 as a private limited liability Company under the Companies' Act No. 10 of 1996 with its registered office at Building No. 100 Gan International Airport, Addu City, Republic of Maldives.

The rights, interests, liabilities and ownership of Gan Airport Company Limited were transferred to Addu International Airport Private Limited in accordance with Clause B of the Memorandum of Understanding between Gan Airport Company Limited and Addu International Airport Private Limited with effect from 31 March 2013.

The principal activity of the Company is operating the Gan International Airport at Gan Island in Addu City in the Republic of Maldives.

The main objectives of the Company are to develop, manage; operate either on its own or by way of third party engagements, Gan Airport as an International Airport and develop any and all ancillary or related facilities in the same manner together with the airport, and to enter into the business of tourism; to own, develop, manage and operate tourist resorts, city hotels, safari vessels and any other tourist properties or developments.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company's financial statements is included in the respective notes.

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Foreign Currency Transactions

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

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

3.2 Financial Instruments

(i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), 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

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets- Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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 amortized 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 and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement gains and losses

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.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(iii) De-recognition

Financial assets

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

Financial liabilities

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

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid 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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Impairment

(i) Financial Assets (including receivables)

The Company recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

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

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment (Continued)

(i) Financial Assets (including receivables) (continued)

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

ECLs are probability- weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables were assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant were collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(ii) Non-derivative financial assets (including receivables)

Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(iii) Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets.

3.4 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct 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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized.

Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, Plant and Equipment (Continued)

(iii) Depreciation (continued)

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

Land Improvement	Over the lease period
Runway and Island Infrastructure	Over 25 years
Buildings	Over 25 years
Plant and Machinery	Over 10 years
Office Equipment	Over 5 years
Computer Equipment	Over 5 years
Tools and Electrical Equipment	Over 5 years
Furniture and fittings	Over 10 years
Vehicles	Over 10 years

The charge for the deprecation commences from the month subsequent to the month on which the property, plant and equipment is ready for use.

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

3.6 Intangible Assets

(i) Recognition & Measurement

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

(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, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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 pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows.

Computer software - Over 3 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventory

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, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

3.8 Provisions

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

3.9 Revenue

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms
Sale of Goods	The performance obligation is satisfied when the goods are handed over to customers.
Ground handling charge, Landing fees, Parking fee, Ground power unit charges, Passenger service charge, Airport pass, Cargo handling /terminal income, Monthly Training Income	The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer.

3.10 Tax Expense

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

Current tax

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

Deferred tax

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Finance Costs

Finance cost comprises interest expense on borrowings. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

3.12 Operating Expenses

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

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

3.13 Employment Benefit

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

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

4. FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received to sell as asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle or, in its absence, the most advantageous market to which the Company has accessed at that date. The fair value of a liability reflects its non – performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non – financial assets and liabilities. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If and asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

4. FAIR VALUE MEASUREMENT (CONTINUED)

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later that when the valuation is wholly supported by observable market data or the transaction is closed out.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments IAS 37).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Other Standards

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

- Classification of Liabilities as Current or Non-Current (Amendments IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (IAS 8)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020
- Reference to Conceptual framework (Amendments to IFRS 3)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 REVENUE

	2021 MVR	2020 MVR
Jet fuel revenue	51,448,770	24,950,797
Ground handling charges	6,797,228	5,423,660
Landing fees	3,977,374	2,136,023
Parking fees	10,282,901	2,424,726
Ground power unit charges	655,736	779,643
Passenger service charges	231,871	62,200
Airport pass	34,700	44,950
Cargo handling / terminal income	248,164	270,059
Monthly fee on flight training	19,429	69,390
	73,696,173	36,161,448

7 OTHER OPERATING INCOME

	2021 MVR	2020 MVR
Rent income	5,688,271	6,535,835
Lounge income	228,524	252,299
Gain on discontinuation of lease	-	172,921
Miscellaneous income	121,974	70,892
Electricity charges	99,159	66,242
Trade payables written back	202,484	-
	6,340,412	7,098,189

