KULHUDHUFUSHI PORT PRIVATE LIMITED

AUDITED FINANCIAL STATEMENTS
December 31, 2022

CONTENTS

Financial Statements

AF/GW

Independent Auditors Report to the shareholders of Kulhudhufushi Port Private Limited

Opinion

We have audited the accompanying financial statements of Kulhudhufushi Port Private Limited (the Company) which comprises the statement of financial position as at 31 December 2022, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view, in all material aspects, of the financial position of the Company, as at 31 December 2022 and of its financial performance and its cashflows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the company incurred an accumulated loss of MVR 65,812,491 (2021: MVR 81,971,503) as at 31 December 2022. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, The parent of the company has provided assurance that they will continue to provide financial support to the company. Our opinion is not modified in respect of this matter.

Emphasis of Matters

1. Restatement of Comparative Balances

We draw attention to Note 21 to the financial statements, which describes that Company has recognized main operating land in the year of 2022. As a result, other component of capital & property, plant and equipment had been understated as at 31 December 2021. This is now corrected and disclosed as comparative in these financial statements. Our opinion is not modified in respect of this matter.

2. Use of Land Without Legal Ownership

We draw attention to Note no .10 & 19.1 to the financial statements which discloses that the company has been using the operating land without legal ownership until 2023.02.28. It has been brought to our attention that the land has been used by the Company from the date of incorporation which was 12.07.2009. Due to the principle of "substance over form", the value of the land has been recognized in the statement of financial position. Management has determined that the usage of the land meets the recognition criteria under IFRS and recognition of the land is a faithful representation of the underlying economic reality of an entity's transactions and events. Therefore, the company has recognized the land as an asset in the financial statements. Our opinion is not modified in respect of this matter.

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Independent Auditors Report to the shareholders of Kulhudhufushi Port Private Limited (Continued)

Other Matter

The financial statements of the Company for the year ended 31st December 2021 were audited by another auditor who expressed a modified opinion on those statements on 13th June 2022.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.
- 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.

Independent Auditors Report to the shareholders of
Kulhudhufushi Port Private Limited (Continued)

- 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.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Ali Faris Mohamed
ICAM-IL-7NB
Faris & Co LLP
24 May 2023
Male'

FARIS & CO LLP
P-0022/2016 Male' Maldives

KULHUDHUFUSHI PORT PRIVATE LIMITED
MALDIVES

KULHUDHUFUSHI PORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER	Note	2022 MVR	2021 MVR
Revenue	5	8,136,392	5,992,875
Other Income	6	25,364,925	831,373
Administrative Expenses	7	(17,342,305)	(12,906,979)
Profit / (Loss) Before Tax From Operating Activities		**16,159,012**	**(6,082,731)**
Income Tax (Expense)/ Credit	8	-	-
Profit/ (Loss) For The Year		**16,159,012**	**(6,082,731)**
Other Comprehensive Income			
Remeasurement of Defined Benefit Liability	18	(710,762)	(97,977)
Total Comprehensive Income For The Year		**15,448,250**	**(6,180,708)**
Earning/ (Loss) Per Share	9	15.84	(5.96)

