



INDEPENDENT AUDITOR'S REPORT
ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
31st December 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Addu International Airport Private Limited

Report on the Audit of the Financial Statements

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 December 31, 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. As per Note 6 to the financial statements the net carrying value of property, plant and equipment relating to the airport operation is MVR 517,259,776 as at December 31, 2022. 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 591,771,892 as at December 31, 2022. 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 December 31, 2022. Consequently, we were unable to determine the possible effects on these financial statements as at December 31, 2022.
2. As per Memorandum of Agreement between Ministry of Finance and Treasury and Gan Airport Company Limited dated July 21, 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 July 21, 2011. Based on our discussions with management and as observed during the field visit, we noted 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. Consequently, we were unable to identify the potential effects on these financial statements as of December 31, 2022.
3. The Company has offered Redundancy and Early Leavers Policy to its employees, which provides a lumpsum payment determined by their length of service. However, the Company has not accounted for its defined benefit plan in accordance with IAS 19 "Employee Benefits" in the financial statements. Consequently, we were unable to determine the potential effects on these financial statements as at December 31, 2022.



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 (IESBA Code) together with the ethical requirements 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.5 in the financial statements, which indicates that the Company incurred a net loss of MVR 72,002,894 during the year ended December 31, 2022 and accumulated losses of MVR 589,330,232 as at that date. Further, the Company's current liabilities exceeds its current assets by MVR 329,994,962. These conditions indicate that a material uncertainty exists that 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.

Other Matter

The financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed a qualified opinion on those statements on June 30, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

8 July 2023



Hassan Mohamed
Managing Partner
License No: ICAM-FL-GX6



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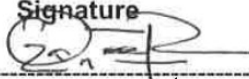
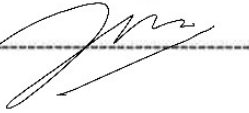
ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION

as of 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	523,039,275	539,141,774
		<u>523,039,275</u>	<u>539,141,774</u>
Current Assets			
Inventories	8	17,459,891	12,116,078
Trade and other receivables	9	8,095,424	14,363,618
Cash and cash equivalents	10	3,273,627	4,747,452
		<u>28,828,942</u>	<u>31,227,148</u>
TOTAL ASSETS		<u>551,868,217</u>	<u>570,368,922</u>
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	11	600,000,000	320,000,000
Accumulated losses		(589,330,232)	(517,327,338)
		<u>10,669,768</u>	<u>(197,327,338)</u>
Non-Current Liabilities			
Borrowings	12	182,374,545	223,708,555
		<u>182,374,545</u>	<u>223,708,555</u>
Current Liabilities			
Trade and other payables	13	275,740,488	275,301,618
Borrowings	12	81,379,265	266,352,366
Bank overdraft	10	1,704,151	2,333,721
		<u>358,823,904</u>	<u>543,987,704</u>
TOTAL EQUITY AND LIABILITIES		<u>551,868,217</u>	<u>570,368,922</u>

We draw your attention to accounting policies and notes on page 8 through 28, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.

Name	Signature
1. Gais Naseer	
2. Hussain Mohamed Didi	



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Revenue	14	85,476,288	73,696,173
Other operating income	15	7,137,014	6,340,412
Operating expenses	16	(145,457,755)	(120,360,927)
Impairment gain / (loss) on trade and other receivables	17	3,936,236	(8,544,423)
Operating loss		<u>(48,908,217)</u>	<u>(48,868,765)</u>
Finance cost	18	(23,094,677)	(26,089,379)
Loss before tax		<u>(72,002,894)</u>	<u>(74,958,144)</u>
Tax expense	19	-	-
Net Loss for the year		<u>(72,002,894)</u>	<u>(74,958,144)</u>
Loss per share	22	(90)	(187)