8 OPERATING EXPENSES

	2021 MVR	2020 MVR
Jet fuel expenses	33,219,525	16,450,706
Employee benefit expense **(Note 8.1)**	37,397,709	32,681,417
Depreciation of property, plant and equipment **(Note 13)**	27,018,806	26,155,651
Amortization of intangible assets **(Note 14)**	1,241	597,156
Electricity charges	3,553,044	3,289,602
Supplies and requisites	2,408,734	627,066
Subscription expenses	2,357,363	1,630,743
Consultancy expenses	2,056,934	2,636,754
Freight and duty charges	2,121,229	1,462,954
Repair and maintenance expenses	3,225,835	983,807
Fuel expenses	563,070	424,081
Telephone expenses	248,267	420,643
Uniform expenses	330,711	154,823
Balance carried forward	114,502,468	87,515,403

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8 OPERATING EXPENSES (CONTINUED)

	2021 MVR	2020 MVR
Balance carried forward	114,502,468	87,515,403
Insurance expenses	2,257,241	2,410,693
Bank charges	382,678	332,496
Travelling expenses	593,555	171,985
Directors' remuneration **(Note 29.4)**	593,400	342,032
Fines and penalties	556,191	250,521
Printing and stationery	197,170	126,666
Depreciation of-right-of use assets	-	464,213
Others	1,278,224	483,179
	120,360,927	92,097,188

8.1 Employee benefit expense

Wages and salaries	18,256,663	17,310,340
Allowances	17,249,101	13,697,952
Training expenses	206,549	89,747
Pension contribution	1,281,167	1,215,205
Staff insurance	404,229	368,173
	37,397,709	32,681,417

9 IMPAIRMENT (REVERSAL) / LOSS ON TRADE & OTHER RECEIVABLES AND RELATED PARTY RECEIVABLES

	2021 MVR	2020 MVR
Impairment (reversal) / loss on trade receivables **(Note 17.1)**	(69,369)	1,700,959
Impairment loss / (reversal) on related party receivables **(Note 17.1)**	8,613,792	(11,171)
	8,544,423	1,689,788

10 FINANCE COSTS

	2021 MVR	2020 MVR
Bank overdraft interest	36,000	-
Interest on bank loans	26,053,379	26,158,833
Interest on lease liability	-	69,834
	26,089,379	26,228,667

FOR THE YEAR ENDED 31 DECEMBER 2021

11 TAX EXPENSE

	2021 MVR	2020 MVR
Current tax expense **(Note 11.1)**	-	-
	-	-

In accordance with the provisions of the Income Tax Act No. 25 of 2019 and the Income Tax Regulation No: 2020/R-21 and amendments thereto, the Company is liable for Income Tax at the rate of 15% on its taxable profits.

However, no tax provision has been recognized since the Company had no taxable profit for the year ended 31 December 2021.

11.1 Reconciliation between accounting loss and taxable loss

	2021 MVR	2020 MVR
Loss before tax	(74,958,144)	(76,756,006)
Aggregate disallowable items	64,591,279	56,181,527
Aggregate allowable items	(55,848,839)	(53,256,759)
Total tax losses	(66,215,704)	(73,831,238)
Income tax @ 15%	-	-

11.2 Accumulated tax losses

	31/12/2021 MVR	31/12/2020 MVR
Opening balance	192,546,446	222,883,318
Taxable loss for the year	66,215,704	73,831,238
Adjustment to the Carried Forward Tax Losses	-	(104,168,110)
Closing balance	258,762,150	192,546,446

11 TAX EXPENSE (CONTINUED)

11.3 Unrecognized deferred tax assets

	31/12/2021 MVR	31/12/2020 MVR
Deferred tax assets (**Note 11.4**)	43,611,469	48,428,071
Deferred tax liabilities (**Note 11.4**)	(33,496,623)	(33,184,054)
	10,114,846	15,244,017

The above net deferred tax assets are not recognized since the management is not certain whether the Company will have sufficient taxable profits in the future against which these benefits could be claimed.

