Report No: FIN-2020-15 (E)

11 June 2020

MALDIVES PORTS LIMITED
FINANCIAL YEAR 2019

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES PORTS LIMITED

Qualified Opinion

We have audited the financial statements of Maldives Ports Limited (the "Company") which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the basis for the qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for qualified opinion

1. The carrying value of the investment made in Kulhudhufushi Port Limited as stated in these financial statements is stated at MVR. 52,040,800/- (Note 15 to the financial statements). The investee incurred recurring losses since incorporation and the operational revenue has been decreasing over the years. Consequently, KPL has recorded an accumulated net loss of MVR. 69,176,392/- as at the year-end resulting in net assets to MVR. 32,864,408/- based on financial statements prepared by the management. As required by IAS 36; Impairment of assets, the Company should assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company should estimate the recoverable amount of the asset. Given the continuous losses, the management has not adequately assessed whether there is any indication that the said assets may be impaired. Accordingly, we were unable to sufficiently satisfy ourselves as to the valuation of the said balances stated in these financial statements.
2. An amount of MVR. 24,004,229 is stated under capital work in progress being expenditure incurred in the construction of a Tug Boat. Since the construction has been suspended in 2010 due to a dispute with the contractor and we were not allowed access to the premises verify the physical existence of the asset, we are unable to satisfy ourselves whether the amount shown under capital work in progress in the statement of financial position is fairly stated.
3. Related party receivables at the date of the statement of financial position includes receivables amounting to MVR. 13,073,636/- (Note 18.1 to the financial statements) from Maldives National Shipping Limited, which has been outstanding for more than eight years and therefore, doubtful of recovery. Hence, we are unable to satisfy ourselves whether the amount shown under related party receivables in the statement of financial position is fairly stated.
4. Other receivables include MVR. 85,137,999/- (Note 18 to the financial statements) due from Maldives Marketing and Public Relation Corporation. The Company has been unable to recover

two promissory notes originally matured on 31 March and 27 April 2015 respectively as of our opinion date. Based on the information available, the recoverability of these amounts is doubtful.

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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

This report is made solely to the Company's members, as a body, in accordance with section 71 of the Companies Act No. 10 of 1996. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. Therefore, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of management for the financial statements

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

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

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

We communicate with the management 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.

Report on Other Legal and Regulatory Requirements

As required by Maldivian Law, the lands allocated to the Company by the Government of Maldives stated in these financial statements at MVR. 9,045,263/- (Note 13.1) has not been assigned under a properly executed agreement or deed.

11 June 2020

Hassan Ziyath
Auditor General

Maldives Ports Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	2019 MVR	2018 MVR
Revenue	6	758,185,644	758,200,640
Other income	7	38,355,278	33,842,122
Other operating expenses		(151,072,591)	(166,690,756)
Payroll related expenses		(402,450,613)	(288,983,617)
Depreciation and amortisation expenses		(82,473,033)	(62,729,156)
Operating profits	8	**160,544,684**	**273,639,233**
Finance income	9	3,250,873	3,552,974
Finance cost	10	(17,426,379)	(9,367,603)
Profit before tax from operations		**146,369,179**	**267,824,604**
Business profit tax expenses	11	(29,781,250)	(39,071,452)
Profit for the year		**116,587,929**	**228,753,152**
Earnings per share	12	27.43	53.82

The accounting policies and notes on pages 8 to 32 form an integral part of the financial statements.

AUDITOR GENERAL'S OFFICE

MALDIVES PORTS LIMITED
MALDIVES
PORTS
REPUBLIC OF MALDIVES. C-846/2008

Maldives Ports Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 MVR	2018 MVR
Assets			
Non-current assets			
Property, plant and equipment	13	744,746,351	717,271,132
Intangible asset	14	1,298,041	1,825,085
Lease rights	15	-	6,865,331
Right of use asset	16	225,736,398	9,045,263
Investment in subsidiary	17	52,040,800	52,040,800
Deferred tax assets	11.2	3,686,098	9,211,785
Trade and other receivables	20	26,858,169	28,301,982
		1,054,365,857	**824,561,378**
Current assets			
Inventories	18	376,402,354	183,315,270
Trade and other receivables	20	140,926,691	148,502,480
Contract assets	32	3,076,338	6,197,172
Other current financial assets	21	83,533,744	84,283,278
Cash and cash equivalents	22	50,723,842	131,274,457
		654,662,969	**553,572,658**
Total assets		**1,709,028,826**	**1,378,134,036**
Equity and liabilities			
Equity			
Share capital	23	425,000,000	425,000,000
Contribution towards capital		9,045,263	9,045,263
Retained earnings		588,267,838	608,931,799
		1,022,313,101	**1,042,977,062**
Non-current liabilities			
Interest- bearing loans and borrowings	24	156,925,737	119,763,247
Non-current lease Liabilities	16.5	200,933,137	-
Employee defined benefit liabilities	19	3,171,660	-
		361,030,534	**119,763,247**
Current liabilities			
Employee defined benefit liabilities	19	949,631	-
Interest- bearing loans and borrowings	24	36,626,195	63,281,818
Current lease liabilities	16.4	9,196,667	-
Trade and other payables	25	276,284,486	125,163,982
Contract liabilities	32	960,079	270,077
Business profit tax payable	11.3	1,668,133	26,677,850
		325,685,191	**215,393,727**
Total equity and liabilities		**1,709,028,826**	**1,378,134,036**