We draw your attention to accounting policies and notes on page 8 through 28, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
STATEMENT OF CASH FLOWS

for the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Operating loss before working capital changes	23	(24,544,790)	(13,506,779)
Inventories		(5,343,813)	(751,986)
Trade and other receivables		10,204,429	(9,996,064)
Trade and other payables		31,280,848	6,119,643
Cash generated from / (used in) operating activities		11,596,674	(18,135,186)
Interest paid		(23,094,677)	(26,089,379)
Net cash used in operating activities		(11,498,003)	(44,224,565)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,197,164)	(8,983,510)
Net cash used in investing activities		(12,197,164)	(8,983,510)
Cash flows from financing activities			
Proceeds from shareholders loan		64,184,921	61,864,481
Proceeds from shares call in arrears		-	22,000,000
Repayment of borrowings		(41,334,010)	(31,435,928)
Net cash flows generated from financing activities		22,850,911	52,428,553
Net decrease in cash and cash equivalents		(844,255)	(779,522)
Cash and cash equivalents at the beginning of the year		2,413,731	3,193,253
Cash and cash equivalents at the end of the year		1,569,476	2,413,731

We draw your attention to accounting policies and notes on page 8 through 28, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED**STATEMENT OF CHANGES IN EQUITY**

as of 31st December 2022

All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Accumulated Losses MVR	Total Equity MVR
Balance as at 1st January 2021	298,000,000	(442,369,194)	(144,369,194)
Net loss for the year	-	(74,958,144)	(74,958,144)
Transactions with Owners of the Company			
Proceeds for call in arrears (Note 11.2)	22,000,000	-	22,000,000
Balance as at 31st December 2021	<u>320,000,000</u>	<u>(517,327,338)</u>	<u>(197,327,338)</u>
Balance as at 1st January 2022	320,000,000	(517,327,338)	(197,327,338)
Net loss for the year	-	(72,002,894)	(72,002,894)
Transactions with Owners of the Company			
Called up share capital	280,000,000	-	280,000,000
Balance as at 31st December 2022	<u>600,000,000</u>	<u>(589,330,232)</u>	<u>10,669,768</u>

We draw your attention to accounting policies and notes on page 8 through 28, which are an integral part of the financial statements. The report of the independent auditors is set out on pages 1 to 3.



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2022

1. Reporting Entity

Addu International Airport Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives since March 21, 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 March 31, 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

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of Measurement

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

2.3 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.

2.4 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.

2.5 Going Concern

The Company has incurred a loss of MVR 72,002,894 during the year ended December 31, 2022, and accumulated losses of MVR 589,330,232 as at that date. Further, the Company's current liabilities excess



2.5 Going Concern (Continued...)

its current assets by MVR 329,994,962 as at December 31, 2022. 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 letter of comfort that they will continue to provide financial support to the Company to enable it to meet its obligations as they fall due.

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. Hence the financial statements have been prepared under the going concern basis.

3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, 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

3.2.1 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.

3.2.2 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.



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)

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.



Financial assets - Subsequent measurement and gains and losses (Continued...)

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.

3.2.3 Derecognition

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 discharged 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.

3.2.4 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

3.3.1 Financial Assets (including receivables)

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



3.3.1 Financial Assets (including receivables) (Continued...)

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.

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.

3.3.2 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.

3.3.3 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.



3.5 Property, Plant and Equipment

3.5.1 Recognition and Measurement

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

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

3.5.2 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.

3.5.3 Depreciation

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

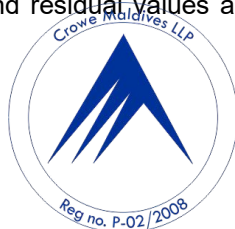
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for 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 depreciation 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

3.6.1 Recognition and 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.

3.6.2 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.

3.6.3 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.

3.7 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, 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.



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2022

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.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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.