11.4 Deferred tax assets / (liability) are attributable to the followings;

	31/12/2021		31/12/2020	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Deferred tax assets				
Impairment loss on trade and other receivables	31,980,975	4,797,146	39,893,054	5,983,958
Accumulated tax losses	258,762,150	38,814,323	282,960,754	42,444,113
	290,743,125	43,611,469	322,853,808	48,428,071
Deferred tax liability				
Property, plant and equipment	(223,310,823)	(33,496,623)	(221,678,719)	(33,251,808)
Intangible assets	-	-	451,694	67,754
	(223,310,823)	(33,496,623)	(221,227,025)	(33,184,054)

12 BASIC LOSS PER SHARE

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

	2021	2020
Loss for the year attributable to shareholders (MVR.)	(74,958,144)	(76,756,006)
Weighted average number of ordinary shares in issue	400,000	320,000
Basic loss per shares (MVR.)	(187)	(240)

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13 PROPERTY, PLANT AND EQUIPMENT

	Land improvement	Runway and Island infrastructure	Buildings	Plant and machinery	Office equipment	Computer equipment	Tools and electrical equipment	Furniture and fittings	Vehicles	Total 31/12/2021	Total 31/12/2020
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost											
Opening balance	245,956,105	343,348,409	16,780,286	4,773,720	993,577	7,747,447	1,529,536	7,655,758	44,979,409	673,764,247	659,129,500
Additions during the year	-	-	-	4,057,464	381,347	266,945	264,853	518,794	51,887	5,541,290	14,478,127
Closing balance	245,956,105	343,348,409	16,780,286	8,831,184	1,374,924	8,014,392	1,794,389	8,174,552	45,031,296	679,305,537	673,607,627
Accumulated Depreciation											
Opening balance	22,128,238	62,845,567	5,030,953	2,346,416	285,899	5,000,215	1,197,441	5,361,642	14,679,139	118,875,510	92,719,859
Additions during the year	4,915,890	13,733,936	671,211	666,728	212,331	1,381,581	149,377	786,286	4,501,466	27,018,806	26,155,651
Closing balance	27,044,128	76,579,503	5,702,164	3,013,144	498,230	6,381,796	1,346,818	6,147,928	19,180,605	145,894,316	118,875,510
Net Carrying Value											
As at 31 December 2021	218,911,977	266,768,906	11,078,122	5,818,040	876,694	1,632,596	447,571	2,026,624	25,850,691	533,411,221	
As at 31 December 2020	223,827,867	280,502,842	11,749,333	2,427,304	707,678	2,747,232	332,095	2,294,116	30,300,270		554,732,117
Capital Work In Progress (**Note 13.1**)										5,730,553	2,288,333
										539,141,774	557,020,450

13.1 Capital Work In Progress

	31/12/2021	31/12/2020
	MVR	MVR
Opening balance	2,288,333	-
Additions during the year	3,442,220	2,288,333
Closing balance	5,730,553	2,288,333

The capital work in progress represents the cost incurred for the Gan International Airport upgrade project of seaplane site.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The buildings and certain other fixed assets are erected on land leased to the Company from the Gan Airport Company Limited for 50 years in accordance with Addendum to Memorandum of Agreement between Ministry of Finance and Treasury and Gan Airport Company Limited dated 21 July 2011. The Company operates from premises leased out by Gan Airport Company Limited, for a nominal fee of MVR 100 which was paid. The rights, interests, liabilities and ownership from Gan Airport Company Limited were transferred to Addu International Airport in accordance with Clause B of Memorandum of Understanding between Gan Airport Company Limited and Addu International Airport Private Limited dated 1 February 2012. The lease of the Airport island is for a period of 50 years commencing from 21 July 2011.

14 INTANGIBLE ASSETS

	31/12/2021 MVR	31/12/2020 MVR
Cost		
Opening balance	1,912,422	1,912,422
Closing balance	1,912,422	1,912,422
Accumulated Amortization		
Opening balance	1,911,182	1,314,026
Amortized during the year	1,241	597,156
Closing balance	1,912,422	1,911,182
Net Carrying Value	-	1,240

The purchase cost of accounting software has been recognized as intangible assets and amortized over a period of three years.

