



Report No: FIN-2022-56(E)

30<sup>th</sup> June 2022

# MALDIVES PORTS LIMITED FINANCIAL YEAR 2021



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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**

#### **Opinion**

We have audited the accompanying separate financial statements of Maldives Ports Limited (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 51.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2021, and of its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the separate financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### **Emphasis of Matters - Restatement of Comparative Balances**

We draw attention to Note 32 to the separate financial statements, which describes that parties agreed to write off MVR 7,073,636/- out of the total amount MVR 13,073,636/- due from National Shipping Pvt Ltd as at 31 December 2020. Further, no provision made in the financial statements for the year ended 31 December 2020. As a result, retained earnings and amount due from related parties had been overstated as at 31 December 2020. This is now corrected and disclosed as comparative in this separate financial statement.

Furthermore, the Company had capitalised revenue nature expenses to Dhoogas Guest House Project amounting to MVR 3,347,738/- and MVR 2,472,473/- during the year ended 31 December 2019 and 31

December 2020 respectively. As a result, capital work in progress and retained earnings were overstated. This is now corrected and disclosed as comparative in this separate financial statement.

Furthermore, as explained in Note 32, the Company had understated the depreciation on right-of-use assets for the year ended 31 December 2019 and 31 December 2020. As a result, right of use assets were overstated while retained earnings were understated. Our opinion is not modified in respect of these matters.

### **Responsibilities of the Board of Directors for the Separate Financial Statements**

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

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

The Board of Directors are responsible for overseeing the Company’s financial reporting processes.

### **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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

30<sup>th</sup> June 2022



Hussain Niyazy  
Auditor General

**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER**

	Note	2021 MVR	2020 MVR (Restated)*
<b>Continuing Operations</b>			
Revenue	7	648,961,359	520,056,878
Other income	8	37,386,404	32,187,728
Other operating expenses		(118,701,968)	(110,123,152)
Payroll related expenses		(354,009,969)	(315,437,825)
Depreciation and amortization expenses		(75,178,676)	(76,662,171)
Allowance of impairment loss (charged) / reversed on trade receivables	18.1	(5,518,104)	1,330,291
<b>Results from operating activities</b>	9	<u>132,939,046</u>	<u>51,351,750</u>
Finance income	10	7,820,679	12,434,945
Finance costs	10	(26,427,740)	(20,012,085)
<b>Net finance costs</b>		<u>(18,607,061)</u>	<u>(7,577,140)</u>
<b>Profit before tax</b>		114,331,986	43,774,610
Tax (expense) / credit	11	(23,331,781)	15,246,903
<b>Profit from continuing operations for the year</b>		<u>91,000,205</u>	<u>59,021,513</u>
<b>Discontinued Operation</b>			
Loss from discontinued operation, net of tax	6	(27,700,035)	(57,947,709)
<b>Profit for the year</b>		<u>63,300,170</u>	<u>1,073,804</u>
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurement of defined benefit liability - net of tax	24	(1,373,093)	(673,703)
<b>Total other comprehensive income</b>		<u>(1,373,093)</u>	<u>(673,703)</u>
<b>Total comprehensive income for the year</b>		<u>61,927,077</u>	<u>400,101</u>
Earnings per share	33	14.89	0.25

\*Comparative information has been restated due to an error correction. See note 32.

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 49. The Report of the Independent Auditors is given on pages 1 and 3.



**MALDIVES PORTS LIMITED**  
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**

AS AT	Note	31/12/2021 MVR	31/12/2020 MVR (Restated)*	1/1/2020 MVR (Restated)*
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	546,356,456	687,655,430	743,503,840
Investment property	13	5,822,178	6,381,107	6,940,036
Intangible asset	14	2,831,728	1,050,013	1,298,041
Right of use asset	15	197,956,844	197,366,204	204,620,502
Investment in subsidiary	16	52,040,800	52,040,800	52,040,800
Deferred tax assets	11.2	13,103,119	13,686,324	3,686,098
Trade and other receivables	18	93,805,671	99,368,410	26,858,169
<b>Total Non-Current Assets</b>		<u>911,916,796</u>	<u>1,057,548,288</u>	<u>1,038,947,486</u>
<b>Current assets</b>				
Inventories	17	586,618,396	508,279,315	423,858,992
Contract assets	7.1	1,370,864	2,883,708	3,076,338
Other financial assets	19	123,131,638	73,326,357	83,533,744
Income tax receivable	11.3	-	18,190,168	-
Trade and other receivables	18	92,013,061	73,177,180	140,926,692
Cash and cash equivalents	20	39,674,171	28,739,722	50,723,842
<b>Total Current Assets</b>		<u>842,808,130</u>	<u>704,596,450</u>	<u>702,119,608</u>
<b>Total Assets</b>		<u>1,754,724,926</u>	<u>1,762,144,738</u>	<u>1,741,067,094</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	21	425,000,000	425,000,000	425,000,000
Contribution towards capital	21.1	-	9,045,263	9,045,263
Retained earnings		567,974,440	512,493,486	582,046,142
<b>Total Equity</b>		<u>992,974,440</u>	<u>946,538,749</u>	<u>1,016,091,405</u>
<b>Non-Current Liabilities</b>				
Interest bearing loans and borrowings	22	42,205,666	120,277,713	156,925,739
Lease liabilities	23.2	189,787,765	188,410,223	193,031,043
Employee defined benefit liabilities	24	3,835,206	3,723,732	3,171,660
<b>Total Non-Current Liabilities</b>		<u>235,828,637</u>	<u>312,411,668</u>	<u>353,128,442</u>
<b>Current Liabilities</b>				
Employee defined benefit liabilities	24	686,994	874,402	949,631
Interest bearing loans and borrowings	22	76,926,907	83,690,079	36,811,315
Lease liabilities	23.1	12,239,070	12,714,441	7,902,086
Trade and other payables	25	161,446,491	131,900,028	120,333,479
Dividend payable	25.3	269,621,405	273,175,282	203,222,525
Contract liabilities	7.1	3,003,228	840,089	960,078
Income tax payable	11.3	1,997,755	-	1,668,133
<b>Total Current Liabilities</b>		<u>525,921,849</u>	<u>503,194,321</u>	<u>371,847,247</u>
<b>Total Liabilities</b>		<u>761,750,486</u>	<u>815,605,989</u>	<u>724,975,689</u>
<b>Total Equity and Liabilities</b>		<u>1,754,724,926</u>	<u>1,762,144,738</u>	<u>1,741,067,094</u>

\*Comparative information has been restated due to an error correction. See note 32.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 49. The Report of the Independent Auditors is given on pages 1 and 3.

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

**Name of the Director**

1. Captain Mohamed Shareef - Chairperson
2. Shahid Ali - Chief Executive Officer

**Chief Financial Officer**

Mohamed Muizzu

29 June 2022

**Signature**

*(Handwritten signatures of Captain Mohamed Shareef, Shahid Ali, and Mohamed Muizzu)*



**MALDIVES PORTS LIMITED**  
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Contribution towards capital	Retained earnings	Total
	MVR	MVR	MVR	MVR
<b>Balance as at 1 January 2020, as previously presented</b>	425,000,000	9,045,263	588,267,837	1,022,313,100
Adjustment due to correction of errors (Note 32)	-	-	(6,221,695)	(6,221,695)
<b>Restated balance as at 1 January 2020</b>	425,000,000	9,045,263	582,046,142	1,016,091,405
<i>Restated comprehensive income for the Year</i>				
Restated profit for the year	-	-	1,073,804	1,073,804
<b>Other comprehensive income</b>				
Remeasurement of defined benefit liability - net of tax	-	-	(673,703)	(673,703)
<i>Transactions with owners of the Company</i>				
Dividend for the year (Note 21.2)	-	-	(69,952,757)	(69,952,757)
<b>Restated balance as at 31 December 2020</b>	<u>425,000,000</u>	<u>9,045,263</u>	<u>512,493,486</u>	<u>946,538,749</u>
<b>Restated balance as at 1 January 2021</b>	425,000,000	9,045,263	512,493,486	946,538,749
<i>Comprehensive income for the Year</i>				
Profit for the year	-	-	63,300,170	63,300,170
<b>Other comprehensive income</b>				
Remeasurement of defined benefit liability - net of tax	-	-	(1,373,093)	(1,373,093)
<i>Transactions with owners of the Company</i>				
Dividends for the year (Note 21.2)	-	-	(6,446,123)	(6,446,123)
Derecognized due to transfer of right to use lands (Note 21.1)	-	(9,045,263)	-	(9,045,263)
<b>Balance as at 31 December 2021</b>	<u>425,000,000</u>	<u>-</u>	<u>567,974,440</u>	<u>992,974,440</u>

Figures in brackets indicate deductions.