4 Fair Value Measurement (Continued...)

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 an 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.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than 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 January 1, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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 Estimate (IAS 8)

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)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- IFRS 17 – Insurance Contracts (Amendments to IFRS 17)
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16)
- Annual improvements to IFRS Standards 2018 - 2020



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6 Property, Plant and Equipment

6.1 Cost	Balance As at 01-Jan-22 MVR	Additions	Disposals	Balance As at 31-Dec-22 MVR
Land improvement	245,956,105	-	-	245,956,105
Runway and island infrastructure	343,348,409	-	-	343,348,409
Building	16,780,286	-	-	16,780,286
Plant and machinery	8,831,184	6,080,684	-	14,911,868
Office equipment	1,374,924	554,052	-	1,928,976
Computer equipment	8,014,392	361,337	-	8,375,729
Tools and electrical equipment	1,794,389	121,798	-	1,916,187
Furniture and fittings	8,174,552	2,692,999	-	10,867,551
Vehicles	45,031,296	2,337,348	-	47,368,644
Capital work in progress	5,730,553	48,946	-	5,779,499
	685,036,090	12,197,164	-	697,233,254
6.2 Depreciation	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Land improvement	27,044,128	4,915,890	-	31,960,018
Runway and island infrastructure	76,579,503	13,733,936	-	90,313,439
Building	5,702,164	671,211	-	6,373,375
Plant and machinery	3,013,144	1,360,978	-	4,374,122
Office equipment	498,230	291,873	-	790,103
Computer equipment	6,381,796	1,378,190	-	7,759,986
Tools and electrical equipment	1,346,818	190,991	-	1,537,809
Furniture and fittings	6,147,928	1,026,616	-	7,174,544
Vehicles	19,180,605	4,729,978	-	23,910,583
	145,894,316	28,299,663	-	174,193,979
Net Book Value	539,141,774			523,039,275

- (a) 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 July 21, 2011. The Company operates from premises leased out by Gan Airport Company Limited, for a nominal fee of MVR 100 per year. 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 February 1, 2012. The lease of the Airport island is for a period of 50 years commencing from July 21, 2011.
- (b) The capital work in progress represents the cost incurred for the Gan International Airport upgrade project of seaplane site.
- (c) As highlighted in Note 12.1, certain above tangible assets have been offered as a security for bank borrowings.



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2022

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7 Intangible Assets

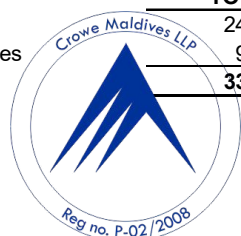
7.1 Cost	Balance As at 01-Jan-22 MVR	Additions	Disposals	Balance As at 31-Dec-22 MVR
Computer software	1,912,422	-	-	1,912,422
	1,912,422	-	-	1,912,422
7.2 Amortisation	Balance As at 01-Jan-22 MVR	Charge for the year	Disposals	Balance As at 31-Dec-22 MVR
Computer software	1,912,422	-	-	1,912,422
	1,912,422	-	-	1,912,422
Net Book Value	-			-

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

	31-Dec-22 MVR	31-Dec-21 MVR
8 Inventories		
Jet fuel	14,845,516	9,290,435
Spares and others	2,614,375	2,825,643
Total	17,459,891	12,116,078
9 Trade and Other Receivables		
Trade receivables	24,025,994	26,214,749
Less: Impairment loss on trade receivables (Note 9.1)	(21,733,239)	(23,044,478)
	2,292,755	3,170,271
Receivables from related parties (Note 9.2)	9,421,920	12,272,026
Less: Impairment loss on due from related parties (Note 9.3)	(6,311,500)	(8,936,497)
	3,110,420	3,335,529
Prepayments	124,147	361,036
GST Receivable	268,552	-
Other receivables	2,299,550	7,496,782
	8,095,424	14,363,618
9.1 Impairment loss on trade receivables		
Opening balance	23,044,478	23,113,847
Reversed during the year	(1,311,239)	(69,369)
Closing balance	21,733,239	23,044,478
9.2 Due from Related Parties		
Island Aviation Service Limited	8,412,528	11,319,578
Other Government entities	1,009,392	952,448
Total	9,421,920	12,272,026
9.3 Impairment loss on due from related parties		
Opening balance	8,936,497	322,705
(Reversed) / Recognized during the year	(2,624,997)	8,613,792
Closing balance	6,311,500	8,936,497

9.4 As at December 31, 2022, the aging analysis of trade receivables and due from related parties before impairment provision are as follows.