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

Name of the director **Signature**

1. Dato. Mohamed Zaki - Chairman ....

2. Mr. Shahid Ali - Chief Executive Officer ....

Chief Financial Officer
Mohamed Muizzu ....

MALDIVES PORTS LIMITED MALDIVES PORTS REPUBLIC OF MALDIVES C-846/2008

The accounting policies and notes on pages 8 to 32 form an integral part of the financial statements.

10 June 2020
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AUDITOR GENERAL'S OFFICE

Maldives Ports Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Share capital MVR	Contribution towards capital MVR	Retained earnings MVR	Total MVR
Balance as at 1 January 2018	425,000,000	9,045,263	475,331,313	909,376,576
Dividends paid	-	-	(95,152,666)	(95,152,666)
Profit for the year	-	-	228,753,152	228,753,152
Balance as at 31 December 2018	**425,000,000**	**9,045,263**	**608,931,799**	**1,042,977,063**
Dividends paid	-	-	(137,251,891)	(137,251,891)
Profit for the year	-	-	116,587,929	116,587,929
Balance as at 31 December 2019	**425,000,000**	**9,045,263**	**588,267,838**	**1,022,313,101**

The accounting policies and notes on pages 8 to 32 form an integral part of the financial statements.

Maldives Ports Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Note	2019 MVR	2018 MVR
Operating activities			
Profit before tax from operations		146,369,179	267,824,604
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	13/14	82,473,033	62,729,156
Amortization of loan arrangement fee	10	2,115,468	566,618
Interest income	9	(3,250,873)	(3,552,974)
Finance cost	10	17,426,379	8,800,987
Impairment of trade receivables		(46,256)	18,372,027
Impairment reversal of other receivables		-	358,995
Impairment of inventories		-	1,845,631
Operating profit before working capital changes		**245,086,929**	**356,945,044**
Working capital adjustments:			
Increase in inventories		(193,087,084)	(140,335,733)
Decrease/(increase) in trade and other receivables and contract assets		8,805,373	(12,165,789)
Increase in trade and other payables and contract liabilities		157,492,667	77,604,792
Decrease Contract assets		3,120,833	-
Decrease Other current financial assets		749,534	-
Increase Contract liabilities		690,002	-
Cash flows from operating activities		222,858,254	282,048,314
Business profit tax paid		(49,265,280)	(28,034,782)
Interest paid	10	(12,087,522)	(8,800,987)
Interest received	9	3,250,873	3,552,974
Lease payments		(9,196,675)	-
Net cash flows from operating activities		**155,559,651**	**248,765,520**
Investing activities			
Acquisition of property, plant and equipment	13	(79,118,436)	(74,739,615)
Acquisition of intangible assets	14	-	(1,156,500)
Cost incurred on construction of capital work-in-progress	13.1	(33,111,809)	(68,219,727)
Investment on fixed deposits	21	(350,000)	(10,000,000)
Net proceeds from treasury bills investments	21	1,099,534	(2,572,917)
Net cash flows used in investing activities		**(111,480,711)**	**(156,688,759)**
Financing activities			
Proceeds from borrowings	24	50,000,000	97,703,488
Repayment of loans	24	(37,377,662)	(26,696,181)
Dividend paid		(137,251,891)	(95,152,666)
Net cash flows used in financing activities		**(124,629,553)**	**(24,145,359)**
Net increase in cash and cash equivalents		(80,550,614)	67,931,402
Cash and cash equivalents as at 1 January		131,274,457	63,343,056
Cash and cash equivalents as at 31 December	22	**50,723,842**	**131,274,457**

The accounting policies and notes on pages 8 to 32 form an integral part of the financial statements.

1. Corporate information

1.1 General

Maldives Ports Limited (the "Company") is a limited liability Company, which is fully owned by the Government of Maldives. The Company was incorporated in the Republic of Maldives on 31 July 2008 under the Act No. 25/82. The registered office of the Company is situated at Bodhuthakurufaanu Magu, Male', 20 – 02, Republic of Maldives.