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**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
SEPARATE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER**

	Note	2021 MVR	2020 MVR (Restated)*
<b>Cash Flows from Operating Activities</b>			
Profit before tax	11.1	84,313,609	(9,326,381)
<i>Adjustments for:</i>			
Depreciation on property plant and equipments	12	66,831,241	74,089,480
Depreciation on investment property	13	558,929	558,929
Amortization or (disposal of amortized) intangible assets	14	130,921	248,028
Depreciation on right of use assets	15	12,611,638	12,073,173
Amortization of loan arrangement fee	10	1,466,809	1,056,709
Interest income	10	(4,171,437)	(7,076,611)
Interest on interest bearing loans and borrowings	10	14,545,616	13,552,104
Gain from remeasurement of loans and borrowings	10	-	(5,358,334)
Unwound interest on amount due from MTCC	10.1	(6,899)	-
Interest expense on lease liabilities	10	6,975,721	6,948,292
Charge / (reversal) of provision for impairment loss of trade receivables	18.1	5,518,104	(1,330,292)
Reversal of provision for inventories	17.1	(7,468,667)	(875,041)
Impairment loss on capital work in progress	9	2,418,463	-
Write off of amount due from related parties	9	-	7,073,636
Write off of amount due from trade receivables	9	-	-
Current service cost and interest expense of retirement benefit obligation	24	493,822	424,215
Loss on recognition of receivable from MTCC at fair value		3,439,594	-
Loss on disposal of other assets		160,376	-
Loss on disposal of fixed assets	9	14,468,573	341,663
<b>Operating profit before working capital changes</b>		<u>202,286,413</u>	<u>92,399,570</u>
<b>Changes in working capital;</b>			
Inventories		(73,899,970)	(83,545,282)
Trade and other receivables		2,727,724	(8,127,490)
Trade and other payables		29,546,463	11,566,552
Contract assets		1,512,844	192,630
Contract liabilities		2,163,139	(119,989)
<b>Cash flows from operating activities</b>		<u>164,336,613</u>	<u>12,365,991</u>
Business profit tax paid	11.3	-	(19,339,454)
Interest paid		(10,433,579)	(4,733,578)
Interest received		3,951,618	3,136,498
Gratuity paid	24	(1,953,601)	(739,964)
<b>Net cash flows (Used in) / from operating activities</b>		<u>155,901,051</u>	<u>(9,310,507)</u>

\*Comparative information has been restated due to an error correction. See note 32.

The figures in bracket indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 49. The Report of the Independent Auditors is given on pages 1 and 3.



**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
SEPARATE STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER**

	Note	2021 MVR	2020 MVR (Restated)*
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	12	(21,647,527)	(7,662,986)
Proceeds from disposal of property assets	12	2,658,260	-
Cost incurred on construction of capital work-in-progress	12.1	(7,546,115)	(10,919,747)
Investment on fixed deposits		-	-
Withdrawal of fixed deposits	19	-	10,350,000
Investment in treasury bill investments		(161,805,144)	-
Funds received on withdrawal of fixed deposits		112,219,682	1,420,915
<b>Net cash flows used in investing activities</b>		<u>(76,120,844)</u>	<u>(6,811,818)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	22	40,000,000	18,220,000
Repayment of loans	22	(79,569,930)	(12,506,163)
Lease payments	23	(19,275,829)	(11,575,632)
Dividend paid		(10,000,000)	-
<b>Net cash flows used in financing activities</b>		<u>(68,845,759)</u>	<u>(5,861,795)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		10,934,448	(21,984,120)
<b>Cash and Cash Equivalents at Beginning of the Year</b>		28,739,722	50,723,842
<b>Cash and Cash Equivalents at end of the Year</b>	20	<u>39,674,171</u>	<u>28,739,722</u>

\*Comparative information has been restated due to an error correction. See note 32.

The figures in bracket indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 49. The Report of the Independent Auditors is given on pages 1 and 3.



**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

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 Companies’ Act No. 10 of 1996. The registered office of the Company is situated at Bodhuthakurufaanu Magu, Male’, Republic of Maldives.

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 constructs a housing project.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

**3.1 Transactions in 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 profit or loss.



**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Transactions in foreign currencies (Continued)**

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.

**a. Financial instruments**

**(i) Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit and loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets- Business model assessment**

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

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



**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial instruments (Continued)**

**(i) Classification and subsequent measurement (Continued)**

**Financial assets- Business model assessment (Continued)**

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



**MALDIVES PORTS LIMITED  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial instruments (Continued)**

**(i) Classification and subsequent measurement (Continued)**

**Financial Assets- Business model assessment (Continued)**

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (Continued)**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

**(ii) De-recognition**

**Financial assets**

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial instruments (Continued)**

**Financial liabilities**

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

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

**3.3 Impairment**

**(i) Financial assets (Including receivables)**

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. ECLs are probability- weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

**(ii) Non-financial assets**

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

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Share capital**

**Ordinary shares**

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

**3.5 Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

**(ii) Subsequent costs**

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.

**(iii) Depreciation**

Depreciation is recognised 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. 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 depreciated.

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

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







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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.9 Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The value of each category of Inventory is determined on first in, first out (FIFO) basis.

**3.10 Employee benefits**

**(a) Defined contribution plans**

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

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.

**(b) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed by a professional actuary in every three years in compliance with accounting requirements.

**(c) Short-term benefits**

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3.11 Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**3.12 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.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.13 Borrowing costs**

Borrowing costs are recognized 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 capitalized as part of that asset.

**3.14 Dividends**

The Company recognizes a liability to pay a dividend when the distribution is authorized, 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 recognized directly in equity.

**3.15 Provisions**

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

**3.16 Revenue**

**Performance obligations and revenue recognition policies**

The Company is in the business of providing harbor facilities and related activities. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company 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.

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).

***Rendering of services***

The Company recognizes revenue from harbor 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 recognized at a point in time, generally upon delivery of the service.

***Sale of goods***

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



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.16 Revenue (Continued)**

*Other income*

Other income is recognized on an accrual basis.

*Interest*

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

**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 recognized 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 recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract

**3.17 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.

**(i) 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.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.17 Leases (Continued)**

**(i) As a lessee (Continued)**

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.

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.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.17 Leases (Continued)**

**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.

**3.18 Events occurring after the reporting date**

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the separate financial statements wherever necessary.

**3.19 Finance income and finance costs**

Finance income comprises interest income from investment on treasury bills, fixed deposits and interest income from promissory notes as well as gain from remeasurement of loans and borrowings.

Finance cost comprises interest expense on borrowings and lease liability. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**3.20 Tax expense**

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

**• Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**• Deferred tax**

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.20 Tax expense (Continued)**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

• **Sales tax**

Revenues, expenses and assets are recognized 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 recognized 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.

**4. DETERMINATION OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The MRPS has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the MRPS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



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**5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED**

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

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)
- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Annual Improvements to IFRS 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)





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**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6 DISCONTINUED OPERATION**

Pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 01 July 2021 and its subsequent amendment, the Company has discontinued the operations of public transportation service provided in Male' City, Addu City, Fuvahmulah City and Laamu Atoll, with effect from 1 July 2021. Accordingly, the Company has transferred all its assets, resources, and liabilities of the transport operation to MTCC. Transport operation was not previously classified as held for sale or as a discontinued operation. The comparative amounts in the separate statement of comprehensive income have been re-presented to show the discontinued operation separately from continuing operations.

<b>A Results of Discontinued Operation</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
<i>Loss for the year</i>		
Revenue	7,255,299	17,574,563
Expenses	<u>(37,273,676)</u>	<u>(70,675,554)</u>
<b>Loss from discontinued operation</b>	<b>(30,018,377)</b>	<b>(53,100,991)</b>
Tax expense (Note 11)	2,318,342	(4,846,719)
<b>Loss from discontinued operation, net of tax</b>	<b><u>(27,700,035)</u></b>	<b><u>(57,947,709)</u></b>
<b>B Cash Flows from Discontinued Operation</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
Net cash flows from operating activities	(30,018,377)	(53,100,990)
Net cash flows used in investing activities	-	-
Net cash flows for the year	<u>(30,018,377)</u>	<u>(53,100,990)</u>
<b>C Effect of Disposal on the Financial Position of the Company</b>	<b>31/12/2021</b>	
	<b>MVR</b>	
Property, plant and equipment	(73,412,861)	
Inventories	(2,946,903)	
Interest bearing loans and borrowings	50,844,135	
Employee defined benefit liabilities	<u>563,965</u>	
<b>Net assets and liabilities</b>	<b>(24,951,664)</b>	
Loss on Recognition of Receivable at Fair Value (Note 10.1)	<u>3,439,594</u>	
Present Value of the Future Receivable	<b>(21,518,570)</b>	
Consideration received, satisfied in cash	925,259	
Cash and cash equivalents disposed of	-	
<b>Net cash outflows</b>	<b><u>(20,593,311)</u></b>	



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**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>7 REVENUE</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
Ship arrival and pilotage services	102,035,494	58,785,455
Unloading the cargo (Handling, Wharfage, Lashing and unlashng, etc.)	176,715,970	143,866,379
Clearing the goods	47,749,929	34,588,085
Loading/Unloading the cargo (Stevedoring, Storage, Quaywall, etc.)	231,422,156	208,112,626
Empty containers and vessel departure	37,597,464	27,298,663
Vessel and other equipment hiring charges	5,901,781	5,582,540
Rent income	47,538,565	41,823,131
	<u>648,961,359</u>	<u>520,056,878</u>
<b>7.1 CONTRACT BALANCES</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
Contract assets	1,370,864	2,883,708
Contract liabilities	3,003,228	840,089
	<u>4,374,092</u>	<u>3,723,797</u>
<b>8 OTHER OPERATING INCOME</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
Lorry subscription fee	252,777	257,319
Staff fines	154,387	152,654
Miscellaneous income	1,490,985	1,087,365
Salvage charges	28,750	41,055
Reversal of inventory provision	7,468,667	875,041
Other income	27,990,838	29,774,294
	<u>37,386,404</u>	<u>32,187,728</u>
<b>9 PROFIT BEFORE TAX</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
<i>Is stated after charging all the expenses including the following:</i>		
Depreciation of property, plant and equipment	66,831,241	74,089,480
Depreciation of investment property	558,929	558,929
Amortization of intangible assets	130,921	248,028
Loss on disposal of fixed assets	14,468,573	341,663
Depreciation of right of use assets	12,553,813	12,073,174
Impairment loss on capital work in progress	2,418,463	-
Written off of amount due from related parties	-	7,073,636
Written off of trade receivables	-	1,887
Personnel costs (Note 9.1)	354,009,969	315,437,825