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

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KULHUDHUFUSHI PORT PRIVATE LIMITED
MALDIVES

KULHUDHUFUSHI PORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	2022 MVR	(Restated) 2021 MVR	(Restated) 01.01.2021 MVR
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	10	101,225,128	104,029,432	106,844,688
Investment Property	11	7,630,491	7,993,848	8,357,205
Total Non-Current Assets		**108,855,619**	**112,023,280**	**115,201,892**
Current Assets				
Trade and Other Receivables	12	177,302	94,431	202,886
Amount Due From Related Parties	13	5,120,807	8,577,367	11,058,986
Cash and Cash Equivalents	14	131,226	276,097	660,525
Total Current Assets		**5,429,335**	**8,947,895**	**11,922,397**
TOTAL ASSETS		**114,284,954**	**120,971,175**	**127,124,289**
EQUITY AND LIABILITIES				
Equity				
Share Capital	15	102,040,800	102,040,800	102,040,800
Other Component of Capital		76,415,260	76,415,260	76,415,260
Accumulated Profit/ (Loss)		(65,812,491)	(81,971,503)	(75,888,772)
Accumulated Other Comprehensive Income		(881,818)	(171,056)	(73,079)
Total Equity		**111,761,750**	**96,313,500**	**102,494,209**
Non-Current Liabilities				
Employee Retirement Benefits Obligations	18	1,863,839	124,853	134,599
Total non-current liabilities		**1,863,839**	**124,853**	**134,599**
Current Liabilities				
Trade and Other Payables	16	344,630	377,109	339,768
Employee Retirement Benefits Obligations	18	314,735	-	-
Amount Due To Related Parties	17	-	24,155,713	24,155,713
Total current liabilities		**659,365**	**24,532,822**	**24,495,481**
Total Liabilities		**2,523,204**	**24,657,675**	**24,630,080**
TOTAL EQUITY AND LIABILITIES		**114,284,954**	**120,971,175**	**127,124,289**

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by:

Name of the Director — Signature

Mohamed Shareef / chairman ....

Shahid Ali / Managing Director ....

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements

24-May-23
Male'

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KULHUDHUFFUSHI PORT PRIVATE LIMITED C-537/2009 MALDIVES

KULHUDHUFUSHI PORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Component of Capital	Accumulated Other Comprehensive Loss	Accumulated Profit/(Loss)	Total MVR
Balance as at 01 January 2021	**102,040,800**	**-**	**(73,079)**	**(75,888,772)**	**26,078,949**
Profit/(Loss) for the Period	-	-	-	(6,082,731)	(6,082,731)
Remeasurement of Defined Benefit Liability	-	-	(97,977)	-	(97,977)
Balance as at 31 December 2021	**102,040,800**	**-**	**(171,056)**	**(81,971,503)**	**19,898,241**
Fair value of the Kulhudhufushi land	-	76,415,260	-	-	76,415,260
Balance as at 31 December 2021	**102,040,800**	**76,415,260**	**(171,056)**	**(81,971,503)**	**96,313,501**
Profit/(Loss) for the Period	-	-	-	16,159,012	16,159,012
Remeasurement of Defined Benefit Liability	-	-	(710,762)	-	(710,762)
Premium of the Kulhudhufushi land			-	-	-
Balance as at 31 December 2022	**102,040,800**	**76,415,260**	**(881,818)**	**(65,812,491)**	**111,761,751**

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

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KULHUDHUFUSHI PORT PRIVATE LIMITED
C-647/2006
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KULHUDHUFUSHI PORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER	**2022 MVR**	**2021 MVR**
Cash Flow from Operating Activities		
Total Comprehensive Income For The Year	16,159,012	(6,082,731)
Depreciation	3,478,403	3,428,147
Provision for Employee Retirement Benefit	1,488,729	16,297
Retirement Benefits Paid	(145,770)	(124,020)
Reversal of impairment provision	(12,700)	-
(Gain)/Loss on Disposal of Assets	3,325	-
Expening of low value assets	(20)	-
(Increase)/Decrease in Trade and Other Receivables	(70,170)	108,455
(Increase)/Decrease in Amount due from Related Parties	3,456,560	-
Increase/(Decrease) in Trade and Other Payables	(32,479)	37,341
(Increase)/Decrease in Amount due to Related Parties	(24,155,713)	2,481,619
Net Cash Flow from Operating Activities	169,175	(134,892)
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(314,046)	(249,536)
Net Cash Flow from Investing Activities	(314,046)	(249,536)
Cash Flow from Financing Activities		
Increase/(Decrease) in Capital	-	-
Net Cash Flow from Financing Activities	-	-
Net (Decrease) / Increase in Cash and Cash Equivalents	(144,871)	(384,428)
Cash and Cash Equivalents at beginning of the Period	276,097	660,525
Cash and Cash Equivalents at end of the Period	**131,226**	**276,097**
Supplemental Disclosures		
Interest Paid	-	-
Income Tax Paid	-	-
	-	-

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

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KULHUDHUFFUSHI PORT PRIVATE LIMITED MALDIVES

(In the notes all amounts are shown in Maldivian Rufiyaa unless otherwise stated)

1 Corporate information

1.1 General information

These financial statements, for the period 01 January 2022 to 31 December 2022 relate to Kulhudhufushi Port Private Limited a limited liability company incorporated in the Republic of Maldives bearing registration number C-0547/2009.