15 RIGHT-OF-USE ASSETS

	31/12/2021 US$	31/12/2020 US$
Cost		
Opening balance	-	1,005,794
Termination of lease agreement	-	(1,005,794)
Closing balance	-	-
Accumulated depreciation		
Opening balance	-	464,213
Charge for the Year	-	464,213
Termination of lease agreement	-	(928,425)
Closing balance	-	-
Net Carrying Value	-	-

Due to the termination of the lease agreement, the right of use asset was setoff against lease liability and the resulting gain was transferred to profit or loss (MVR 172,921/-) during the year ended 31 December 2020.

16 INVENTORIES

	31/12/2021 MVR	31/12/2020 MVR
Jet fuel	9,290,435	8,953,051
Spares and others	2,825,643	2,411,041
	12,116,078	11,364,092

17 TRADE AND OTHER RECEIVABLES

	31/12/2021 MVR	31/12/2020 MVR
Financial assets		
Trade receivables	26,214,749	25,578,510
Less: Impairment loss on trade receivables **(Note 17.1)**	(23,044,478)	(23,113,847)
	3,170,271	2,464,663
Receivables from related parties	12,272,026	9,611,607
Less : Impairment loss on amounts due from related parties **(Note 17.2)**	(8,936,497)	(322,705)
	6,505,800	11,753,565
Non-financial assets		
Prepayments	361,036	509,758
Other receivables	7,496,782	17,105,156
	7,857,818	17,614,914
Less: Impairment loss on other receivables **(Note 17.3)**	-	(16,456,502)
	7,857,818	1,158,412
	14,363,618	12,911,977

17.1 Impairment loss on trade receivables

Opening balance	23,113,847	21,412,888
(Reversed) / Recognized during the year	(69,369)	1,700,959
Closing balance	23,044,478	23,113,847

17.2 Impairment loss on amounts due from related parties

Opening balance	322,705	333,876
Recognized / (Reversed) made during the year	8,613,792	(11,171)
Closing balance	8,936,497	322,705

17.3 Impairment loss on other receivables

Opening balance	16,456,502	16,456,502
Written off during the year	(16,456,502)	-
Closing balance	-	16,456,502

18 CASH AND CASH EQUIVALENTS

	31/12/2021 MVR	31/12/2020 MVR
Favourable Balances		
Cash in hand	26,987	10,839
Balances with banks	4,720,465	3,182,414
	4,747,452	3,193,253
Unfavourable Balance		
Bank Overdraft	(2,333,721)	-
Cash and cash equivalent for cashflow purpose	2,413,731	3,193,253

19 SHARE CAPITAL

19.1 Authorized Share Capital

Authorized Share Capital comprises of 400,000/- (2020 : 400,000) ordinary shares of MVR.1,000/- each.

19.2 Issued Share capital

The company has called 22,000 shares for payment in the year 2021 (2020: Nil) and accordingly the Company has received MVR 22,000,000 /- proceeds for the shares.

	31/12/2021 MVR	31/12/2020 MVR
Issued share capital (400,000/ 320,000 ordinary shares of MVR 1,000/- each)	400,000,000	320,000,000
Less: Call in arears (80,000/ 22,000 ordinary shares of MVR 1,000/- each)	(80,000,000)	(22,000,000)
	320,000,000	298,000,000

19.3 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 shareholders' meetings. The Company has not declared any dividend for the year ended 31 December 2021 (2020: Nil).

20 LOANS AND BORROWINGS

	31/12/2021 MVR	31/12/2020 MVR
Bank of Maldives PLC **(Note 20.1)**	287,897,081	319,333,008
Shareholders loan **(Note 20.2)**	202,163,840	140,299,359
	490,060,921	459,632,367

20.1 Bank of Maldives PLC

	31/12/2021 MVR	31/12/2020 MVR
Opening balance	319,333,005	307,206,372
Interest charge for the year	26,053,379	26,158,833
Repayment of borrowings	(57,489,307)	(14,032,200)
Closing balance	287,897,081	319,333,005