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**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9 PROFIT BEFORE TAX**

<b>9.1 Personnel Costs</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
		<b>(Restated)*</b>
Salaries and wages	115,300,133	114,450,173
Overtime	14,725,852	7,806,100
Staff allowances	193,319,741	168,708,045
Bonus	1,830,853	1,863,535
Pension contribution	7,693,291	7,573,194
Staff training expenses	4,390,156	622,590
Staff compensation	627,809	579,663
Medical expenses	7,044	71,942
Uniform expenses	2,876,213	790,908
Directors allowance	77,500	86,500
Gratuity expense	262,263	424,215
Other expenses and allowances	12,899,115	12,460,960
	<u>354,009,969</u>	<u>315,437,825</u>

**10 NET FINANCE COSTS**

	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
<b>Finance Income</b>		
Interest income from investment on treasury bills	4,171,437	3,227,777
Interest income from fixed deposits	-	16,872
Interest income from promissory notes	3,642,343	3,831,962
Gain from remeasurement of loans and borrowings	-	5,358,334
Unwound interest on amount due from MTCC (Note 10.1)	6,899	-
	<u>7,820,679</u>	<u>12,434,945</u>
<b>Finance Costs</b>		
Interest on interest bearing loans and borrowings	(14,545,616)	(12,007,084)
Loss on recognition of receivable from MTCC at fair value (Note 10.1)	(3,439,594)	-
Amortization of loan arrangement fee	(1,466,809)	(1,056,709)
Interest expense on lease liabilities	(6,975,721)	(6,948,292)
	<u>(26,427,740)</u>	<u>(20,012,085)</u>
<b>Net Finance Costs</b>	<u>(18,607,061)</u>	<u>(7,577,140)</u>

**10.1** The Company has agreed to a settlement price of MVR 24,951,664/-, payable in monthly installments of MVR 185,052/- for the first 7 months, and then MVR 209,246/- per month over a period of 10 years. In order to assess the fair value of the amount due from Maldives Transport and Trading Company Plc (MTCC), interest rate was considered at the market rate of 3% for government loans, and the loss applicable to the transaction was recognized in finance costs. Additionally, the Company will continue to unwind the loss recognized over the 10 years. The amount relating to the 6 months ended 31 December 2021 has been recognized in finance income as a gain from remeasurements of loans and borrowings.

	<b>2021</b>
	<b>MVR</b>
Day one fair value loss	3,439,594
Unwound interest during the year	(6,899)
	<u>3,446,493</u>



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11 TAX EXPENSE	2021 MVR	2020 MVR
<i>Results from continuing operation</i>		
Current tax expense (Note 11.1)	18,463,563	567,232
Under / (Over) provision in respect of prior year (Note 11.4)	1,724,359	(1,086,080)
Deferred tax asset reversed / (recognized) during the year (Note 11.2)	825,516	(9,881,337)
	<u>21,013,439</u>	<u>(10,400,185)</u>
<i>Total tax expense</i>		
Tax expense related to continued operations	23,331,781	(15,246,903)
Tax expense related to discontinued operations	(2,318,342)	4,846,719
<b>Total tax expense</b>	<u>21,013,439</u>	<u>(10,400,185)</u>

**11.1 Reconciliation between Accounting Profit and Taxable Income;**

	2021		
	Continuing Operation MVR	Discontinued Operation MVR	Total MVR
Profit before tax	114,331,986	(30,018,377)	84,313,609
Add: Depreciation charge for the year	67,521,091	4,949,940	62,571,151
Other disallowable expenses	47,550,995	11,250,270	36,300,725
Less: Capital allowances	(47,701,373)	-	(47,701,373)
Reversal of inventory provision	(7,468,667)	-	(7,468,667)
Other allowable expenses	(30,440,530)	(6,634,913)	(37,075,443)
Adjustment for loss from discontinued operations	(20,453,080)	20,453,080	-
Less: Tax free allowance	(250,000)	-	(250,000)
Total taxable income / (loss)	123,090,421	-	123,090,421
Income tax @ 15%	<u>18,463,563</u>	<u>-</u>	<u>18,463,563</u>
	2020		
	Continuing Operation MVR	Discontinued Operation MVR	Total MVR
Profit before tax	43,774,610	(53,100,991)	(9,326,381)
Add: Depreciation charge for the year	64,588,997	10,307,440	74,896,437
Other disallowable expenses	20,966,919	1,545,020	22,511,939
Less: Capital allowances	(41,528,393)	(17,718,091)	(59,246,484)
Other allowable expenses	(23,258,944)	(1,545,020)	(24,803,964)
Adjustment for loss from discontinued operations	(60,511,642)	60,511,642	-
Less: Tax free allowance	(250,000)	-	(250,000)
Total taxable income / (loss)	3,781,547	-	3,781,547
Income tax @ 15%	<u>567,232</u>	<u>-</u>	<u>567,232</u>

In accordance with the provisions of the Income Tax Act 25/2019 and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.



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**11 TAX EXPENSE (CONTINUED)**

**11.2 Deferred Tax Asset / Liability**

	2021		
	Continuing Operation MVR	Discontinued Operation MVR	Total MVR
Opening balance	15,980,445	(2,294,121)	13,686,324
<i>Items recognized in other comprehensive income</i>			
Charged during the year	242,311	-	242,311
<i>Items recognized in profit or loss</i>			
Reversal during the year	(3,119,637)	-	(3,119,637)
<i>Items reversed during the year</i>			
Profit or loss	-	2,318,342	2,318,342
Other comprehensive income	-	(24,221)	(24,221)
Closing balance	<u>13,103,119</u>	<u>-</u>	<u>13,103,119</u>

	2020		
	Continuing Operation MVR	Discontinued Operation MVR	Total MVR
Opening balance	1,157,721	2,528,377	3,686,098
<i>Items recognized in other comprehensive income</i>			
Charged during the year	94,668	24,221	118,889
<i>Items recognized in profit or loss</i>			
Charged / (reversal) during the year	(5,034,618)	(4,846,719)	9,881,337
Closing balance	<u>15,980,445</u>	<u>(2,294,121)</u>	<u>13,686,324</u>



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**11 TAX EXPENSE (CONTINUED)**

**11.2 Deferred Tax Asset / Liability (Continued)**

Deferred Tax Assets relating to Continuing Operations is attributable to the following:

	31/12/2021		31/12/2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, plant and equipment, Investment property and Intangible assets	74,193,365	11,129,005	76,054,904	11,408,236
Provision for impairment on trade and other receivables	7,472,760	1,120,914	1,954,656	293,198
Provision for impairment of inventories	1,165,802	174,870	8,634,469	1,295,170
Employee defined benefit liabilities	4,522,200	678,330	4,598,134	689,720
	<u>87,354,127</u>	<u>13,103,119</u>	<u>91,242,163</u>	<u>13,686,324</u>

The portion of Deferred Tax Liability relating to Discontinued Operations, which is also included in the above breakdown, is attributable to the following:

	31/12/2021		31/12/2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, plant and equipment and Intangible assets	-	-	(15,455,610)	(2,318,342)
Employee defined benefit liabilities	-	-	161,475	24,221
	<u>-</u>	<u>-</u>	<u>(15,294,135)</u>	<u>(2,294,121)</u>

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 assets are recognized.

11.3 INCOME TAX (RECEIVABLE) / PAYABLE	31/12/2021	31/12/2020
	MVR	MVR (Restated)*
Opening balance	(18,190,168)	1,668,132
Business profit tax charge / (reversal) for the year	18,463,563	567,232
Under / (Over) provision in respect of prior year (Note 11.4)	1,724,359	(1,086,079)
Payments during the year	-	(19,339,453)
Closing balance	<u>1,997,755</u>	<u>(18,190,168)</u>

11.4 UNDER / (OVER) PROVISION IN RESPECT OF PRIOR YEAR	31/12/2021	31/12/2020
	MVR	MVR
Under provision of tax liability of prior year vs tax return	340,410	(1,086,080)
Under provision of tax liability of prior year relating to fraud expense	1,383,949	-
	<u>1,724,359</u>	<u>(1,086,080)</u>

For taxation purposes, in the financial year 2020, the Company had allowed total fuel expense in its taxation computation. However, this amount was identified as related to a fraud which occurred during the year. Subsequent to the year, the Company had hired an external party to value the loss related to the fraud, which amounts to MVR 9,226,329/-. The Company has thus disallowed this amount at 15% for tax purposes in the current year.