1.2 Principal activities and nature of operations

The principal objective of the Company is providing harbour facilities, storage, supplies and repair and maintenance services of ships.The registered office of the company is located at Bandaara Magu, HDH. Kulhudhufushi, Republic of Maldives.

1.3 Immediate and ultimate parent entity

The company's immediate parent company is Maldives ports limited, incorporated and domiciled in the republic of Maldives and ultimate parent undertaking and controlling party is the Government of Maldives.

1.4 Date of authorisation for issue

The financial statements of Kulhudhuffushi Ports Limited for the year ended 31 December 2022 were authorised for issue on 21st May 2023 in accordance with resolution of the Board of Directors.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are prepared on a historical cost basis. No adjustment is made for inflationary factors affecting these financial statements. The financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral. except when otherwise indicated. The financial statements of the Company comprise the statements of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity together with accounting policies and notes.

2.1 Going Concern

The company incurred a net accumulated loss of MVR 65,812,491 (2021: MVR 81,971,503) as at 31st December 2022. This indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern.

In this regard, The Maldives Port Limited being the parent of the company has provided assurance that they will continue to provide financial support to the company, as it is necessary to maintain the company as a going concern for the foreseeable future and to meet its debt and liabilities as and when they fall due. Furthermore, the company has long term plans to expand the capacity of the port which will increase the revenue, resulting in reduction in the recurrent operating losses incurred by the company and hence, the financial statements have been prepared under going concern basis.

2.2 Statement of compliance

The financial statements of Kulhudhufushi Port Private Limited have been prepared in accordance with International Financial Reporting Standards.

2.3 Comparative information

The financial statements provide comparative information in respect of the previous period. The accounting policies and estimates adopted by the Company are consistent with those of the previous financial year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

3 Summary of significant accounting

3.1 Conversion of Foreign currencies

The Company's financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency.

The decision has been taken by management of the Company to maintain the reporting currency as Maldivian Rufiyaa in the financial statements since most of the business transactions are dealt in Maldivian Rufiyaa.

3.2 Foreign currencies

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian 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 Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruing at the dates the values were determined.

3.3 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

• Expected to be realised or intended to sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current When:

• It is expected to be settled in normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period. Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies al other liabilities as non-Current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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3.4 Revenue from contract with customers

The Company is in the business of providing harbour facilities and related activities. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Rendering of services
The Company recognises revenue from harbour operation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the transport operations are recognised at a point in time, generally upon delivery of the service.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the services delivered, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the goods is transferred customer/guest, generally on delivery of the goods.

Other income
Other income is recognised on an accrual basis

Interest
Interest income is recognised as the interest accrues unless collection is in doubt.

3.5 Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "Financial instruments - initial recognition and subsequent measurement".

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.6 Expenditure recognition

Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been recognised in income statement.

3.7 Taxes

Current business profit tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax |liabilities are recognised for al taxable temporary differences, except:

• When the deferred tax liability arises from the initial recognition of goodwill or an asset or lability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, When the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for al deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against Which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

• In respect of deductible temporary differences associated with investments in subsidiaries, associates interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

• When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

• Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.8 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the Company's financial statements, investment in the subsidiary has been accounted for at cost, net any impairment for other than temporary diminution in value.

3.9 Property, plant and equipment

Depreciation

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.

Subsequent costs

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

Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not a depreciable asset.

KULHUDHUFUSHI PORT PRIVATE LIMITED MALDIVES

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

Infrastructure and buildings	Over 7 - 25 years
Vehicles and vessels	Over 7 - 15 years
Furniture and office equipment	Over 2 - 4 years
Machinery, equipment and tools	Over 2 - 4 years
Kitchen Equipment	Over 2 - 3 years

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

3.10 **Investment Property**

The Entity applies the cost model to measure investment property. Investment Property stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the renovation of the building. Depreciation is calculated on the straight line method to write off the cost of asset to its residual value, over its estimated useful life as follows:.