	TOTAL	1 - 180	181 - 365	> 365
Trade receivables	24,025,995	1,694,552	636,640	21,694,803
Due from related parties	9,421,920	2,924,996	202,595	6,294,328
Total	33,447,914	4,619,548	839,235	27,989,131



ADDU INTERNATIONAL AIRPORT PRIVATE LIMITED
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	<u>31-Dec-22</u> MVR	<u>31-Dec-21</u> MVR
10 Cash and Cash Equivalent		
Cash at bank	3,230,769	4,720,465
Cash in hand	42,858	26,987
Total	<u>3,273,627</u>	<u>4,747,452</u>

Cash, cash equivalents and bank overdrafts includes the following for the purposes of the cash flow statement:

Cash and cash equivalent	3,273,627	4,747,452
Less: Bank overdrafts	<u>(1,704,151)</u>	<u>(2,333,721)</u>
Total	<u>1,569,476</u>	<u>2,413,731</u>

11 Share capital

11.1 Authorized share capital

Authorized Share Capital comprises of 800,000 (2021 : 400,000) ordinary shares of MVR 1,000 each.

11.2 Issued share capital

Issued and fully paid share capital comprises of 320,000 (2021: 320,000) ordinary shares of MVR 1,000 each. The Company has called up 280,000 shares for payment in the year 2022 (2021: 22,000) and adjusted amounts receivable against debts towards its shareholders. (Received as proceeds for shares in 2021: MVR 22,000,000)

Issued share capital (800,000 / 400,000 ordinary shares of MVR 1,000 each)	800,000,000	400,000,000
Less: Call in arrears (MVR 250 / MVR 200 per ordinary share)	(200,000,000)	(80,000,000)
	<u>600,000,000</u>	<u>320,000,000</u>

- 11.3** On January 20, 2022, the Ministry of Finance made a decision, in agreement with the Board of Directors, to increase the Company's share capital. Consequently, on March 30, 2023 it was resolved to call MVR 280,000,000 of the uncalled share capital whereby Government of Maldives shall pay up MVR 196,000,000 and KASA Holdings Private Limited shall pay up MVR 84,000,000 as their equity contribution.

In accordance with the resolution, the amount payable by the shareholders for called up share capital have been adjusted against the funds received from the shareholders as of December 31, 2022 for BML loan repayment. This amounts to MVR 235,940,032 according to shareholder contribution.

The remaining unadjusted amount of called up share capital amounting to MVR 44,059,968 has been adjusted against other debts towards the Company's shareholders. For Government of Maldives, MVR 30,841,978 has been adjusted from the payable amount of MVR 226,188,491 transferred to Ministry of Finance from State Trading Organisation (STO) during the year 2020. For KASA Holdings Private Limited, MVR 13,217,990 has been adjusted from the Shareholder Loan MVR 30,408,729 received from KASA Holdings Private Limited during 2018.

11.4 Dividends and Voting Rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. The Company has not declared any dividend for the year ended December 31, 2022 (2021: Nil).

12 Loans and Borrowings

Bank of Maldives Plc	(Note 12.1)	246,563,071	287,897,081
Shareholders loan	(Note 12.2)	17,190,739	202,163,840
Total		<u>263,753,810</u>	<u>490,060,921</u>

12.1 Bank Borrowings

Bank of Maldives Plc

Opening balance	287,897,081	319,333,005
Interest charge for the period	22,860,503	26,053,379
Repayment of borrowings	<u>(64,194,513)</u>	<u>(57,489,307)</u>
Closing balance	<u>246,563,071</u>	<u>287,897,081</u>

The Company has obtained a loan facility from Bank of Maldives PLC, amounting to USD 7,069,800 on December 12, 2013 for the purpose of issuing a standby letter of credit favouring Gulf Cobia Tennssor Maldives Private Limited in order to guarantee the payment against the Gan International Airport Development Project phase 1 with the option to convert it to a Demand Loan. The company has exercised this option on October 23, 2014 and converted to a demand loan and enhanced the loan amount



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For the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

12.1 Bank Borrowings (Continued...)

up to USD 16,000,000. Further, this demand loan has been extended up to USD 24,470,000 on April 7, 2015. As per the new sanction letter dated April 7, 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 instalments of USD 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 September 21, 2020, the Board of Directors has resolved to apply economic relief package granted by the Bank of Maldives PLC on August 31, 2020 where the demand loan balance was USD 20,386,808. The terms and conditions of the loan facility were amended. The revised repayment terms are; repayment from September 2020 to November 2020 (moratorium period): NIL, December 2020 to May 2021: USD 260,000 per month, June 2021 to August 2021: USD 346,890 per month and September 2021: 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.