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**11 TAX EXPENSE (CONTINUED)**

**12 PROPERTY PLANT AND EQUIPMENT**

	Balance as at 1/1/2021 (Restated)* MVR	Additions MVR	Disposals/ Transfers MVR	Balance as at 31/12/2021 MVR
<b>Costs / Revalued Amount</b>				
Lands (Note 12.3)	9,045,263	-	(9,045,263)	-
Port infrastructure and buildings	320,859,342	45,740,887	(20,129,732)	346,470,497
Vehicles and vessels	637,082,778	10,079,499	(104,397,079)	542,765,198
Furniture and office equipment	54,532,034	7,890,686	(4,305,891)	58,116,829
Machinery, equipment and tools	47,010,144	1,281,633	(3,915,755)	44,376,022
Utensils and other assets	15,661,125	1,582,885	(221,507)	17,022,503
	<u>1,084,190,686</u>	<u>66,575,590</u>	<u>(142,015,227)</u>	<u>1,008,751,049</u>
<b>Accumulated Depreciation</b>				
	Balance as at 1/1/2021 (Restated)* MVR	Charge for the year MVR	Disposals/ Transfers MVR	Balance as at 31/12/2021 MVR
Port infrastructure and buildings	131,511,312	14,458,521	(2,593,278)	143,376,555
Vehicles and vessels	292,707,812	38,372,318	(33,868,872)	297,211,258
Furniture and office equipment	43,124,525	5,593,789	(2,995,861)	45,722,453
Machinery, equipment and tools	33,709,057	6,469,349	(3,864,099)	36,314,307
Utensils and others assets	11,748,018	1,937,264	(201,303)	13,483,979
	<u>512,800,724</u>	<u>66,831,241</u>	<u>(43,523,413)</u>	<u>536,108,552</u>
<b>Net book value</b>	<u>571,389,962</u>			<u>472,642,497</u>
<b>Capital work in progress (Note 12.1)</b>	<u>116,265,468</u>			<u>73,713,959</u>
Total value of property, plant and equipment	<u>687,655,430</u>			<u>546,356,456</u>

**12.1 Capital Work In Progress (CWIP)**

	31/12/2021 MVR	31/12/2020 MVR (Restated)	1/1/2020 MVR (Restated)
Opening balance	116,265,468	108,157,172	84,740,748
Additions during the year	4,795,017	10,919,747	29,764,071
Capitalized during the year	<u>(44,928,063)</u>	<u>(2,811,451)</u>	<u>(6,347,647)</u>
Closing balance	<u>76,132,422</u>	<u>116,265,468</u>	<u>108,157,172</u>
Less: provision for impairment of CWIP (Note 12.2)	<u>(2,418,463)</u>	<u>-</u>	<u>-</u>
	<u>73,713,959</u>	<u>116,265,468</u>	<u>108,157,172</u>

**12.2 Provision for impairment loss of CWIP**

Provision recognized during the year	<u>2,418,463</u>	<u>-</u>	<u>-</u>
Closing balance	<u>2,418,463</u>	<u>-</u>	<u>-</u>

Capital work-in-progress includes a amount of MVR 24,783,732/- which 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. As at 31 December 2021, the amount relating to the tugboat amounts to MVR 24,000,000/-, after the impairment assessment conducted by the Company

In addition to the above, capital work in progress represents cost incurred for the construction of Dhoogas Guest House, MCH workshop and MCH ground levelling project. As at 31 December 2021, the amount relating to Dhoogas Guest House amounts to MVR 48,602,677/- after impairment assessment.

Subsequently, the Company has entered into an agreement with Addu International Airport Pvt Ltd (AIA) and the Government of Maldives (GoM) in relation to the transfer of Dhoogas Guest House to AIA, effective from 29 March 2022. As per the agreement, AIA shall reimburse the lease acquisition cost of USD 312,500/-, which was paid by the Company to the Ministry of Tourism during the acquisition of the property.

Furthermore, in consideration for the Company's undertakings in relation to the agreement, Ministry of Finance, on behalf of GOM, has agreed to pay to the Company an amount of MVR 50,097,667/61 which shall be utilized to settle the loan facility and interest of up to end of June 2022 of the Company's loan (Note 22.3), for which the property is secured as a collateral. The Settlement fee described in this clause shall be adjusted from the dividend paid by the Company to MOF for the calendar year 2022.



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**12 PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

**12.3** Details of Company's lands stated at fair value are indicated below:

<u>Land</u>	<u>Land area (sq. ft.)</u>	<u>Price per sq. ft.</u>	<u>Total amount</u>
Feydhoo	92,403.86	50	4,620,193
Hulhumeedho	78,756.80	25	1,968,920
Fuvahmulah	19,123.00	50	956,150
Fonadhoo	30,000.00	50	1,500,000
			<u>9,045,263</u>

The Company has determined a value for the lands in Fuvahmulah, Hulhumeedho, Feydhoo and Fonadhoo, based on market prices (per square feet) disclosed by the Government of Maldives. The results of such valuation was incorporated in the separate financial statements effective from 31 December 2017. However, pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021, the Company has transferred these lands to MTCC on 01 July 2021. Accordingly, value of these lands has been derecognized during the year ended 31 December 2021.

**13 INVESTMENT PROPERTY**

	<b>31/12/2021 MVR</b>	<b>31/12/2020 MVR</b>
Opening balance	13,579,431	13,579,431
Closing balance	<u>13,579,431</u>	<u>13,579,431</u>
<b>Accumulated Depreciation</b>		
Opening balance	7,198,324	6,639,395
Charge for the year	558,929	558,929
Closing balance	<u>7,757,253</u>	<u>7,198,324</u>
<b>Net Carrying Value</b>	<u>5,822,178</u>	<u>6,381,107</u>

Investment property comprises port complex building which is located at Hilaalee Magu, Male'. This is a dual purpose property of which significant portion has been leased out to third parties. The Company has classified the portion of dual use property as an investment property since it can be leased out separately under a finance lease. The rental income recognized from this property is amounting to MVR 9,176,265/- during the year ended 31 December 2021. (2020 : MVR 9,503,341/-)

**14 INTANGIBLE ASSETS**

	<b>31/12/2021 MVR</b>	<b>31/12/2020 MVR</b>
<b>Cost</b>		
Opening balance	5,481,344	5,481,344
Disposed during the year	(1,156,500)	-
Closing balance	<u>4,324,844</u>	<u>5,481,344</u>
<b>Accumulated Amortization</b>		
Opening balance	4,431,331	4,183,303
Amortization during the year	130,921	248,028
Disposed during the year	(318,038)	-
Closing balance	<u>4,244,214</u>	<u>4,431,331</u>
<b>Net Book Value</b>	<u>80,630</u>	<u>1,050,013</u>
<b>Capital work in progress (Note 14.1)</b>	2,751,098	-
Total value of intangible assets	<u>2,831,728</u>	<u>1,050,013</u>





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**14 INTANGIBLE ASSETS (CONTINUED)**

14.1 Capital Work In Progress (CWIP)	31/12/2021 MVR	31/12/2020 MVR
Additions during the year	2,751,098	-
Closing Balance	<u>2,751,098</u>	<u>-</u>

The capital work in progress represents cost incurred for the implementation of Oracle ERP software.

15 RIGHT-OF-USE ASSETS	31/12/2021 MVR	31/12/2020 MVR (Restated)	1/1/2020 MVR (Restated)
Opening balance	221,510,009	216,691,134	-
Adjustment due to initial application of IFRS 16	-	-	209,825,803
Additions during the year	13,202,278	4,818,875	-
	-	-	6,865,331
Closing balance	<u>234,712,287</u>	<u>221,510,009</u>	<u>216,691,134</u>
<b>Accumulated Depreciation</b>			
Opening balance	24,143,805	12,070,632	-
Charge for the year	12,611,638	12,073,173	12,070,632
Closing balance	<u>36,755,443</u>	<u>24,143,805</u>	<u>12,070,632</u>
<b>Net Carrying Value</b>	<u>197,956,844</u>	<u>197,366,204</u>	<u>204,620,502</u>

16 INVESTMENT IN SUBSIDIARY	Interest held	31/12/2021 MVR	31/12/2020 MVR
Kulhudhufushi Port Limited	51%	<u>52,040.800</u>	<u>52,040.800</u>

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.

17 INVENTORIES	31/12/2021 MVR	31/12/2020 MVR
Spare parts	61,820,840	64,632,396
Goods In Transit	925,827	-
Less: Provision for slow moving inventories (Note 17.1)	<u>(1,165,802)</u>	<u>(8,634,469)</u>
	61,580,865	55,997,927
Work-in-Progress (Social Housing Project) (Note 17.2)	525,037,531	452,281,388
	<u>586,618,396</u>	<u>508,279,315</u>

**17.1 Provision for slow moving inventories**

Opening balance	8,634,469	9,509,510
Provision reversal during the year	<u>(7,468,667)</u>	<u>(875,041)</u>
Closing balance	<u>1,165,802</u>	<u>8,634,469</u>



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**17 INVENTORIES (CONTINUED)**

**17.2 Social Housing Project**

As per the agreement dated 15 November 2017 between Maldives Port Limited (Developer) and Housing Development Corporation Limited (HDC), the Company has been assigned to develop a three "Fourteen Storey Residential Towers" at Hulumale phase II plots no. N3-20(D), N3-20(E), N3-20(F) by HDFC.

The developer shall proceed with construction and developments on the land by two parts. The part 1 of the development shall be completed within 240 calendar days from 15 November 2017 and part 2 of the development shall be completed within 730 calendar days from 15 November 2017.

According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 November 2017, the Company is required to sell 50% of the Part I constructed residential units to the Government of Maldives for US\$ 38,000/- each unit. The remaining 50% of residential units will be sold to Maldivian nationals employed by the Company. Furthermore, the Company has agreed to sell Part II residential units only to Maldivian nationals employed by the Company.