1.2 Principal activities and nature of operations

Principal business activities of the Company include providing harbour facilities, storage, supplies and repair and maintenance services of ships and other ocean-going vessels. Beyond the main operation, the Company provides public land transportation (bus) services and construct housing projects.

1.3 Date of authorisation for issue

The financial statements of Maldives Ports Limited for the year ended 31 December 2019 were authorised for issue on 15 April 2020 in accordance with resolution of the Board of Directors.

2. Basis of preparation

2.1 Statement of compliance

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.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The financial statements are prepared under the historical cost basis in accordance with International Financial Reporting Standards. The financial statements are presented in Maldivian Rufiyaa (MVR) and all values are rounded to the nearest integer except when otherwise indicated. No adjustment is made for inflationary factors affecting these financial statements.

2.3 Comparative information

The financial statements provide comparative information in respect of the previous period. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Adoption of new accounting standards has resulted to reclassify certain comparative information. Please refer Note 30.

3. Summary of significant accounting policies

a. 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.

4. Summary of significant accounting policies (Continued)

a. 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 ruling at the dates the values were determined.

b. 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 all other liabilities as non-current.

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

c. 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.

3.Summary of significant accounting policies (Continued)
c. Revenue from contract with customers

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 to the 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.

b. 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.

c. 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.

d. 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 all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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 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 all 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 and 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 which 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.

e. 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 of any impairment for other than temporary diminution in value.

f. Property, plant and equipment

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.

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 amount substituted for cost, less its residual value.

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

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

• Port infrastructure and buildings	Over 7-25years
• Vehicles	Over 7-15years
• Vessels	Over 15 years
• Furniture and fittings	Over 2- years
• Office equipment	Over 2-4years
• Machinery	Over 2-4years
• Tools	Over 2-3years
• Utensils	Over 2-3years
• Others and bicycles	Over 2-4years

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

g. 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 in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

h. Operating lease right

Leasehold rights are shown at historical cost. Leasehold rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of leasehold rights over remaining lease period.

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MALDIVES PORTS LIMITED
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i. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

j. Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be used in operations or sold in the ordinary course of business less the estimated processing cost to make them usable for operations.

The value of each category of Inventory is determined on first in, first out (FIFO) basis.

k. 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.

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Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, 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.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

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 statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. 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.

i) 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 of 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.

Subsequent 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.

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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.

ii) 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 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.

m. 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.

n. 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.

o. 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 authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

p. 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 recognised 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.

q. 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.

r. 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.

a. 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.

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(a) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future. When making that assessment, Directors have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Since the entity has a long history of profitable operations, therefore the Directors have concluded that the going concern basis of accounting is appropriate for the year 2019 and they do not intend either to liquidate or cease trading.

(b) 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.

b. New and amended standards and interpretation

New and amended standards and interpretation

The Company applied IFRS 16 for the first time in 2019, but do not have an impact on the financial statements of the Company. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 16 Leases

The company assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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6 Revenue from contract with customers

	2019 MVR	2018 MVR
Ship arrival and pilotage services	78,003,424	85,315,806
Unloading the cargo	194,718,144	199,248,373
Clearing the goods	68,669,754	63,505,334
Loading/Unloading the cargo	298,382,764	288,263,800
Empty containers and vessel departure	42,676,995	67,952,098
Vessel and other equipment hiring charges	6,792,080	8,899,609
Rent income	39,964,277	38,231,410
Revenue from transport	24,349,723	2,969,351
Revenue from ferry transport	4,628,483	3,814,859
	758,185,644	**758,200,640**

* Contract balances are disclosed under Note 32.

7 Other income

	2019 MVR	2018 MVR
Lorry subscription fee	251,123	249,774
Staff fines	428,936	762,275
Bad debt recovered	46,256	-
Miscellaneous income	800,592	1,197,514
Salvage charges	446,775	238,810
Other income	36,381,596	31,393,749
	38,355,278	**33,842,122**

8 Profit from operating activities
Stated after charging,

	2019 MVR	2018 MVR
Staff expenses (8.1)	402,450,613	288,983,617
Audit fee	362,658	282,704
Electricity charges	20,151,684	14,605,999
Fuel charges	45,104,692	42,815,963
Repair and maintenance expenses	49,697,151	36,618,750
Donations	-	10,000
Land rent	1,218	16,096,042

8.1 Payroll related expenses

	2019 MVR	2018 MVR
Salaries and wages	120,685,845	106,015,700
Overtime	27,999,211	27,138,054
Staff allowances	209,592,276	108,662,738
Boat laari	3,150,127	14,196,662
Bonus	7,547,500	6,260,700
Contribution to MRPS	8,310,070	7,169,557
Staff training expenses	6,688,405	2,875,355
Staff compensation	3,941,513	1,170,281
Medical expenses	55,042	690,505
Uniform expenses	623,777	1,943,657
Other expenses/allowances	13,856,847	12,860,408
	402,450,613	**288,983,617**