20 LOANS AND BORROWINGS (CONTINUED)

20.1 Bank of Maldives PLC loan (Continued)

The Company has obtained a loan facility from Bank of Maldives PLC, amounting to US$ 7,069,800/- on 12 December 2013 for the purpose of issuing a standby letter of credit favoring Gulf Cobla Tennssor Maldives Private Limited in order to guarantee the payment against the Gan International Airport Development Project phase I with the option to convert it to a Demand Loan. The company has exercised this option on 23 October 2014 and converted to a demand loan and enhanced the loan amount up to USD 16,000,000. Further, this demand loan has been extended up to USD 24,470,000 on 7 April 2015. As per the new sanction letter dated 7 April 2015, the loan carries an interest rate of 0.5% per annum above Bank of Maldives PLC base rate charged monthly. Base rate is 8.0% per annum for the USD at the time of the latest sanction letter and it is subject to change. Demand loan is repayable in monthly installments of US$ 327,100 from January 2017 after grace period of 36 Months. The Company has mortgaged the fixed and floating charge over the assets at Gan International Airport, Gan, Addu Atoll, Maldives including all improvements, developments, installations, equipment, machinery, fixtures and fittings (both movable and immovable). Further, the loan is secured by the guarantees of the Government of Maldives for the total loan amount or to cover 70% of the loan amount (equivalent to shareholding percentage) and Corporate Guarantee of Kasa Holdings Private Limited to cover 30% of the loan amount (equivalent to shareholding percentage).

On 21 September 2020, the Board of Directors has resolved to apply economic relief package granted by the Bank of Maldives PLC on 31 August 2020 and the demand loan balance was US$ 20,386,808/- and the loan facility was amended under the terms and conditions from September 2020 to November 2020 (moratorium period): NIL, December 2020 to May 2021: US$ 260,000/- per month, June 2021 to August 2027: US$ 346,890/- per month and September 2027: balance outstanding amount in full. In addition to that Interest accrued during the moratorium period will be capitalized to the loan at the end of the moratorium period.

20.2 Shareholders loan

	31/12/2021 MVR	31/12/2020 MVR
Opening balance	140,299,359	121,255,659
Proceeds from loans and borrowings	61,864,481	19,043,700
Closing balance	202,163,840	140,299,359

The Company has obtained loans from shareholder amounting to MVR 61,864,481/- during the year ended 31 December 2021. These loans are interest free and payable on demand. Hence, this is classified under the current liabilities.

20 LOANS AND BORROWINGS (CONTINUED)

20.3 Maturity Analysis	31/12/2021 MVR	31/12/2020 MVR
Non-current liabilities		
Bank of Maldives PLC	246,582,980	261,843,701
Current liabilities		
Bank of Maldives PLC	41,314,101	57,489,307
Shareholders loan	202,163,840	140,299,359
	243,477,941	197,788,666
Total Loans and borrowings	490,060,921	459,632,367
The repayment of non-current liabilities are scheduled as follows;		
More than one year, less than two years	57,489,307	57,489,307
More than two years, less than three years	64,188,526	64,188,526
More than three years, less than four years	64,188,526	64,188,526
More than four years	60,716,622	75,977,344
	246,582,980	261,843,703

21 LEASE LIABILITIES

	31/12/2021 MVR	31/12/2020 MVR
Opening balance	-	871,657
Add : Interest charge for the year	-	69,834
Less : Repayment during the year	-	(127,215)
Termination of lease agreement	-	(814,276)
Closing balance	-	-

Due to the termination of the lease agreement, the right of use asset was setoff against lease liability and the resulting gain was transferred to profit or loss (MVR 172,921/-) during the year ended 31 December 2020.