However, as per the letter dated 24 April 2019 (Ref No: FDC-MD/2019/007) from Fahidhiriulhun Corporation, on behalf of the Government of Maldives, it was noted that the financing model may be changed from the above stated. Discussions are underway at the moment on the financing model to be used in order to assess and sell Fahidhiriulhun Corporation and Ministry of Finance and to assess the net realizable value and sell the property.

Further, the Company should pay within 24 months from 15 November 2017, an amount at the rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Failing to do so, the developer shall pay 0.05% of the net amount payable to HDC for each delayed day.

<b>18 TRADE AND OTHER RECEIVABLES</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
		<b>(Restated)*</b>
Trade receivables	29,995,246	26,238,670
Less: allowance for impairment loss on trade receivables (Note 18.1)	<u>(7,217,497)</u>	<u>(1,699,393)</u>
	<u>22,777,749</u>	<u>24,539,277</u>
Amount due from related parties (Note 18.4)	43,251,536	40,478,126
Deposits	2,921,359	2,634,492
Prepayments and advances	16,872,022	14,395,547
Receivable from MPRC (Note 18.3)	76,876,475	87,002,983
Receivable from MTCC (Note 18.5)	20,593,511	-
Other receivables	2,781,343	3,750,428
Less: allowance for impairment loss on other receivables (Note 18.2)	<u>(255,263)</u>	<u>(255,263)</u>
	<u>185,818,732</u>	<u>172,545,590</u>
<b>Maturity Analysis</b>		
Trade and other receivables - Current	92,013,061	73,177,180
Trade and other receivables - Non-current	93,805,671	99,368,410
	<u>185,818,732</u>	<u>172,545,590</u>
<b>18.1 Allowance for impairment loss on trade receivables</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
		<b>(Restated)*</b>
Restated opening balance	1,699,393	3,050,898
Charged / (revised) during the year	5,518,104	(1,330,292)
Written off during the year	-	(21,213)
Closing balance	<u>7,217,497</u>	<u>1,699,393</u>



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**18 TRADE AND OTHER RECEIVABLES (CONTINUED)**

<b>18.2 Allowance for impairment loss on other receivables</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
Opening balance	255,263	255,263
Closing balance	<u>255,263</u>	<u>255,263</u>

**18.3** Receivable from Maldives Marketing and Public Relation Corporation (MMPRC) amounting to MVR. 76,876,475/- includes two promissory notes which originally matured on 31 March and 27 April 2015 had been rolled over until 30 December 2015 and 25 March 2018 respectively. These notes are yet to be settled as at reporting date. However, as per the agreement signed with the MMPRC dated 14 February 2020, the MMPRC has agreed to pay the receivable balance within 15 years with an interest rate of 4.6% per annum. The Company has received interest income of MVR 3,642,343/- during the year ended 31 December 2021. (2020: MVR 1,008,987/-)

<b>18.4 AMOUNTS DUE FROM RELATED PARTIES</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
State Trading Organization PLC	3,984,800	3,768,997
Maldives National Shipping Pte Limited	-	6,000,000
Maldives National Defense Force	27,283	27,283
Kulhudhufushi Port Limited	14,336,908	11,880,577
Hithadhoo Port Limited	7,478,315	6,168,744
Maldives Transport & Contracting Company PLC	942,241	633,693
Maldives Road Development Company	1,530,181	1,530,181
Maldives Industrial Fisheries Company	2,818,669	97,685
Maldivian Gas Private Limited	14,762	18,602
Male' Water & Sewerage Company	30,295	16,268
Maldives Airports Company Limited	16,213	2,325
Housing Development Corporation	19,980	19,980
Fenaka Corporation Limited	11,977	30,416
Maldives State Shipping Company Private Limited	8,578,453	5,490,996
Dhivehi Raajjeyge Gulhun PLC	15,000	-
Road Development Corporation Limited	17,630	-
Other Government Owned Organizations	3,428,829	4,792,379
	<u>43,251,536</u>	<u>40,478,126</u>

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.

**18.5** Pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 01 July 2021 and its subsequent amendment, the Company has discontinued the operations of public transportation service provided in Male' City, Addu City, Fuvahmulah City and Laamu Atoll as at that date. Accordingly, the Company has transferred all its assets, resources, and liabilities of the transport operation to MTCC. The final amount to be received from MTCC as at 01 July 2021 was MVR 24,951,465 to pay in 120 instalments over 10 years and as at 31 December 2021 it was recorded as MVR 20,593,511/- after fair value adjustment.



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<b>19 OTHER FINANCIAL ASSETS</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
Investments in treasury bills (Note 19.1)	123,131,638	73,326,357
	<u>123,131,638</u>	<u>73,326,357</u>

**19.1** The Company has invested in Treasury bills issued by the Government of Maldives. As at 31 December 2021, the Company held un-matured Treasury bills with a face value of MVR 125,000,000/- (As at 31 December 2020 : MVR 75,000,000/-) and interest receivable amount of MVR 1,783,347/- (As at 31 December 2020: MVR 1,563,528/-). The investment in Treasury bills Issued by the Government of Maldives is measured at amortized cost as at the reporting date. Out of the total investment, an amount of MVR 75,000,000/- has been collateralized against the loan obtained from Bank of Maldives PLC.

<b>20 CASH AND CASH EQUIVALENTS</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
Cash in hand	338,177	465,921
Cash at banks	39,335,994	28,273,801
Cash and cash equivalent in the separate statement of cash flows	<u>39,674,171</u>	<u>28,739,722</u>

<b>21 SHARE CAPITAL</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
<b>Authorized share capital</b>		
5,000,000 ordinary shares of MVR.100/- each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued and fully paid</b>		
4,250,000 ordinary shares of MVR.100/- each	<u>425,000,000</u>	<u>425,000,000</u>

**21.1 Contribution Towards Capital**

In 2017, the Company has received the ownership of the lands located in Fuvahmulah, Hulhumeedhoo, Feydhoo and Fonadhoo from the Government of Maldives (Being the shareholder of the Company). The value of the lands amounting to MVR 9,045,263/- have been recognized as contribution towards capital during the year ended 31 December 2017 (Note 12.3). However, pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021, the Company has transferred these lands to MTCC on 30 June 2021. Accordingly, value of these lands has been derecognized from contribution towards capital during the year ended 31 December 2021.

**21.2 Dividends and Voting Rights**

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' meetings of the Company.

During the year ended 31 December 2021, the Board of Directors of the Company has declared a dividend of MVR 6,446,123/- (2020: MVR. 69,952,757/-)



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<b>22 LOANS AND BORROWINGS</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
Opening balance	203,967,792	193,737,054
Borrowings during the year	40,000,000	18,220,000
Interest capitalized during the year	4,112,037	8,818,526
Remeasurement during the year	-	(5,358,334)
Assigned to related party (Note 22.5)	(50,844,135)	-
Repayments during the year	(78,103,121)	(11,449,454)
Closing balance	<u>119,132,573</u>	<u>203,967,792</u>
<b>22.1 Sources of Finance</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
<b>Secured Loans</b>		
Bank of Maldives PLC - Loan I (Note 22.2)	19,601,591	50,834,725
Bank of Maldives PLC - Loan II (Note 22.3)	67,203,610	65,548,001
Bank of Ceylon (Note 22.4)	32,327,372	38,811,307
<b>Unsecured Loans</b>		
Ministry of Finance and Treasury (Note 22.5)	-	48,773,759
<b>Total Loans and Borrowings</b>	<u>119,132,573</u>	<u>203,967,792</u>

**22.2 Bank of Maldives PLC - Loan I**

The Company has obtained loan facility from the Bank of Maldives PLC, amounting to US\$ 9,105,000/- on 10 October 2016 for the purpose of purchasing heavy vehicles and machinery. The loan carries fixed interest rate of 7%. The loan has to repay over 60 monthly installments of US\$ 180,900/- each starting from 1 December 2016. The Company has secured the loan by; i) Lien against Treasury Bill investment. ii) Leasehold land located at Hulhumale 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.

**22.3 Bank of Maldives PLC - Loan II**

The Company has obtained loan facility from the Bank of Maldives PLC, amounting to MVR.178,000,000/- on 27 October 2019 for the purpose of working capital requirements and to purchase port machinery and equipment. The loan carries fixed interest rate of 10%. The loan has to repay over 60 monthly installments of MVR 4,531,000/- each starting from 4 July 2019.

The Company has secured the loan by;

- i) Lien against T-Bill portfolio of Borrower total amounting to MVR 75,000,000/- duly charged favor of the bank.
- ii) Mortgage of leasehold rights of the 05 plots under no 10005 at Hulumale' Harbor leased to the borrower by Housing Development Corporation.
- iii) Mortgage of leasehold right of port complex leased to the borrower by the Government of Maldives & all building.



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**22 LOANS AND BORROWINGS (CONTINUED)**

**22.3 Bank of Maldives PLC - Loan II (Continued)**

The above loan facility of MVR 178,000,000/- has been amended with a moratorium period of six months starting from April 2020 to September 2020, after which payment is liable in installments as MVR 1,270,392/- on October 2020, MVR 3,624,800/- from November 2020 to March 2021, MVR 4,482,660/- from April 2021 to March 2025 and balance amount in full on April 2025. Interest accrued during the moratorium period will be capitalized to the loan at the end of the moratorium period.