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	2019 MVR	2018 MVR
9 Finance income		
Interest income from investment on treasury bills	2,889,194	3,219,275
Interest income from fixed deposits	361,679	333,699
	3,250,873	**3,552,974**
10 Finance cost		
Interest on interest bearing loans & borrowings	12,087,522	8,800,987
Amortization of loan arrangement fee	2,115,468	566,616
Interest expense on lease liabilities	3,223,388	-
	17,426,379	**9,367,603**
11 Business profit tax expense		
Tax on business profit (11.1)	24,255,563	42,669,457
Deferred tax recognized during the year (11.2)	5,525,687	(3,598,005)
Business profit tax expenses reported in the statement of comprehensive income	**29,781,250**	**39,071,452**

11.1 Business profit tax on profit

A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	2018 MVR	2018 MVR
Profit before tax	146,369,179	267,824,604
Add: Depreciation charge for the year	73,803,402	62,729,156
Other disallowable expenses	26,651,874	21,911,519
Less: Capital allowances	(58,265,178)	(49,766,776)
Other allowable expenses	(26,605,527)	(17,985,453)
Less: Tax free allowance	(250,000)	(250,000)
Taxable profit for the year	161,703,750	284,463,050
Business profit tax on taxable profit @ 15%	**24,255,563**	**42,669,457**

11.2 Deferred tax

Temporary difference on ;		
Property, plant and equipment	(3,679,159)	(7,282,495)
Provision for impairment of receivables	923,564	(502,863)
Provision for impairment of inventories	(930,502)	(1,426,427)
Deferred tax asset	**(3,686,098)**	**(9,211,785)**
Movement in deferred tax		
As at 01 January	(9,211,785)	(5,613,780)
Provision maid (reversed) during the year	5,525,687	(3,598,005)
As at 31 December	**(3,686,098)**	**(9,211,785)**

The provision on deferred tax is made on temporary differences between the carrying value and tax base. The Company's management expects to earn future taxable profits and therefore deferred tax are assets are recognised.

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11 Business profit tax expense (Continued)

11.3 Business profit tax payable

	2019 MVR	2018 MVR
As at 01 January	26,677,850	12,043,175
Business profit tax charge during the year	24,255,563	42,669,457
Payments during the year	(49,265,280)	(28,034,782)
As at 31 December	**1,668,133**	**26,677,850**

12 Earnings per share

Earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year. The following reflect the income and shares data used in the earnings per share computations.

	2019	2018
Profit for the year (in MVR)	116,587,929	228,753,152
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	**27.43**	**53.82**

13 Property, plant and equipment

Gross carrying amount at cost	Balance as at 01.01.2019 MVR	Additions MVR	Disposal MVR	Balance as at 31.12.2019 MVR
Port infrastructure and buildings	325,490,834	6,136,488	-	331,627,322
Vehicles and vessels	595,029,452	38,672,685	(807,360)	632,894,777
Furniture and office equipment	46,085,541	5,727,634	-	51,813,175
Machinery, equipment and tools	26,554,736	20,139,388	-	46,694,124
Utensils and other assets	13,051,198	2,901,954	-	15,953,153
Total value of depreciable assets	**1,006,211,761**	**73,578,149**	**(807,360)**	**1,078,982,551**

Depreciation At cost	Balance as at 01.01.2019 MVR	Charge for the year MVR	Disposal MVR	Balance as at 31.12.2019 MVR
Port infrastructure and buildings	110,366,804	14,107,841	-	124,474,644
Vehicles and vessels	209,032,911	40,834,372	(612,889)	249,254,393
Furniture and office equipment	29,287,048	6,942,588	-	36,229,636
Machinery, equipment and tools	17,725,662	7,961,576	-	25,687,238
Utensils and others assets	7,268,952	2,826,247	-	10,095,199
Total depreciation	**373,681,377**	**72,672,624**	**(612,889)**	**445,741,110**
Net book value	**632,530,384**			**633,241,441**
Capital work in progress (13.1)	**84,740,748**			**111,504,910**
Total value of property, plant and equipment	**717,271,132**			**744,746,351**

13.1 Capital work in progress

	2019 MVR	2018 MVR
As at 01 January	84,740,748	39,067,500
Additions during the year	33,111,809	68,219,727
Capitalised during the year	(6,347,647)	(22,546,479)
As at 31 December	**111,504,910**	**84,740,748**

An amount of MVR 24,004,229/-, has been incurred for the construction of a tug boat for harbor operation. The construction process had been discontinued since the year 2010 due to a dispute with the constructor.