	31-Dec-22	31-Dec-21
	MVR	MVR
12.2 Shareholders loan		
Opening balance	202,163,840	140,299,359
Proceeds from loans and borrowings	64,184,921	61,864,481
Adjustment against Share capital (Note 11.3)	<u>(249,158,022)</u>	<u>-</u>
Closing balance	<u>17,190,739</u>	<u>202,163,840</u>

The Company has obtained loans from shareholders amounting to MVR 64,184,921 during the year ended December 31, 2022. These loans are interest free and payable on demand. Hence, this is classified under the current liabilities. Outstanding loan balance as of December 31, 2022 relates to KASA Holdings Private Limited.

12.3 Maturity analysis

Non-current liabilities

Bank of Maldives Plc	182,374,545	223,708,555
	<u>182,374,545</u>	<u>223,708,555</u>

Current liabilities

Bank of Maldives Plc	64,188,526	64,188,526
Shareholders loan	17,190,739	202,163,840
	<u>81,379,265</u>	<u>266,352,366</u>

Total Loans and Borrowings

	<u>263,753,810</u>	<u>490,060,921</u>
--	---------------------------	---------------------------

The repayment of non-current liabilities are scheduled as follows:

More than one year, less than two years	64,188,526	64,188,526
More than two years, less than three years	64,188,526	64,188,526
More than three years, less than four years	53,997,494	64,188,526
More than four years	-	31,142,979
	<u>182,374,545</u>	<u>223,708,555</u>

13 Trade and Other Payables

Trade payables	2,617,156	4,594,446
Contractor payable	-	63,605
Customer Deposits	14,218,077	3,562,417
Redundancy benefit payable	960,366	960,366
Accrued expenses	1,676,486	884,988
Other payables	10,774,315	7,483,782
Related party payables (Note 13.1)	245,494,088	257,752,014
Total	<u>275,740,488</u>	<u>275,301,618</u>



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	31-Dec-22	31-Dec-21
	MVR	MVR
13.1 Due to Related Parties		
State Trading Organization PLC	35,562,289	20,683,468
Island Aviation Services Private Limited	27,569	20,641
Maldives Airports Company Private Limited	1,261	2,706,434
Maldives Post Limited	-	178
Maldives Airports Company	3,797,177	-
Fenaka Corporation Limited	8,866,337	6,588,093
Fuel Supplies Maldives Private Limited	1,532,020	1,532,020
Ministry of Finance	195,346,513	226,188,491
Hithadhoo Port Private Limited	28,174	21,404
Dhivehi Raajjeyge Gulhun Plc	153,067	-
Waste Management Corporation Limited	9,918	-
Maldives Customs Service	10,326	11,285
Maldives Finance and Leasing Company Private Limited	4,913	-
Regional Airports Company Limited	154,524	-
Total	245,494,088	257,752,014
14 Revenue		
<i>The breakdown of the revenue is as follows:</i>		
Jet fuel revenue	66,748,463	51,448,770
Ground handling charge	8,420,514	6,797,228
Landing fees	4,344,592	3,977,374
Parking fee	2,123,568	10,282,901
Ancillary charges	922,733	655,736
Passenger service charge	1,593,171	231,871
Cargo handling /terminal income	450,181	248,164
Other income	873,066	54,129
Total	85,476,288	73,696,173
The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer. Revenue is recognised with reference to the time on which services are consumed by the customer.		
15 Other operating income		
Rent income	6,735,546	5,688,271
Lounge income	292,440	228,524
Miscellaneous income	11,761	121,974
Electricity charges	97,267	99,159
Trade payables written back	-	202,484
Total	7,137,014	6,340,412
16 Operating Expenses		
Jet fuel expenses	47,140,800	33,219,525
Employee benefit expense (Note 16.1)	46,241,636	37,397,709
Depreciation of property, plant and equipment	28,299,663	27,018,806
Amortization of intangible assets	-	1,241
Supplies and requisites	3,801,112	2,408,734
Subscription expenses	1,164,540	2,357,363
Consultancy expenses	1,904,601	2,056,934
Freight and duty charges	1,888,231	2,121,229
Repair and maintenance expenses	2,474,145	3,225,835
Fuel expenses	692,164	563,070
Utility expenses	4,608,651	3,801,311
Uniform expenses	91,140	330,711
Insurance expenses	1,531,916	2,257,241
Bank charges	81,855	382,678
Travelling expenses	836,798	593,555
Directors remuneration	481,095	593,400
Fines and penalties	1,526,868	556,191
Printing and stationery	14,358	197,170
Advertisement	937,701	-
Professional fees	324,356	-
Withholding tax	254,979	-
Meals and entertainment	368,873	-