**22.4 Bank of Ceylon**

The Company has obtained loan facility from the Bank of Ceylon, amounting to MVR. 7,000,000/- and US\$ 2,000,000/- on 12 July 2018 and 28 June 2018 respectively for the purpose of developing and renovating Dhoogas guesthouse. The loan carries fixed interest rate of 8.50%. The loan has to repay over 84 months including 24 months grace period. The Company has secured the loan by; 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.

The Company has been granted a moratorium period of six months for the above loan facility commencing from 01 June 2020. Accordingly, the repayment of the outstanding capital amount as at the date of Debt Moratorium received should be settled from 01 December 2020, after the moratorium period until the capital outstanding is recovered full. Further, the Company is liable to pay funded interest of term loan facility of USD 90,000/- and MVR 300,000/- to Bank of Ceylon Male' branch within 24 months from the end of the moratorium to absorb the deferred interest for the moratorium period of above aforesaid term loans.

**22.5 Ministry of Finance and Treasury**

The Company has obtained loan facilities from the Ministry of Finance and Treasury, amounting to MVR 30,328,046/- on 25 March 2019 and MVR 29,535,442/- on 20 June 2019 for the purpose of importing buses for the Greater Male' Transport Link. The loans carry fixed interest rate of 3%. The loans have to be repaid over within 5 years of equal bi-annual instalments amounting to MVR 3,032,805/- and MVR 2,953,544/- respectively. The loans are not secured.

The above loan facilities of MVR 30,328,046/- and MVR 29,535,442/- have been amended with a moratorium period of 2 years starting from April 2020 and June 2020, after which payment is liable in installments of MVR 4,852,487/- and MVR 4,430,316/- respectively. Interest accrued during the moratorium period will be capitalized to the loans at the end of the moratorium period.

However, as per the novation agreement between Maldives Port Limited, Ministry of Finance and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021 to novate the Subsidiary Loan Agreements dated 25 March 2019 and 20 June 2019, the Company has transferred all of the obligations and rights accorded to the Company under the Subsidiary Loan Agreements to MTCC. Accordingly, the Company has derecognized MVR 50,844,335/- on 30 June 2021.



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**22 LOANS AND BORROWINGS (CONTINUED)**

22.6 Movement	Balance as at	Obtained	Interest	Assigned	Repayments	Balance as at
	1/1/2021 MVR	during the year MVR	capitalized during the year MVR	during the year MVR	during the year MVR	31/12/2021 MVR
Term loans	158,827,983	40,000,000	311,520	-	(77,839,789)	121,299,714
Loan arrangement fees	(3,633,950)	-	-	-	1,466,809	(2,167,141)
Ministry of Finance and Treasury	48,773,759	-	3,800,517	(50,844,135)	(1,730,141)	-
	<u>203,967,792</u>	<u>40,000,000</u>	<u>4,112,037</u>	<u>(50,844,135)</u>	<u>(78,103,121)</u>	<u>119,132,573</u>

**22.7 Maturity Analysis**

**31 December 2021**

Term loans Loan arrangement fees	0-12	1-5	More than	Balance at
	Months MVR	Years MVR	5 years MVR	31/12/2021 MVR
Term loans	78,068,408	43,231,306	-	121,299,714
Loan arrangement fees	(1,141,501)	(1,025,640)	-	(2,167,141)
	<u>76,926,907</u>	<u>42,205,666</u>	<u>-</u>	<u>119,132,573</u>

**31 December 2020**

Term loans Loan arrangement fees Ministry of Finance and Treasury	0-12	1-5	More than	Balance at
	Months MVR	Years MVR	5 years MVR	31/12/2020 MVR
Term loans	84,346,444	74,481,539	-	158,827,983
Loan arrangement fees	(656,365)	(2,977,585)	-	(3,633,950)
Ministry of Finance and Treasury	-	48,773,759	-	48,773,759
	<u>83,690,079</u>	<u>120,277,713</u>	<u>-</u>	<u>203,967,792</u>



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<b>23</b>	<b>LEASE LIABILITIES</b>		<b>31/12/2021</b>	<b>31/12/2020</b>
			<b>MVR</b>	<b>MVR</b>
	Opening balance		201,124,664	200,933,129
	Additions during the year		13,202,278	4,818,875
	Interest expense for the year		6,975,721	6,948,292
	Repayment during the year		(19,275,829)	(11,575,632)
	Closing balance		<u>202,026,834</u>	<u>201,124,664</u>
<b>23.1</b>	<b>Current</b>	<b>Maturity</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
			<b>MVR</b>	<b>MVR</b>
	Male commercial harbour	<b>2057</b>	3,564,930	6,315,309
	PA Complex	<b>2057</b>	648,509	345,459
	Thilafushi Tin 10489-81	<b>2026</b>	821,792	793,567
	Thilafushi /S4-29 (TCL/LA/2017/1008)	<b>2022</b>	495,021	478,019
	HML only TEMP51	<b>2021</b>	2,944,861	1,147,404
	HML with out TEMP51	<b>2029</b>	3,763,956	3,634,683
			<u>12,239,070</u>	<u>12,714,441</u>
<b>23.2</b>	<b>Non Current</b>			
	Male commercial harbour	<b>2057</b>	123,553,368	125,410,536
	PA Complex	<b>2057</b>	23,763,294	24,121,040
	Thilafushi Tin 10489-81	<b>2026</b>	3,590,036	4,411,828
	Thilafushi /S4-29 (TCL/LA/2017/1008)	<b>2022</b>	1,453,986	1,949,006
	HML only TEMP51	<b>2026</b>	8,673,224	-
	HML with out TEMP51	<b>2029</b>	28,753,857	32,517,813
			<u>189,787,765</u>	<u>188,410,223</u>
<b>24</b>	<b>DEFINED BENEFIT OBLIGATION</b>		<b>31/12/2021</b>	<b>31/12/2020</b>
			<b>MVR</b>	<b>MVR</b>
	Opening balance		4,598,134	4,121,291
	Current service cost		263,915	279,970
	Interest cost		229,907	144,245
	Actuarial loss on obligation		1,615,404	792,592
	Transfer during the year		(231,559)	-
	Benefits paid during the year		(1,953,601)	(739,964)
	Closing balance		<u>4,522,200</u>	<u>4,598,134</u>
	Employee defined benefit liabilities - Current		686,994	874,402
	Employee defined benefit liabilities - Non - current		3,835,206	3,723,732
			<u>4,522,200</u>	<u>4,598,134</u>





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**24 DEFINED BENEFIT OBLIGATION (CONTINUED)**

Following amounts are recognized in profit or loss and Other comprehensive income

	2021	2020
<i>Amounts Recognized in Profit or Loss</i>		
Current service cost	263,915	279,970
Interest cost	229,907	144,245
	<u>493,822</u>	<u>424,215</u>
<i>Amount Recognized in Other Comprehensive Income</i>		
Actuarial loss on obligation	(1,615,404)	(792,592)
Tax impact	242,311	118,889
Actuarial loss on obligation net of tax	<u>(1,373,093)</u>	<u>(673,703)</u>

The actuarial valuation for the year ended 31 December 2020 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

	2021	2020
Discounting rate	4.60%	5.00%
Future salary increase	3.00%	2.50%
Retirement age	65	65
Mortality rate inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)

\* IALM - Indian Assured Lives Mortality

**Sensitivity Analysis**

Values appearing in the separate financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity was carried out as follows,

	2021	
	MVR +1%	MVR -1%
<i>Impact of the change in salary increase</i>		
- Impact to present value of obligation at the end of the year	340,179	(308,132)
<i>Impact of the change in discount rate</i>		
- Impact to present value of obligation at the end of the year	(302,303)	339,854



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25 TRADE AND OTHER PAYABLES	31/12/2021 MVR	31/12/2020 MVR
Trade payables	46,700,499	38,962,015
Accrued expenses	3,594,843	4,705,079
Refundable deposits	14,393,921	11,697,599
Other payables	2,213,708	4,591,190
	<u>66,902,971</u>	<u>59,955,883</u>
Dividend payable	269,621,405	273,175,282
Payable for development and sale right (Note 25.1)	49,837,162	47,456,638
Amount due to related parties (Note 25.2)	44,706,358	24,487,507
	<u>431,067,896</u>	<u>405,075,310</u>

**25.1** According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 November 2017, the Company shall pay within 24 months from 15 November 2017, an amount at a rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Accordingly, the Company has recognized an amount of MVR 49,837,162/- as payable to HDC for the development and sale right.