14 Intangible asset

Cost	2019 MVR	2018 MVR
As at 01 January	5,481,344	4,324,844
Additions	-	1,156,500
As at 31 December	**5,481,344**	**5,481,344**
Amortisation		
As at 01 January	3,656,259	3,206,712
Amortisation	527,044	449,547
As at 31 December	**4,183,303**	**3,656,259**
Net book value	**1,298,041**	**1,825,085**

15 Leaseholds rights

	2019 MVR	2018 MVR
As at 01 January	6,865,331	7,169,332
Amortised for the year	-	(304,001)
IFRS 16 adjustment	(6,865,331)	-
As at 31 December	-	**6,865,331**

In 2016, Company has acquired the lease rights of a plot of land located at Thilafushi island belonging to Thilafushi Corporation from Sar Engineering & Construction. According to the Memorandum of understanding, lease period for this land is 25 years commencing August 2016. Accordingly, the lease rights shall be amortised over the lease period.

16 Right of use assets

	2019 MVR
Right of use assets (16.1)	216,691,135
Right of use assets (16.3)	9,045,263
	225,736,398

The Company has determined a value for the right to use of the land in Fuvahmulah, Hulumeedhoo, Feydhoo and Hadhumathi, based on market prices (per square feet) disclosed by the Government of Maldives. The results of such valuation was incorporated in the financial statements effective from 31 December 2017. Since there is no tenure for the right to use the land it has not been amortised.

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16 Right of use assets (Continued)

		2019 MVR
16.1	**As at 1 January 2019**	225,887,810
	Depreciations expense	(9,196,675)
	As at 31 December 2019	**216,691,135**

Set out below are the carrying amounts of rent labilities (Including under interest- bearing loan and borrowings and the movements during the Period.

	16.2 Lease Liabilities	2019 MVR
	As at 1 January 2019	216,103,091
	Accretion of interest	3,223,388
	Payments	(9,196,675)
	As at 31 December 2019	**210,129,804**

16.3 Details of Company's right to use land stated at fair value are indicated below;

Land	Sq. prices per ft.	Land area	Total amount
Fuvahmulah	92,403.86	50	4,620,193
Hulumeedho	78,756.80	25	1,968,920
Feydhoo	19,123.00	50	956,150
Hadhumathi	30,000.00	50	1,500,000
			9,045,263

		Interest rate	Maturity	2019
16.4	**Current**			
	Male commercial harbour	3.50%	2020	1,674,860
	PA Complex	3.50%	2020	322,137
	Thilafushi Tin 10489-81	3.50%	2020	1,043,985
	Thilafushi /S4-29 (TCL/LA/2017/1008)	3.50%	2020	530,860
	HML only TEMP51	3.50%	2020	2,235,525
	HML with out TEMP51	3.50%	2020	3,389,300
				9,196,667
16.5	**Non Current**			
	Male commercial harbour	3.50%	2057	128,941,084
	PA Complex	3.50%	2057	24,800,094
	Thilafushi Tin 10489-81	3.50%	2026	5,971,707
	Thilafushi /S4-29 (TCL/LA/2017/1008)	3.50%	2021	410,499
	HML only TEMP51	3.50%	2021	1,147,404
	HML with out TEMP51	3.50%	2029	39,662,349
				200,933,137

17 Investment in subsidiary

Name	% interest held	2019 MVR	2018 MVR
Kulhudhufushi Port Limited	51%	**52,040,800**	**52,040,800**

On 19 July 2011, the Company acquired 51% of the share capital and obtained control of Kulhudhufushi Port Limited, a regional port operating in the Republic of Maldives.

18 Inventories

	2019 MVR	2018 MVR
Spare parts	66,627,782	66,244,030
Less: Provision for slow moving inventories	(9,509,510)	(9,509,510)
	57,118,272	56,734,520
Work-in-Progress (Social Housing Project)	319,284,082	126,580,750
	376,402,354	**183,315,270**

19 Employee defined benefit liabilities

	2019 MVR
Balance as at 01 January	-
Current service cost	245,309
Past service cost including curtailment (gain/losses)	3,875,982
Balance as at 31 December	**4,121,291**
Employee defined benefit liabilities - Current	949,631
Employee defined benefit liabilities - Non - current	3,171,660
	4,121,291

The acturial valuvation for the year ended 31 December 2019 was carried out by a professionaly qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

		2019
i)	Discounting rate	3.50%
ii)	Future salary increase	2.50%
iii)	Retirement age (Years)	65
iv)	Mortality rate inclusive of provision for disability	100% of IALM (2012-14)
v)	Attrition at ages	**Withdrawal rate %**
	- Up to 30 age	18
	- From 31 to 44 years	18
	- Above 44 years	18