Depreciable period	25 years

Investment property is property (land or a building—or part of a building— or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both.

3.11 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised int the statements of comprehensive income in the expense category consistent with the f function of the intangible asset.

3.12 **Leases**

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

As a lessee

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;

-variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

-amounts expected to be payable under a residual value guarantee; and

-the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.

Short-term leases and leases of low-value assets

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

3.13 Impairment of assets

The Company assesses at each reporting period. whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair Value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised statement of comprehensive income in expense categories consistent with the function of the impair except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.14 Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.14.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition., as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result' from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial recognition and measurement

For purposes of subsequent measurement financial assets of the Company are classified into the following:

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with The objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of The financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on The principal Amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes investment on treasury bills, investment on fixed deposits, trade and other receivables.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from The asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in. full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

When the loan to which the financial asset relates is settled completely, the unamortised amount of financial asset is charged to the statement of comprehensive income at time immediately.

Impairment of financial assets

The Company applies a simplified approach in calculating ECLs for contract assets including trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.14.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires When an existing financial liability is replaced by another from the same lender on s substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.14.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash in hand and balance with banks.

Statement of cash flows is prepared in "indirect method". For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks as defined above, net of outstanding bank overdrafts, if any.

3.14.4 Share capital

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

3.14.5 Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Maldives, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.14.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the re-imbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any re-imbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risk specific to the liability. Where discounting is used any change in the provision resulting from the unwinding effect is dealt in the statement of comprehensive income.

3.14.7 Pension and other post-employment benefits

All local (Maldivian National) Employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives Pension Act Law No. 8/2009 handled by Maldives pension Administration Office (MPAO) from May 2011

3.14.8 Borrowing costs

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

3.14.9 Summary of significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use of assets and the economic lives of these assets.

Subsequent changes in circumstances such as technological advances or utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management reviews annually the residual values and useful lives of major items of property, plant and equipment.

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(b) Impairment of accounts receivables

A careful evaluation of Company's accounts receivable are conducted annually to account for impairment of receivables. Provisions are created against specific receivable balances, where the company believes the recoverability is doubtful.

(c) Defined benefit Obligations

The cost of the defined benefit plans are determined using an actuarial valuation.The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases ,mortality rates, etc. Due to the long-term nature of these plans, such estimates are subject to significant uncertainties.

3.15 New and amended standards applied by the company

(a) New standards and amendments – applicable 1 January 2022

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

• Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is' testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

• Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

• Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

(b) Forthcoming requirements

As at 31 December 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022.

• Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
• Definition of Accounting Estimates – Amendments to IAS 8

• Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

4 Government grant

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

A government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course that is sometimes followed is to record both asset and grant at a nominal amount.

The company uses the capital approach since
a). government grants are a financing device and should be dealt with as such in the statement of financial position rather than be recognised in profit or loss to offset the items of expense that they finance. Because no repayment is expected, such grants should be recognised outside profit or loss.

b). it is inappropriate to recognise government grants in profit or loss, because they are not earned but represent an incentive provided by government without related costs.

5	**Revenue**	**31 Dec 2022**	**31 Dec 2021**
	Equipment rental	2,176,069	1,763,558
	Handling income	1,491,953	1,096,341
	Other port income	4,266,321	2,968,410
	Miscellaneous income	202,049	164,566
	Total	8,136,392	5,992,875

The main business activities of include provision of harbour facilities, storage, supplies and repair and maintenance services to ships. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Maldives.

6	**Other Income**	**31 Dec 2022**	**31 Dec 2021**
	Rent income	1,196,512	831,373
	Reversal of impairment provision	12,700	-
	Write back of payable balance of Ministry of finance	24,155,713	-
		25,364,925	831,373

Rental income represents rental income received by the company from renting out company premises to third parties.