25.2 Amounts Due To Related Parties	31/12/2021 MVR	31/12/2020 MVR
State Trading Organization PLC	598,053	569,705
Feneka Corporation Limited	-	607
Male' Water and Sewerage Company Limited	320,970	57,708
Fuel Supplies Maldives Pte Limited	693,329	25,754
Maldives Transport & Contracting Company PLC	-	278,392
Maldives Customs Service	73,438	29,989
Island Aviation Services Limited	111,087	-
Maldives Airports Company Limited	8,173	8,173
Kulhudhufushi Port Limited	23,289,131	23,289,131
State Electric Company Limited	1,421,349	113,924
Greater Male Industrial Zone Limited	-	113,884
Waste Management Corporation Limited	3,510	240
Ministry of Finance and Treasury	18,187,318	-
	<u>44,706,358</u>	<u>24,487,507</u>

25.3 Dividend Payable	31/12/2021 MVR	31/12/2020 MVR
Opening balance	273,175,282	203,222,525
Dividend declared during the year	6,446,123	69,952,757
Dividend payments during the year	(10,000,000)	-
Closing balance	<u>269,621,405</u>	<u>273,175,282</u>

**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Risk Management**

**Overview**

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

- Credit risk
- Liquidity risk
- Market risk



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**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

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

**Risk management framework**

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

**(i) Credit Risk**

**Exposure to credit risk**

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

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

	<b>Carrying Amount</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>MVR</b>	<b>MVR</b>
Trade and other receivables	105,101,663	117,671,917
Amounts due from related parties	43,251,536	40,478,126
Balances with banks	39,335,994	28,273,801
Other financial assets	123,131,638	73,326,357
	<u>310,820,831</u>	<u>259,750,201</u>

**Expected credit loss assessment under IFRS 9**

The Company uses an allowance matrix to measure the ECLs of trade receivable. Loss rate are based on actual credit loss experience over past years. These rate are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

**Trade and other receivables**

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



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**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

Expected credit loss assessment under IFRS 9 (Continued)

(i) Credit Risk (Continued)

Impairment Losses	31/12/2021			31/12/2020		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
<i>The aging of trade receivables at the reporting date was:</i>						
0-30 days past due	0%	21,541,095	2,411	0%	15,806,323	2,397
31-60 days past due	0%	482,895	467	0%	373,646	645
61-90 days past due	0%	136,083	543	1%	268,133	2,027
91-120 days past due	1%	38,043	384	2%	628,118	12,756
121-150 days past due	2%	2,261	37	3%	221,966	6,024
151-180 days past due	4%	21,010	745	5%	56,937	2,832
181-365 days past due	36%	174,772	62,570	18%	217,245	38,689
Over 365 days	94%	7,599,087	7,142,951	19%	8,666,302	1,634,023
<b>Total</b>		<u>29,995,246</u>	<u>7,217,497</u>		<u>26,238,670</u>	<u>1,699,393</u>

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no additional provision is required.

**Long Term Loans Given to Related Parties**

Management believes that there is no credit risk from the term loans recoverable from related parties, because these counterparties are under the common control of the Company's ultimate shareholders who are considered to be financially healthy.

**Amounts Due from Related Parties**

Management believes that there is no credit risk from the recoverable from related parties, because these counterparties are under the common control of the Company's ultimate shareholders who are considered to be financially healthy.

**Balances With Bank**

The Company held cash and equivalents (Cash at Bank) of MVR. 39,335,994/- as at 31 December 2021 (2020 : MVR 28,273,801/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

**(ii) Liquidity Risk**

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

The following are the contractual maturities of financial liabilities as at the reporting date.



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**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(ii) Liquidity Risk (Continued)**

31 December 2021	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
<b>Financial Liabilities (Non- Derivative)</b>						
Trade and other payables	431,067,896	431,067,896	431,067,896	-	-	-
Loans and borrowings	119,132,573	119,132,573	76,926,908	24,722,983	17,482,682	-
Amounts due to related parties	44,706,358	44,706,358	44,706,358	-	-	-
Leases	202,026,834	316,067,713	16,807,518	17,081,084	46,513,332	235,665,779
	<u>796,933,661</u>	<u>910,974,540</u>	<u>569,508,680</u>	<u>41,804,067</u>	<u>63,996,014</u>	<u>235,665,779</u>

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

**31 December 2020**

31 December 2020	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
<b>Financial Liabilities (Non- Derivative)</b>						
Trade and other payables	405,075,310	405,075,310	333,131,165	-	-	-
Loans and borrowings	203,967,792	203,967,792	83,690,079	65,835,183	54,442,530	-
Amounts due to related parties	24,487,507	24,487,507	24,487,507	-	-	-
Leases	201,124,664	318,516,369	14,935,678	13,776,531	41,190,759	248,613,401
	<u>834,655,273</u>	<u>952,046,978</u>	<u>456,244,429</u>	<u>79,611,714</u>	<u>95,633,289</u>	<u>248,613,401</u>

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

**(iii) Market Risk**

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



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**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(iii) Market Risk (Continued)**

**(a) Interest Rate Risk**

**Profile**

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

	Carrying Amount	
	31/12/2021	31/12/2020
	MVR	MVR
<b>Fixed Rate Instruments</b>		
Receivable from MMPRC	76,876,475	87,002,983
Other financial assets	123,131,638	73,326,357
Loans and borrowings	(119,132,573)	(203,967,792)
	<u>80,875,540</u>	<u>(43,638,452)</u>

**(b) Currency Risk**

**Exposure to currency risk**

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

	31/12/2021		
	USD	EUR	SGD
Cash and cash equivalents	561,572	31,398	-
Trade and other receivables	141,602	-	-
Trade and other payables	(154,864)	(23,812)	(126,413)
Loans and borrowings	(3,001,719)	-	-
Gross Exposure	<u>(2,453,409)</u>	<u>7,586</u>	<u>(126,413)</u>
	31/12/2020		
	USD	EUR	SGD
Cash and cash equivalents	898,175	33,906	-
Trade and other receivables	200,697	-	-
Trade and other payables	(139,327)	(14,036)	(27,843)
Loans and borrowings	(5,348,838)	-	-
Gross Exposure	<u>(4,389,293)</u>	<u>19,870</u>	<u>(27,843)</u>

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2021	2020	31/12/2021	31/12/2020
1 EUR : MVR	17.61	17.61	18.55	18.55
1 SGD : MVR	11.19	11.19	11.18	11.18
1 US\$ : MVR	15.42	15.42	15.42	15.42

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



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**26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(iv) Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
Total liabilities	761,750,486	815,605,989
Less: Cash and cash equivalents	<u>(39,674,171)</u>	<u>(28,739,722)</u>
Net debt	722,076,315	786,866,267
Total equity	992,974,440	946,538,749
Debt to capital ratio	<u>0.73</u>	<u>0.83</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**27 EVENTS AFTER THE REPORTING DATE**

Subsequent to the year end, the Company has entered into an agreement with Addu International Airport Pvt Ltd (AIA) and the Government of Maldives (GoM) in relation to the transfer of Dhoogas Guest House to AIA, effective from 29 March 2022. As per the agreement, AIA shall reimburse the lease acquisition cost of USD 312,500/-, which was paid by the Company to the Ministry of Tourism during the acquisition of the property. In consideration for the Company's undertakings in relation to the agreement, Ministry of Finance, on behalf of GOM, has agreed to pay to the Company an amount of MVR 50,097,667/61 which shall be utilized to settle the loan facility and interest of up to end of June 2022 of the Company's loan (**Note 22.3**), for which the property is secured as a collateral. The Settlement fee described in this clause shall be adjusted from the dividend paid by the Company to MOF for the calendar year 2022.

Furthermore, pursuant to the decision by the GoM, on 28 February 2022, the Company has discontinued its ports operations in Maamigili International Port (MIP).

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

**28 DIRECTORS' RESPONSIBILITY**

The Board of Directors of the Company is responsible for preparation and presentation of these separate financial statements.

**29 CONTINGENT LIABILITIES**

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

**30 CAPITAL COMMITMENTS**

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

**31 CONSOLIDATED FINANCIAL STATEMENTS**

These financial statements are the separate financial statements of the parent company only and consolidated financial statements of the group are prepared and presented separately.



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**31 RELATED PARTY TRANSACTIONS**

The Government of Maldives holds 100% (2019: 100%) of the voting rights of the Company as at 31 December 2021 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31 December 2021, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

<b>(i) Transactions</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
<i>Services Provided</i>		
State Trading Organization PLC	17,872,733	25,268,403
Hithadhoo Port Limited	1,309,571	3,387,879
Maldives Transport & Contracting Company PLC	6,077,071	6,390,600
Road Development Company	14,611	3,019
Maldives Industrial Fisheries Company	5,079,370	1,756,042
Maldives Gas Private Limited	331,860	567,710
Male' Water & Sewerage Company	293,491	268,877
Maldives Airports Company Limited	195,986	489,229
Fenaka Corporation Limited	94,146	87,900
Maldives State Shipping Company Private Limited	55,169,813	7,057,867
State Electric Company Limited	-	103,270
	<u>86,438,651</u>	<u>45,380,796</u>

<b>(i) Transactions (Continued)</b>	<b>2021</b>	<b>2020</b>
	<b>MVR</b>	<b>MVR</b>
<i>Purchases</i>		
State Trading Organization PLC	1,101,567	3,187,014
Hithadhoo Port Limited	5,741	-
Maldives Transport & Contracting Company PLC	15,866,473	2,423,167
Road Development Company	3,364,065	2,651,970
Maldives Industrial Fisheries Company	557,700	697,600
Maldives Gas Private Limited	224,800	227,670
Male' Water & Sewerage Company	2,884,359	2,529,029
Maldives Airports Company Limited	53,171	2,381
Housing Development Corporation	8,922,648	7,160,372
Fenaka Corporation Limited	522,067	429,084
Fuel Supplies Maldives Pte Limited	22,248,372	27,312,780
Maldives Customs Service	3,931,067	3,441,254
Island Aviation Services Limited	386,447	172,048
State Electric Company Limited	21,236,297	16,997,250
Greater Male Industrial Zone Limited	-	1,518,451
Waste Management Corporation Limited	1,258,977	1,258,977
	<u>82,563,751</u>	<u>70,009,047</u>





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**31 RELATED PARTY TRANSACTIONS (CONTINUED)**

<b>(ii) Transactions with subsidiaries</b>		<b>Nature of the transactions</b>	<b>2021 MVR</b>	<b>2020 MVR</b>
Kulhudhufushi Port Limited		Service provided	2,456,331	3,748,368
		Purchases	2,961	-
		Settlement	-	(526,828)

<b>(iii) Loans and borrowings</b>		<b>2021</b>		<b>2020</b>	
	<b>Loan MVR</b>	<b>Interest MVR</b>	<b>Loan MVR</b>	<b>Interest MVR</b>	
Bank of Maldives PLC	86,805,201	14,545,617	116,382,726	8,790,013	
Ministry of Finance	-	-	48,773,759	1,525,330	
	<u>86,805,201</u>	<u>14,545,617</u>	<u>165,156,485</u>	<u>10,315,343</u>	

(Refer **note 22.1** for the movement in the current year)

**(iv) Collectively, but not individually significant transactions**

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

**(v) Transactions with the Key Management Personnel**

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR 630,842/- as emoluments to key management personnel during the year ended 31 December 2021 (2020: MVR 876,882/-).