20 Trade and other receivables

	2019	2018
Trade receivables	25,732,821	21,915,019
Less: provision for impairment of trade receivables (20.2)	(1,998,926)	(2,007,726)
	23,733,895	19,907,293
Amount due from related parties (20.1)	31,034,619	27,080,369
Other receivables		
Deposit and prepayments	17,868,220	29,428,158
Other receivables	11,317,362	16,595,335
Receivable from MMPRC (20.4)	85,137,999	85,137,999
Less: provision for impairment of other receivables (20.3)	(1,307,235)	(1,344,691)
	113,016,346	**129,816,801**
	167,784,860	**176,804,463**
Current/Non-current classification		
Trade and other receivables - Non-current	26,858,169	28,301,982
Trade and other receivables - Current	140,926,691	148,502,480
	167,784,860	**176,804,463**

		2019	2018
20	**Trade and other receivables (Continued)**	**MVR**	**MVR**
20.1	**Amounts due from related parties**		
	State Trading Organization PLC	2,956,794	2,638,080
	Maldives National Shipping Pte Limited	13,073,636	13,073,636
	Maldives National Defense Force	71,607	51,104
	Male' North Harbor	-	
	Kulhudhufushi Port Limited	8,659,037	4,938,116
	Hithadhoo Port Limited	2,781,786	8,838
	MPL -Co-operative Society	-	
	Maldives Transport & Contracting Company PLC	-	156,352
	Maldives Road Development Company	1,530,181	1,530,181
	Maldives Industrial Fisheries Co, Ltd	-	85,649
	Maldive Gas Pvt Ltd	17,122	7,119
	Male' Water & Sewerage Company	-	8,974
	Maldives Airports Co. Ltd.	-	26,987
	Housing Development Corporation	-	44,280
	Other Government Owned Organisations	1,826,050	4,511,053
	Fenaka Corporation Limited	73,225	-
	Housing Development Corporation	45,180	-
		31,034,619	**27,080,369**

Amounts due from related parties are unsecured, interest free and does not have any repayments terms. Accordingly, the entire amount due is shown as falling due within one year.

		2019	2018
20.2	**Provision for impairment of trade receivables**	**MVR**	**MVR**
	As at 01 January	2,007,726	1,089,964
	Provision made/(reversal) during the year	(8,800)	1,439,307
	Written off during the year	-	(521,545)
	As at 31 December	**1,998,926**	**2,007,726**

20.3	**Provision for impairment of other receivables**		
	As at 01 January	1,344,691	985,696
	Provision made/(reversal) during the year	(37,456)	358,995
	As at 31 December	**1,307,235**	**1,344,691**

20.4 Receivable from Maldives Marketing and Public Relation Corporation (MMPRC) amounting to MVR. 85,137,999/- includes two promissory notes which originally matured on 31 March and 27 April 2015 rolled over until 30 December 2015 and 25 March 2018 respectively yet to be settled as at reporting date.

		2019	2018
21	**Other current financial assets**		
	Financial assets at amortised cost	**MVR**	**MVR**
	Investments in treasury bills	73,183,744	74,283,278
	Fixed deposit - Bank Of Ceylon	10,350,000	10,000,000
		83,533,744	**84,283,278**

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21 Other current financial assets (Continued)

The Company has invested an amount of MVR. 73,183,744/- (2018: MVR.74,283,278/-) on treasury bills (matured in one year) issued by Maldives Monetary Authority at the interest rate of 3.87%. Total investment has been collateralised againest loan obtained from Bank of Maldives PLC.

22 Cash and cash equivalents

	2019 MVR	2018 MVR
Cash in hand	5,650,868	7,769,543
Cash at bank	45,072,974	123,504,914
	50,723,842	**131,274,457**

23 Share capital

Authorised share capital		
5,000,000 ordinary shares of Rf.100/= each	500,000,000	500,000,000
Issued and fully paid		
4,250,000 ordinary shares of Rf.100/= each	**425,000,000**	**425,000,000**

24 Interest- bearing loans and borrowings

24.1 Current/Non-current classification

	Within one year MVR	After 1 year, but not more than 5 year MVR	More than 5 year MVR	Balance at 31.12.2019 MVR
Term loans	25,710,194	115,106,163	4,801,899	145,618,256
Loan arrangement fees	(1,056,697)	(1,853,962)	-	(2,910,659)
Loan obtained from Ministry of Finance and Treasury	11,972,698	38,871,637	-	50,844,335
	36,626,195	**152,123,838**	**4,801,899**	**193,551,932**