22 TRADE AND OTHER PAYABLES

	31/12/2021 MVR	31/12/2020 MVR
Trade payables	4,594,446	12,272,617
Contractor payable	63,605	63,605
Customer deposits	3,562,417	2,287,358
Redundancy benefit payable	960,366	960,366
Accrued expenses	884,988	1,411,278
Other payables	7,483,782	5,103,344
Amount due to related parties **(Note 22.1)**	257,752,014	247,285,892
	275,301,618	269,384,460

22 TRADE AND OTHER PAYABLES (CONTINUED)

22.1 Amount due to related parties

	31/12/2021 MVR	31/12/2020 MVR
State Trading Organization PLC	20,683,468	14,492,016
Island Aviation Services Private Limited	20,641	171,611
Maldives Airports Company Private Limited	2,706,434	114,771
Maldives Post Limited	178	-
Maldives Airports Company	-	1,302,470
Fenaka Corporation Limited	6,588,093	3,170,866
Fuel Supplies Maldives Private Limited	1,532,020	1,532,020
Ministry of Finance	226,188,491	226,188,491
Hithadhoo Port Private Limited	21,404	-
Other Government entities	11,285	313,647
	257,752,014	247,285,892

23 BANK OVERDRAFT

	31/12/2021 MVR	31/12/2020 MVR
Bank of Maldives PLC	2,333,721	-
	2,333,721	-

24 COMMITMENT

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

25 CONTINGENT LIABILITIES

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

26 EVENTS AFTER THE REPORTING DATE

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

27 COMPARATIVE FIGURES

Comparative figures of the financial statements have been reclassified wherever appropriate to confirm with current year's presentation.

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

(i) Credit Risk

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

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

	Carrying Amount	
	31/12/2021	31/12/2020
	MVR	MVR
Trade and other receivables	3,170,271	2,464,663
Amounts due from related parties	3,335,530	9,288,903
Balances with bank	4,720,465	3,182,414
	11,226,266	14,935,980

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

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

The Company believes that the outstanding amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that no provision for impairment is necessary in respect of trade and other receivables.

Expected credit loss assessment under IFRS 9

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

The Company uses an allowance Matrix to measure the ECLs of trade receivables from its customers in government and corporate segments.

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

Non government
The following table provides information about the exposure to credit risk and ECLs for trade receivables from non government customers segment as of the reporting dates.

31 December 2021	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Not past due or Past due 1-30 days	28%	3,998,483	1,118,142	No
Past due 31-90days	45%	356,452	159,828	No
Past due 91-180 days	75%	366,468	273,162	No
Past due 181-365 days	100%	676,675	676,675	Yes
Past due more than 365 days	100%	20,816,671	20,816,671	Yes
		26,214,749	23,044,478	

31 December 2020	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Not past due or Past due 1-30 days	19%	2,825,821	531,280	No
Past due 31-90days	33%	238,441	78,784	No
Past due 91-180 days	63%	28,585	18,120	No
Past due 181-365 days	100%	1,348,663	1,348,663	Yes
Past due more than 365 days	100%	21,137,000	21,137,000	Yes
		25,578,510	23,113,847	

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

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Expected credit loss assessment for individual specific corporate customers

Special credit customers outstanding for a period of more than 12 months are assessed for specific impairment.

Government Segment

The following table provides information about the exposure to credit risk and ECLs for trade receivables for the government customers segment as of the reporting dates.

31 December 2021	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Not past due or Past due 1-30 days	23%	3,165,525	740,857	No
Past due 31-90days	44%	1,355,942	595,272	No
Past due 91-180 days	65%	417,894	272,621	No
Past due 181-365 days	86%	35,147	30,229	No
Past due more than 365 days	100%	7,297,518	7,297,518	Yes
		12,272,026	8,936,497	

31 December 2020	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Not past due or Past due 1-30 days	16%	744,748	117,592	No
Past due 31-90days	1%	264,472	2,453	No
Past due 91-180 days	14%	109,703	15,521	No
Past due 181-365 days	1%	2,361,776	25,253	No
Past due more than 365 days	3%	6,130,908	161,886	No
		9,611,607	322,705	

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

Government customers outstanding for a period of more than 12 months are assessed for specific impairment.

The Company has not recognized a specific incremental impairment as at 31 December 2021 (2020: Nil).