7	**Administrative Expenses**	**31 Dec 2022**	**31 Dec 2021**
	Impairment Expenses	-	61,151
	Fines and penalties	-	3,944
	Insurance	132,446	142,800
	Miscellaneous expenses	22,133	12,228
	Recreational expenses	152,503	22,023
	Loss on disposal assets	3,325	-
	Office expenses	95,868	116,304
	Salaries & wages	9,412,296	7,157,475
	Retirement Benefit Obligation	1,488,729	16,297
	Printing and stationery	41,712	49,299
	Fees and licenses	150,295	293,034
	Repairs and maintenance	903,903	784,368
	Telephone and communication	28,623	48,254
	Training	20,397	-
	Travelling	257,831	110,060
	Transportation and freight	38,305	6,275
	Staff welfare	29,047	-
	Fuel expenses	266,389	123,895
	PR & marketing	2,600	-
	Depreciation expense	3,478,402	3,428,147
	Utilities	530,046	496,889
	Food and accomodation	280,746	28,606
	Bank charges	6,710	5,930
		17,342,305	12,906,979

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8	**Income Tax**	**31 Dec 2022**	**31 Dec 2021**

The Income Tax Act Tax Act (25/2019) of the Maldives is effective from 1st January 2020. As per the income tax act, businesses profit is subject to tax of 15% on profits exceeding tax free threshold limit MVR 500,000 for any tax year.

Income Tax - Current	-	-
Deferred tax provided/(reversed) during the year	-	-
	-	-

8.1	**Income tax- Current**	**31 Dec 2022**	**31 Dec 2021**
	Accounting profit	16,159,012	(6,082,731)
	Add: Disallowed expenses	3,700,490	3,621,239
	Less: Allowed expenses	(6,062,270)	(6,003,396)
	Other Adjustments	-	-
	Taxable profit/(loss)	13,797,232	(8,464,888)
	Loss Claimed for the year	-	-
	Tax free threshold	-	-
	Profit subject to tax for the year	-	-
	Income Tax @ 15% - current	-	-
8.2	**Tax losses carried forward**		
	As at 1 January	43,784,585	46,033,877
	Tax losses for the year	-	8,464,888
	Written off during the year	-	(10,714,180)
	Loss Claimed during the year	(13,797,232)	-
	As at 31 December	**29,987,353**	**43,784,585**
8.3	**Deferred tax**	**31 Dec 2022**	**31 Dec 2021**

The deferred tax is arrived at by applying the Business Profit Tax rate at 15% on temporary differences between the tax bases and liabilities and their carrying amounts for financial reporting purposes at 31 December.

Accumulated tax losses		
Carry forward loss at the end of year	29,987,353	43,784,585
Deferred Tax (asset)/liability of loss for the year	4,498,103	6,567,688
Temporary difference of PPE		
Difference in PPE for the year	22,133,566	16,880,820
Deferred Tax (asset)/liability of PPE for the year	3,320,035	2,532,123
Total Deferred Tax		
Deferred Tax (asset)/liability of loss for the year	4,498,103	6,567,688
Deferred Tax (asset)/liability of PPE for the year	3,320,035	2,532,123
Total Deferred tax (asset)/liability for the year	7,818,138	9,099,811
Movement of deferred tax		
Balance as at year beginning	9,099,811	10,048,131
Provision made/ (reversed) during the year	(1,281,673)	(948,320)
Balance as at year end	7,818,138	9,099,811

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

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8.4	Unrecognized Deferred tax	31 Dec 2022	31 Dec 2021
	Deferred tax asset on accumulated tax losses	-	-
	Temporary difference on PPE	-	(170,505)
	Total Deferred tax (asset)/liability as at year end	-	(170,505)

Deferred tax asset has not been recognized in respect of the above because it is not probable that future taxable profit will be available against which the company can utilize the benefits there from.