24.2 Movement

	Balance as at 01.01.2019 MVR	Obtained during the year MVR	Repayments MVR	Balance as at 31.12.2019 MVR
Term loans	123,976,767	50,000,000	(28,358,509)	145,618,257
Loan arrangement fees	(795,191)	(2,115,468)	-	(2,910,659)
Loan obtained from Ministry of Finance and Treasury	59,863,488	-	(9,019,153)	50,844,335
	183,045,064	**47,884,532**	**(37,377,662)**	**193,551,932**

24.3 Details of loans and borrowings

Lender	**Bank of Maldives**		**Bank of Ceylon**	**Ministry of Finance and Treasury**
	Loan 01	**Loan 02**		
Balance as 31.12.2018	MVR 107,778,257/-	MVT 50,000,000/-	MVR 37,840,000/-	MVR 50,844,335/-
Repayment Term	60 monthly installments of USD 180,900/- each starting from 01 December 2016	60 monthly installments of mvr 4,531,000/- each starting from 4th July 2019.	84 months including 24 months grace period.	Repayable within 5 years of equal bi-annual instalments amounting to MVR 5,986,348/-.
Interest rate	7%	10%	8.50%	3%

Security	i) Lien against Treasury Bill investment. ii) Leasehold land located at Hulumale Harbor (Plot -A,B,C,D & E), Leasehold right of 214,115 sq.ft. of land at Male' Commercial Harbor, Ports Complex Leasehold rights of 150,000sq.ft of land at industrial site of K. Thilafushi and assets purchased under this facilities are mortgaged.	i) Lien against T-Bill portfolio of Borrower total amounting to MVR 75,000,000/- duly charged favour of the bank. ii) Mortgage of leasehold rights of the 05 poits under no 10005 at Hulumale' Harbour leased to the borrower by Housmg development corporation. iii) Mortgage of leasehold right of port complex leased to the borrower by the Government of Maldives & all building.	Primary mortgage over head leasehold right of the plot of land known as "Dhoogas" including all movable and immovable structures located in the northwest corner of Gan in Seenu Atoll owned by Maldives Ports Limited.	Unsecured

25 Trade and other payables

	2019 MVR	2018 MVR
Trade payables	23,708,690	13,946,757
Accrued expenses	3,493,213	1,068,380
Dividend payable	203,222,525	65,970,634
Other payables	18,496,916	15,570,470
	248,921,344	96,556,241
Amount due to related parties (25.1)	27,363,142	28,607,741
	276,284,486	125,163,982

25.1 Amount due to related parties

State Trading Organization PLC	14,861	49,325
Feneka Corporation Limited	52,753	14,602
Male' Water and Sewerage Company Limited	150,509	405,037
Fuel Supplies Maldives Pte Limited	2,046,126	1,512,361
Maldives Transport & Contracting Company PLC	-	420,893
Maldives Customs Service	-	927,686
Island Aviation Services Limited	7,968	78,476
Maldives Airports Company Limited	8,173	78,618
Kulhudhufushi Port Limited	23,289,131	23,289,100
State Electric Company Limited	1,787,261	1,831,643
Maldive Gas Pvt Ltd	6,360	
	27,363,142	28,607,741

26 Events after the reporting date

The Company has signed the agreement with the MMPRC on 14th February 2020. As per the agreement MMPRC agrees to pay the receivable balance of MVR 85Mn within 15 years.

The Covid-19 pandemic that has been spreading in the recent months is expected to impact the global economy including Maldives. The possible impact of this event on the Company and these financial statements for the year ended 31 December 2019 cannot be assessed due to many uncertainties.

27 Capital commitments and contingent liabilities

27.1 Legal claims and contingency

Center Enterprises Private Limited has filed a case against the Company claiming a sum of MVR 307.1Mn for the work completed including fine for non-payment in relation to the agreement on supplying Tug boat, and on 27 December 2016 the Civil Court ordered the Company to pay MVR 160 Mn to Center Enterprises Private Limited. The Company has appealed to the High Court on 17 February 2017 against the above judgment and the management and expert advice from its legal counsel of the Company is of the view that the judgment given by the High Court would be overturned. Accordingly, the Company has not provided for the said amount in the financial statements at the reporting date.

27.2 Capital commitments

There were no capital commitments, which required adjustments to / or disclosure in the finance statements at end of the reporting period.

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28 Related party disclosures

The Government of Maldives, being the major shareholder of the company and has the controlling power over the Company. Significant transactions including the following have been carried out with entities controlled by Government of Maldives in the ordinary course of business.

28.1 For the aggregate balances outstanding amounts due from and due to related parties please refer note 18.1 and 23.1 to the financial statements.

Outstanding balance with related parties at reporting date are unsecured and free from interest.