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	<u>31-Dec-22</u> <u>MVR</u>	<u>31-Dec-21</u> <u>MVR</u>
16 Operating Expenses (Continued...)		
Office expenses	132,703	-
Other expenses	659,570	1,278,224
Total	145,457,755	120,360,927
16.1 Employee benefit expense		
Wages and salaries	21,122,133	18,256,663
Allowances	22,676,755	17,249,101
Training expenses	570,137	206,549
Pension contribution	1,467,266	1,281,167
Staff insurance	405,345	404,229
Total	46,241,636	37,397,709
17 Impairment (reversal) / loss on trade and other receivables and due from related party receivables		
Impairment reversal on trade receivable	(1,311,239)	(69,369)
Impairment (reversal) / loss on due from related party receivables	(2,624,997)	8,613,792
Total	(3,936,236)	8,544,423
18 Finance Cost		
Bank overdraft interest	234,174	36,000
Interest on bank loans	22,860,503	26,053,379
Total	23,094,677	26,089,379
19 Taxation		
Income Tax Expense		
Increase / (Decrease) of deferred tax asset	12,902,713	(4,636,602)
Increase / (Decrease) of deferred tax liability	(32,838,548)	312,569
Total	(19,935,835)	(4,324,033)
<p>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.</p> <p>However, no tax provision has been recognized since the Company had no taxable profit for the year ended December 31, 2022.</p>		
19.1 Reconciliation Between Accounting Loss and Taxable Loss		
Loss before tax	(72,002,894)	(74,958,144)
Aggregate disallowable items	53,518,327	64,591,279
Aggregate allowable items	(55,013,257)	(55,848,839)
Total tax losses	(73,497,824)	(66,215,704)
Income tax @ 15%	-	-
19.2 Accumulated Tax Losses		
Opening balance	258,762,150	192,546,446
Adjustment to correct the carried forward tax losses	16,456,503	-
Taxable loss for the year	73,497,824	66,215,704
Closing Balance	348,716,477	258,762,150
19.3 Unrecognised Deferred Tax Assets		
Deferred tax assets	56,514,182	43,611,469
Deferred tax liabilities	(658,075)	(33,496,623)
Total	55,856,107	10,114,846

The above net deferred tax assets are not recognised since the management is not certain whether the Company will have sufficient taxable profits in the future against which these benefits could be claimed. The tax losses carried forward is adjusted to reflect the correct opening balance as per the tax audit of MIRA and income tax return submitted for the year 2021.