9 Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	31 Dec 2022	31 Dec 2021
Profit/Loss for the year	16,159,012	(6,082,731)
Number of shares	1,020,408	1,020,408
Earnings Per share	15.84	(5.96)

10 Property, plant and equipment

Cost	Opening Balance	Additions	Disposals	Closing Balance
Kulhudhufushi Land	76,415,260	-	-	76,415,260
Infrastructure and buildings	75,120,680	-	-	75,120,680
Furniture and office equipment	1,625,275	193,283	655,524	1,163,034
Kitchen equipment	4,720	-	-	4,720
Machinery, equipment and tools	625,057	120,763	-	745,820
Vehicles and vessels	47,617,728	-	22,707	47,595,021
	201,408,719	314,046	678,231	201,044,534

Depreciation	Opening Balance	Charge for the Period	Disposals Accmu. Dep	Closing Balance
Infrastructure and buildings	47,806,204	3,004,827	-	50,811,031
Furniture and office equipment	1,367,067	85,745	652,200	800,613
Kitchen equipment	4,720	-	-	4,720
Machinery, equipment and tools	583,569	24,473	19	608,022
Vehicles and vessels	47,617,727	-	22,707	47,595,020
	97,379,287	3,115,045	674,926	99,819,406
Net Book Value	**104,029,432**			**101,225,128**

This is a land registry specifically referring to a plot of land in Kulhudhufushi City registered in the name of Kulhudhufushi Port Private Limited. The purpose of giving the land is to support the operations of Kulhudhufushi Ports Private Limited and to develop the port and to give regional port services in accordance to the laws of Maldives Customs. This registry was made due to the request of Maldives Ports Limited and Kulhudhufushi Ports Private Limited on 28.02.2023. The land can only be used to provide port related services. The land can be used for other activities only after making an agreement with Kulhudhufushi Port Limited and Kulhudhufushi City Council. Similarly the land cannot be leased to a third party unless an agreement is made with Kulhudhufushi Port Limited and Kulhudhufushi City Council.

The company has been using the above land without legal ownership until 2023.02.28. It has been brought to our attention that the land has been used by the company from the year 2009. Due to the principle of "substance over form", the value of the land has been recognized in the statement of financial position. The Company has determined that the usage of the land meets the recognition criteria under IFRS and recognition of the land is a faithful representation of the underlying economic reality of an entity's transactions and events. Therefore, the company has recognized the land as an asset in the financial statements.

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		31 Dec 2022	31 Dec 2021
11	**Investment Property**		
	KPL Guest house	9,083,918	9,083,918
	Accumulated depreciation	(1,453,427)	(1,090,070)
	Balance as at 31 December	7,630,491	7,993,848

		31 Dec 2022	31 Dec 2021
12	**Trade and Other Receivables**		
	Trade receivables	83,047	94,431
	Other receivables	94,255	-
	Total	177,302	94,431

		31 Dec 2022	31 Dec 2021
13	**Amount Due From Related Parties**		
	Amounts due from related parties (13.1)	5,120,807	8,577,367
	Total	5,120,807	8,577,367

	31 Dec 2022	31 Dec 2021
(13.1) Amounts due from related parties		
Maldives ports limited	5,120,807	8,577,367
Total	5,120,807	8,577,367

		31 Dec 2022	31 Dec 2021
14	**Cash and Cash Equivalents**		
	Cash in hand	5,472	8,823
	Cash at bank	125,754	267,274
	Total	131,226	276,097

		31 Dec 2022	31 Dec 2021
15	**Share Capital**		
	Authorized Share Capital		
	2,500,000 Ordinary Shares of Rf 100/ =each	250,000,000	250,000,000
	Issued Share Capital		
	1,020,408 Ordinary Shares of Rf 100/ =each	102,040,800	102,040,800

The total authorised number of ordinary shares is 2,500,000 shares (2021: 2,500,000 shares) with a par value of MVR 100 per share (2021: MVR 100 per share). All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends.

		31 Dec 2022	31 Dec 2021
16	**Trade and Other Payables**		
	Trade payables	59,143	43,362
	Accruals (16.1)	-	394
	Other payables	285,487	333,353
	Total	344,630	377,109

	31 Dec 2022	31 Dec 2021
(16.1) Accruals		
Accrued salaries and wages	-	394
Total	-	394

		31 Dec 2022	31 Dec 2021
17	**Amount Due To Related Parties**		
	Amounts due to related parties (17.1)	-	24,155,713
	Total	-	24,155,713

	31 Dec 2022	31 Dec 2021
(17.1) Amounts due to related parties		
Ministry of finance and treasury	-	24,155,713
Total	-	24,155,713

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During the year, the Company recorded a write back of government payables amounting to MVR 24,155,713. This write back was recognised after duly receipt of a confirmation from Ministry of Finance that there was no liability from the company to Ministry of Finance as at 31.12.2022.