	Transactions for 2019	
Related party	**Sales of services MVR**	**Purchases MVR**
State Trading Organization PLC	16,382,562	2,424,054
Maldives Industrial Fisheries Company Limited	2,316,908	-
Maldives Transport & Contracting Company PLC	1,869,080	10,624,618
Island Aviation Services Limited	-	672,640
Maldive Gas Pvt Ltd	428,858	78,748
Fuel Supplies Maldives Pte Limited	751,336	37,486,325
State Electric Company Limited	592,287	19,895,585
Male' Water and Sewerage Company Limited	492,517	3,952,473
Maldives Customs Service	37,245	7,558,933
Fenaka Corporation Limited	632,611	624,128
Kulhudhufushi Port Limited	8,828,775	-
Hithadhoo Port Limited	2,777,947	-
Maldives Airports Company Limited	568,893	35,159
Thilafushi Corporation	263,461	1,518,451
Housing Development Corporation	900	7,160,373

Further transaction relating to contribution for employment retirement benefits are made in line with the respective status and regulations.

28.2 Transactions with key management personnel of the entity

Key Managerial Personnel of the Company are the members of the Board. Particulars of transactions with key managerial personnel were as follows:

	2019 MVR	2018 MVR
Emoluments and fees	869,077	1,133,248

29 Financial risk management objectives and policies

The Company's principle financial liabilities comprise trade and other payables including related party payables and interest bearing loans and borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations and to provide guarantees to support its operations. The Company has financial assets such as investment on financial assets, trade and other receivables and cash and balances with banks, which are arise directly from its operations. The Company is exposed to foreign currency risk, liquidity risk, interest rate risk and credit risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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29 Financial risk management objectives and policies (continued)

29.1 Foreign currency risk

The Company has transactional currency exposure, such exposure arises from sales and purchase in currencies other than Company's transactional currency. The Company enters into purchase transaction in MVR. Whatever possible, when a transaction is entered in a currency other than MVR, the Company uses spot convention rate.

29.2 Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirement. Due to the Covid-19 outbreak the Company may experience liquidity constraints in the short term. The company is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, debt restructuring etc.

29.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. However, the borrowings at reporting date are under fixed interest rate and the risk of fluctuation in interest rate is less.

29.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis so that to minimize the Company's exposure to bad debts.

30 Fair value of financial assets and financial liabilities

The fair value of short-term financial assets and liabilities approximate at their carrying value because of their immediate or short-term maturity. Directors believe that the fair value of long-term financial assets would not differ significantly from their carrying amount recorded in the statement of financial position.

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31 Capital management

Capital includes the ordinary share capital and accumulated reserves. The Company's objective is to maintain an efficient capital ratio in order to support the business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in the Company's operations. The company has not changed its Capital management strategy as of the financial statements issue date due to Covid-19 outbreak. To manage capital structure, the Company may raise fresh capital, delay dividend, or renegotiate with lenders, suppliers and customers.

32 Contract balances

	2019 MVR	2018 MVR
Trade receivables (Note 18)	25,732,821	21,915,019
Contract assets	3,076,338	6,197,172
Contract liabilities	960,079	270,077

* Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

** Contract assets are initially recognised for revenue earned from rendering services as receipt of consideration is conditional on successful completion of service rendered. Upon completion of rendering services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

*** Contract liabilities include advances received to deliver services.

Maldives Ports Limited
DETAILED STATEMENT OF EXPENDITURES
Year ended 31 December 2019

i. Other operating expenses

	2019 MVR	2018 MVR
Land rent	1,218	16,096,042
Equipment hire charges	5,603,905	3,645,389
Insurance	2,759,577	3,061,947
Electricity charges	20,151,684	14,605,999
Water charges	3,344,995	3,284,334
Fuel charges	45,104,692	42,815,963
License and fees	1,797,097	1,362,117
Professional fees	890,342	4,995,180
Advertising expenses	2,396,226	4,663,206
Postage	5,589	18,880
Donations	-	10,000
Subscriptions	22,852	23,269
Travelling	5,008,958	3,496,964
Meeting	-	80,447
Printing and stationary	3,389,861	2,219,891
Directors sitting allowances	101,194	176,319
Repair and maintenance expenses	49,697,151	36,618,750
Communication expenses	2,800,885	2,703,163
Withholding tax expense	260,539	117,213
Foreign exchange loss	429,230	1,083,476
Other expenses	6,707,611	4,134,461
Provision for non-moving inventory	-	1,845,631
Other compensation	-	672,910
Impairment of trade receivables	-	18,372,027
Stock adjustments	125,078	-
Fines and penalties	46,347	587,178
Assest disposal loss	47,560	-
Business Promotion	380,000	-
	151,072,591	**166,690,756**

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