**32 RESTATEMENT OF COMPARATIVE BALANCES**

During the year, it was discovered that the Company had capitalized revenue nature expenses incurred for Dhoogas Guest House Project amounting to MVR 3,347,738/- and MVR 2,472,473/- during the year ended 31 December 2019 and 31 December 2020 respectively. As a result, capital work in progress and retained earnings were overstated as at 31 December 2019 and 31 December 2020 by MVR 3,347,738/- and MVR 2,472,473/- respectively.

Further, amounts due from related parties included a receivable from National Shipping Pte Limited (NSP) amount of MVR 13,073,636/- as at 31 December 2020. This amount had been overdue for more than 9 years. However, as per the letter dated 14 February 2021 issued by Ministry of Finance, NSP had settled an amount of MVR 6,000,000/- out of total outstanding of MVR 13,073,636/-. Furthermore, parties had agreed to write off the remaining balance amount of MVR 7,073,636/-. As per IAS 10 - Events after the reporting period, financial statements should be adjusted to reflect events that occur after the reporting date, but before the financial statements are authorized for issue, if they provide the evidence of conditions that existed at the reporting date. However, the Company had not written off the amount of MVR 7,073,636/- as at 31 December 2020. As a result, retained earnings and amount due from related parties had been overstated by MVR 7,073,636/- as at 31 December 2020.



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**32 RESTATEMENT OF COMPARATIVE BALANCES (CONTINUED)**

Furthermore, it was discovered that the Company had under recognized the depreciation on right of use assets for the year ended 31 December 2019 and 31 December 2020. As a result, right of use assets were overstated while retained earnings were understated as at 31 December 2019 and 31 December 2020 by MVR 2,873,957/- and MVR 2,622,641/- respectively.

The tax impact of the above amounts which have an effect on profit have been adjusted as a tax credit in the separate comprehensive financial statements and separate statement of financial position as at 31 December 2020.

The above errors had been corrected by restating each of the affected separate financial statement line items for the prior period in accordance with International Accounting Standards (IAS) 8, Changes in Accounting Estimates and Errors. The following tables summarize the impact on the Company's separate financial statements.

**32.1 As at 1 January 2020**

<b>a. Separate Statement of Financial Position</b>	<b>As Previously Reported MVR</b>	<b>Adjustments MVR</b>	<b>Restated Balance MVR</b>
Property, plant and equipment	746,851,578	(3,347,738)	743,503,840
Right of use asset	207,494,459	(2,873,957)	204,620,502
Other assets	792,942,752	-	792,942,752
<b>Total assets</b>	<b>1,747,288,789</b>	<b>(6,221,695)</b>	<b>1,741,067,094</b>
<b>Total liabilities</b>	<b>(724,975,689)</b>	<b>-</b>	<b>(724,975,689)</b>
Retained earnings	(588,267,837)	6,221,695	(582,046,142)
<b>Total equity</b>	<b>(1,022,313,100)</b>	<b>6,221,695</b>	<b>(1,016,091,405)</b>

**32.2 As at 31 December 2020**

<b>a. Separate Statement of Financial Position</b>	<b>As Previously Reported MVR</b>	<b>Adjustments MVR</b>	<b>Restated Balance MVR</b>
Property, plant and equipment	693,475,641	(5,820,211)	687,655,430
Right of use asset	202,862,802	(5,496,598)	197,366,204
Trade and other receivables - current	80,250,816	(7,073,636)	73,177,180
Income tax receivable	16,364,855	1,825,313	18,190,168
Other assets	785,755,756	-	785,755,756
<b>Total assets</b>	<b>1,778,709,870</b>	<b>(16,565,132)</b>	<b>1,762,144,738</b>
<b>Total liabilities</b>	<b>(815,605,989)</b>	<b>-</b>	<b>(815,605,989)</b>
Retained earnings	(529,058,618)	16,565,132	(512,493,486)
<b>Total equity</b>	<b>(963,103,881)</b>	<b>16,565,132</b>	<b>(946,538,749)</b>



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**32 RESTATEMENT OF COMPARATIVE BALANCES (CONTINUED)**

**32.2 As at 31 December 2020 (Continued)**

<b>b. Separate Statement of Comprehensive Income</b>	<b>As Previously Reported</b>	<b>Adjustments</b>	<b>Restated Balance</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Other operating expenses	(103,047,335)	(7,075,817)	(110,123,152)
Payroll related expenses	(312,967,533)	(2,470,292)	(315,437,825)
Depreciation and amortization expenses	(74,039,530)	(2,622,641)	(76,662,171)
Tax credit	8,574,872	1,825,313	10,400,185
Others	492,896,767	-	492,896,767
Profit for the year	11,417,241	(10,343,437)	1,073,804
Total comprehensive income for the year	10,743,538	(10,343,437)	400,101

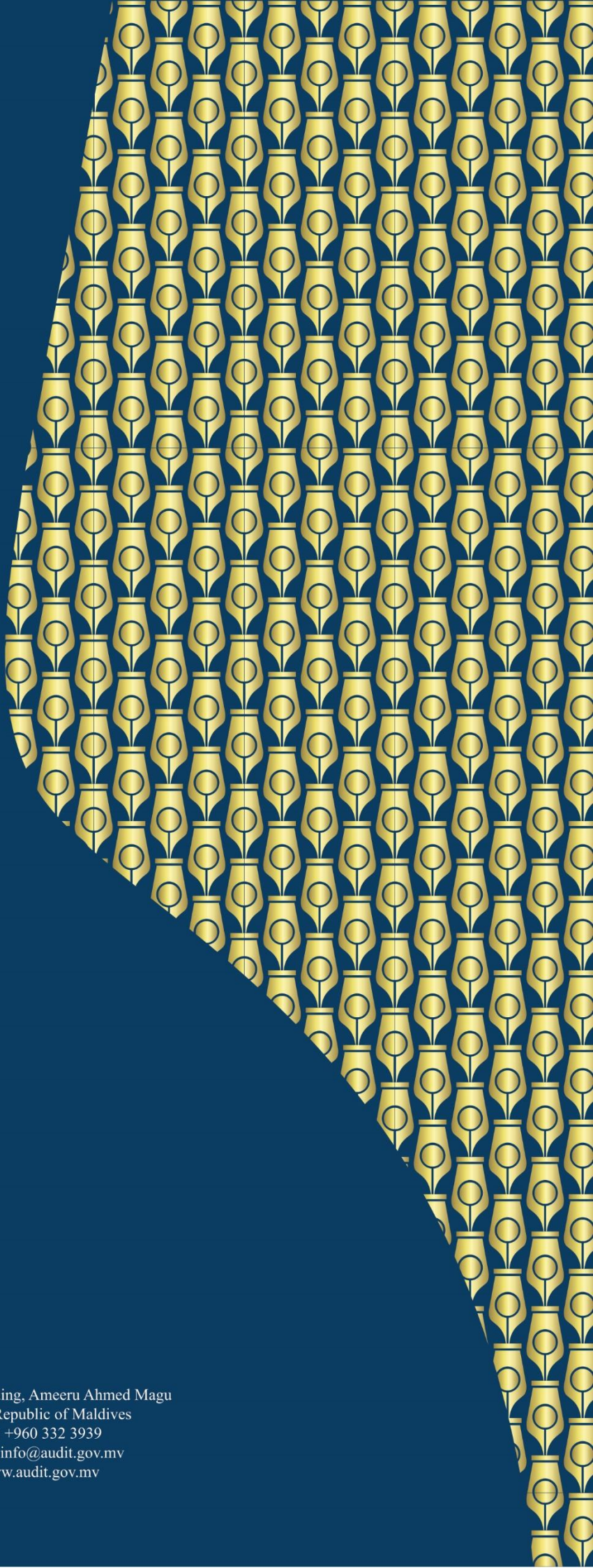
<b>c. Separate Statement of Cash Flows</b>	<b>As Previously Reported</b>	<b>Adjustments</b>	<b>Restated Balance</b>
	<b>MVR</b>	<b>MVR</b>	<b>MVR</b>
Net cash flows used in operating activities	(6,838,034)	(2,472,473)	(9,310,507)
Net cash flows used in investing activities	(9,284,291)	2,472,473	(6,811,818)
Net cash flows used in financing activities	(5,861,795)	-	(5,861,795)

**33 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 share's data used in the earnings per share computation.

	<b>2021</b>	<b>2020</b>
Profit for the year (in MVR)	63,300,170	1,073,804
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	14.89	0.25





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