The write back of government payables of MVR 24,155,713 has been recognized as a reduction of the liability to government payables in the amounts due to related parties and directly recognised as an income in the financial statements.

The impact of the write back on the other income for the current year is MVR 24,155,713.

18 Employee Retirement Benefits Obligations

Opening liability	124,853	134,599
Service cost	1,482,986	7,360
Interest cost	5,743	8,937
Paid during the year	(145,770)	(124,020)
Re-measurement	710,762	97,977
Total	**2,178,574**	**124,853**
Employee retirement benefits obligations - Current	314,735	-
Employee retirement benefits obligations - Non current	1,863,839	124,853
	2,178,574	**124,853**

19 Events occurring after the reporting date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements, except the matters described below;

19.1 This is a land registry specifically referring to a plot of land in Kulhudhufushi City registered in the name of Kulhudhufushi Port Private Limited.

The purpose of giving the land is to support the operations of Kulhudhufushi Ports Private Limited and to develop the port and to give regional port services in accordance to the laws of Maldives Customs.

This registry was made due to the request of Maldives Ports Limited and Kulhudhufushi Ports Private Limited on 28.02.2023.

The land can only be used to provide port related services. The land can be used for other activities only after making an agreement with Kulhudhufushi Port Limited and Kulhudhufushi City Council. Similarly the land cannot be leased to a third party unless an agreement is made with Kulhudhufushi Port Limited and Kulhudhufushi City Council.

19.2 Share transfer

Kulhudhuffushi Port Private Limited is a government owned company engaged in the development and management of Kulhudhuffushi Port with 49% shareholding held by the government. And the remaining 51% shareholding held by the Maldives Port Limited. With the agreement of the government, parties are considering changing the shareholding structure as 99% to Maldives Port Limited and 1% to Hithadoo Port Limited. However, the decision and the consideration have not been approved until the date board of the directors authroised the financials..

20 Related party disclosures

The following information provides the total amount of transactions entered into with related parties for the year by the Company.

The Government of Maldives has 49% of voting rights of the Company and Maldives Ports Limited (fully owned by Government of Maldives) has 51% voting rights of the company. Significant transactions including the following have been carried out with entities controlled by Government of Maldives in the ordinary course of business.

	Relationship	Opening Balance	Expenses made by the related party during the Year	Settlement / write back during the year	Closing Balance
Amount due from Related Parties					
Maldives ports limited	Affiliated	8,577,367	3,456,560	-	5,120,807
Amount due to Related Parties					
Ministry of finance and treasury	Affiliated	24,155,713	-	(24,155,713)	-

21 Restatement of financial statements

21.1

	As restated	As previously stated	Restatement
	01 Jan 2021	**01 Jan 2021**	**01 Jan 2021**
Land	76,415,260	-	76,415,260
Other Component of Capital	76,415,260	-	76,415,260

This is a land registry specifically referring to a plot of land in Kulhudhufushi City registered in the name of Kulhudhufushi Port Private Limited. The purpose of giving the land is to support the operations of Kulhudhufushi Ports Private Limited and to develop the port and to give regional port services in accordance to the laws of Maldives Customs. This registry was made due to the request of Maldives Ports Limited and Kulhudhufushi Ports Private Limited on 28.02.2023. The land can only be used to provide port related services. The land can be used for other activities only after making an agreement with Kulhudhufushi Port Limited and Kulhudhufushi City Council. Similarly the land cannot be leased to a third party unless an agreement is made with Kulhudhufushi Port Limited and Kulhudhufushi City Council.

The company has been using the above land without legal ownership until 2023.02.28. It has been brought to our attention that the land has been used by the company from the year 2009. Due to the principle of "substance over form", the value of the land has been recognized in the statement of financial position. The Company has determined that the usage of the land meets the recognition criteria under IFRS and recognition of the land is a faithful representation of the underlying economic reality of an entity's transactions and events. Therefore, the company has recognized the land as an asset in the financial statements.

FARIS & CO LLP P-0022/2016 Male' Maldives