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	31-Dec-22	31-Dec-21
	MVR	MVR
20 Deferred Tax Asset		
Tax losses brought forward	258,762,150	192,546,446
Adjustment to correct the carried forward tax losses	16,456,503	-
Current year tax loss	73,497,824	66,215,704
Tax losses carried forward	348,716,477	258,762,150
Impairment loss on trade and other receivables	28,044,739	31,980,975
Total temporary difference	376,761,216	290,743,125
Deferred tax asset brought forward	43,611,469	48,248,071
Increase / (Decrease) of deferred tax asset	12,902,713	(4,636,602)
Deferred tax asset carried forward	56,514,182	43,611,469
21 Deferred Tax Liability		
Property, plant and equipment	4,387,165	223,310,823
Intangible assets	-	-
Total temporary difference	4,387,165	223,310,823
Deferred tax liability brought forward	33,496,623	33,184,054
Increase / (Decrease) of deferred tax liability	(32,838,548)	312,569
Deferred tax liability carried forward	658,075	33,496,623
<p>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.</p>		
22 Loss Per Share		
<p>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:</p>		
Loss for the year	(72,002,894)	(74,958,144)
Weighted average number of ordinary shares	800,000	400,000
Loss per share	(90)	(187)
23 Operating Loss before Working Capital Changes		
Loss before tax	(72,002,894)	(74,958,144)
Depreciation on property, plant and equipment	28,299,663	27,018,806
Amortisation of intangible asset	-	1,241
Interest expenses	23,094,677	26,089,379
Impairment loss on trade and other receivables and receivables from related parties	(3,936,236)	8,544,423
Trade payables written back	-	(202,484)
Total	(24,544,790)	(13,506,779)



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For the year ended 31st December 2022

All amounts are stated in Maldivian Rufiyaa

24 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 addition to that, the Government of Maldives holds 70% (2021: 70%) of the voting rights of the Company as at December 31, 2022 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 as per IAS 24 Related Party Disclosures. During the year ended December 31, 2022, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

	31-Dec-22 MVR	31-Dec-21 MVR
Kasa Holdings Private Limited		
Loan received for operating equipment's and expenses	-	4,371,570
Loan received for Bank of Maldives loan settlement	19,256,558	17,246,792
Total	19,256,558	21,618,362
Transactions with government and related entities		
Loan received	44,928,363	40,242,515
Sale of jet fuel	46,372,515	23,598,444
Ground handling charges	7,118,350	4,957,021
Landing charges	3,665,482	2,668,402
Rent charges, VIP lounge, sale of airport passes, electricity charges income	5,233,540	4,409,748
Parking fees	774,084	1,588,260
Ground power unit charges	760,514	589,815
Cargo handling	4,780	8,067
Jet fuel purchase	49,380,562	31,590,542
Other purchases	321,642	146,411
Share issuance	280,000,000	22,000,000
Impairment (Reversed) / Recognized during the year	(2,624,997)	8,613,792
Total	438,559,831	131,799,225
Due from Related Parties		
Island Aviation Service Private Limited	8,412,528	11,319,578
Other government entities	1,009,392	952,448
Less: Impairment loss on due from related parties	(6,311,500)	(8,936,497)
Total	3,110,420	3,335,529
Due to Related Parties		
State Trading Organization PLC	35,562,289	20,683,468
Other government entities	14,585,286	10,880,055
Ministry of Finance	195,346,513	226,188,491
Total	245,494,088	257,752,014

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 481,095 as remuneration to the key management personnel during the year ended December 31, 2022. (2021: MVR 593,400)

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.



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25 Commitments

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

26 Financial Instruments and risk management

26.1 Capital Management

The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

	31-Dec-22	31-Dec-21
	MVR	MVR
Non-interest bearing loans and borrowings	17,190,739	202,163,840
Interest bearing loans and borrowings	246,563,071	287,897,081
Trade and other payables	275,740,488	275,301,618
Less: Cash and cash equivalents	3,273,627	4,747,452
Net debt	542,767,925	770,109,991
Total equity	10,669,768	(197,327,338)
Total capital	553,437,693	572,782,653
Gearing	98%	134%

Overview

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

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.

26.2 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from 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-Dec-22	31-Dec-21
	MVR	MVR
Trade and other receivables	2,292,755	3,170,271
Amounts due from related parties	3,110,420	3,335,530
Cash at bank	3,273,627	4,720,465
	8,676,802	11,226,266

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.

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



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26.2 Credit Risk Management (Continued...)