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk

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

31 December 2021	**Carrying Amount MVR**	**0-12 Months MVR**	**1-2 Years MVR**	**2-5 Years MVR**
Financial Liabilities				
Loans and borrowings	490,060,921	243,477,941	93,906,316	152,676,664
Trade and other payables	12,078,228	12,078,228	-	-
Amounts due to related parties	257,752,014	257,752,014	-	-
	759,891,163	513,308,183	93,906,316	152,676,664

31 December 2020	**Carrying Amount MVR**	**0-12 Months MVR**	**1-2 Years MVR**	**2-5 Years MVR**
Financial Liabilities				
Loans and borrowings	459,632,367	197,788,666	60,138,000	201,705,701
Trade and other payables	17,375,961	17,375,961	-	-
Amounts due to related parties	247,285,892	247,285,892	-	-
	724,294,220	462,450,519	60,138,000	201,705,701

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

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk

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

(a) Interest rate risk

Profile

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

	Carrying Amount	
	31/12/2021 MVR	31/12/2020 MVR
Fixed rate instruments		
Loans and borrowings	490,060,921	459,632,367

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2021 by MVR 4,900,609/- (2020 : MVR 4,596,323/-). This analysis assumes that all the other variables remain constant.

(b) Currency risk

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

	31/12/2021 US$	31/12/2020 US$
Cash and cash equivalents	290,945	239,704
Trade and other receivables	7,947	419,692
Trade and other payables	14,931	16,302,317
Loans and borrowings	18,670,368	29,807,546
	18,984,191	46,769,259

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2021	2020	31/12/2021	31/12/2020
1 US$: MVR	15.42	15.42	15.42	15.42

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

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

(iv) Capital management
The Board of Directors monitors the return on capital and the level of dividends to ordinary share holders.

29 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 70% of the ordinary shares of the Company, and Kasa Holdings Private Limited holds 30% of the ordinary shares of the company. In addion to that the Government of Maldives holds 70% (2020: 50%) of the voting rights of the Company as at 31 December 2021 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2021, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

29.1 Transactions

The following transactions were carried out, on commercial terms and conditions, with related parties:

	31/12/2021 MVR	31/12/2020 MVR
Kasa Holdings Private Limited		
Loan received for operating equipment's and expenses	4,371,570	-
Loan received for Bank of Maldives loan settlement	17,246,792	5,713,110
	21,618,362	5,713,110
Transactions with government and related entities		
Loan received	40,242,515	13,330,590
Sale of jet fuel	23,598,444	14,714,989
Ground handling charges	4,957,021	4,322,257
Landing charges	2,668,402	1,773,760
Rent charges, vip lounge, sale of airport passes, electricity charges income	4,409,748	5,064,104
Parking fees	1,588,260	1,227,432
Ground power unit charges	589,815	758,587
Cargo handling	8,067	13,711
Fuel purchase	-	170,100
Jet fuel purchases	31,590,542	17,808,876
Other purchases	146,411	332,075
	109,799,225	59,516,481

29.2 Receivables from related parties

	31/12/2021 MVR	31/12/2020 MVR
Island Aviation Service Private Limited	11,319,578	9,346,620
Other government entities	952,448	264,987
	12,272,026	9,611,607

29 RELATED PARTY TRANSACTIONS (CONTINUED)

29.3 Payables to related parties

	31/12/2021 MVR	31/12/2020 MVR
State Trading Organization PLC	20,683,468	14,492,016
Other government entities	10,880,055	6,605,385
Ministry of Finance	226,188,491	226,188,491
	257,752,014	247,285,892

29.4 Transactions with the Key Management Personnel

Board of Directors of the Company are the members of the key management personnel of the Company. The Company has paid MVR 593,400/- as remuneration to the key management personnel during the year ended 31 December 2021 (2020:MVR 342,032/-)

29.5 Collectively, but not individually, significant transactions

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

30 Going concern

The Company has incurred a loss of MVR 76,958,144/- during the year ended 31 December 2021 and accumulated losses of MVR 517,327,338/- as at 31 December 2021. Further, the Company's current liabilities excess its current assets by MVR 489,886,132/- and total liabilities exceeded its total assets by MVR 197,327,338/- as at 31 December 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. However, the shareholders of the Company have confirmed by a letter that they will continue to provide financial support to the Company to enable it to meet its obligations as they fall due.