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

December 31, 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	0.2%	305,441	495	No
Past due 31-90 days	0.4%	104,040	410	No
Past due 91-180 days	0.8%	1,285,071	9,954	No
Past due 181-365 days	4.3%	636,640	27,578	No
Past due more than 365 days	100%	21,694,803	21,694,803	Yes
		<u>24,025,994</u>	<u>21,733,239</u>	

December 31, 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	28%	3,998,483	1,118,142	No
Past due 31-90 days	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
		<u>26,214,749</u>	<u>23,044,478</u>	

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.

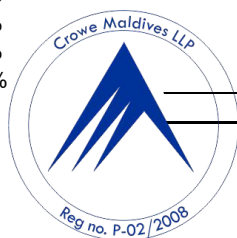
Expected credit loss assessment for individual specific corporate customers

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.

December 31, 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or past due 1-30 days	0.2%	2,781,344	6,840	No
Past due 31-90 days	0.9%	93,989	887	No
Past due 91-180 days	2.0%	49,663	993	No
Past due 181-365 days	4.2%	202,595	8,451	No
Past due more than 365 days	100%	6,294,329	6,294,329	Yes
		<u>9,421,920</u>	<u>6,311,500</u>	



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Government Segment (Continued...)

December 31, 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or past due 1-30 days	23%	3,165,525	740,857	No
Past due 31-90 days	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
		<u>12,272,026</u>	<u>8,936,497</u>	

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 December 31, 2022 (2021: Nil).

26.3 Liquidity Risk Management

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.

December 31, 2022	Carrying Amount	0-12 Months	1-2 Years	2-5 Years
	MVR	MVR	MVR	MVR
Financial Liabilities				
Loans and borrowings	263,753,810	81,379,265	64,188,526	118,186,019
Trade and other payables	13,391,471	13,391,471	-	-
Amounts due to related parties	245,494,088	245,494,088	-	-
	<u>522,639,369</u>	<u>340,264,824</u>	<u>64,188,526</u>	<u>118,186,019</u>
December 31, 2021	Carrying Amount	0-12 Months	1-2 Years	2-5 Years
	MVR	MVR	MVR	MVR
Financial Liabilities				
Loans and borrowings	490,060,921	266,352,366	64,188,526	159,520,030
Trade and other payables	12,078,228	12,078,228	-	-
Amounts due to related parties	257,752,014	257,752,014	-	-
	<u>759,891,163</u>	<u>536,182,608</u>	<u>64,188,526</u>	<u>159,520,030</u>

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

26.4 Market Risk Management

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.



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26.5 Interest Rate Risk Management

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

	<u>31-Dec-22</u> <u>MVR</u>	<u>31-Dec-21</u> <u>MVR</u>
Fixed rate instruments		
Loans and borrowings	246,563,071	287,897,081

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended December 31, 2022 by MVR 2,465,631 (2021 : MVR 2,878,971). This analysis assumes that all the other variables remain constant.

26.6 Foreign Currency Risk Management

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

	<u>31-Dec-22</u> <u>USD</u>	<u>31-Dec-21</u> <u>USD</u>
Cash and cash equivalents	190,363	290,945
Trade and other receivables	228,344	7,947
Trade and other payables	2,338,753	14,931
Loans and borrowings	15,989,823	18,670,368
	<u>18,747,283</u>	<u>18,984,191</u>

The following significant exchange rate applied during the year:

	<u>Average Rate</u>		<u>Reporting Date</u> <u>Spot Rate</u>	
	<u>2022</u>	<u>2021</u>	<u>31-Dec-22</u>	<u>31-Dec-21</u>
1 USD : MVR	15.42	15.42	15.42	15.42

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 10 the US Dollar within a band to fluctuate within \pm 20% of the mid-point of exchange rate.

27 Going Concern

The Company has incurred a loss of MVR 72,002,894 during the year ended December 31, 2022, and accumulated losses of MVR 589,330,232 as at that date. Further, the Company's current liabilities exceed its current assets by MVR 329,994,962. 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.

28 Contingent Liabilities

There were no material contingent liabilities that require disclosure in the financial statement as at December 31, 2022.

29 Events After the End of the Reporting Period

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

30 Comparative figures

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

31 Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on July 8, 2023.

