Report No: FIN-2019-29(E)

13 May 2019

MALE’ WATER AND SEWERAGE COMPANY PRIVATE LIMITED (MWSC)

FINANCIAL YEAR 2018

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AUDITOR GENERAL’S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALE' WATER AND SEWEARGE COMPANY PRIVATE LIMITED

Opinion

We have audited Male' Water and Sewerage Company Private Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 3 to 42.

In our opinion, Male' Water and Sewerage Company Private Limited's consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESB Code.

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 interim 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

10th April 2019

Hassan Ziyath
Auditor General

Male' Water and Sewerage Company Private Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

		COMPANY		GROUP	
	Note	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
Revenue	3	1,254,442,095	1,053,271,759	1,310,470,182	1,097,135,272
Cost of sales		(624,295,888)	(565,297,013)	(641,514,178)	(572,200,717)
Gross profit		**630,146,207**	**487,974,746**	**668,956,004**	**524,934,555**
Other income	4	105,164,451	102,258,697	101,390,313	99,801,597
Administrative expenses		(230,293,860)	(238,432,430)	(248,502,148)	(253,209,771)
Selling and marketing expenses		(12,569,299)	(20,105,003)	(18,692,200)	(25,052,930)
Operating profit	5	**492,447,499**	**331,696,010**	**503,151,969**	**346,473,451**
Finance income	6.1	789,162	306,007	789,162	306,007
Finance cost	6.2	(10,744,372)	(19,747,999)	(12,698,617)	(25,155,339)
Profit before tax from continuing -operations		**482,492,289**	**312,254,018**	**491,242,514**	**321,624,119**
Business profit tax expense	8	(71,048,300)	(47,487,226)	(72,017,431)	(49,645,833)
Profit for the year		**411,443,989**	**264,766,792**	**419,225,083**	**271,978,286**
Other comprehensive income		-	-	-	-
Total comprehensive income		**411,443,989**	**264,766,792**	**419,225,083**	**271,978,286**
Attributable to:					
Equity holders of the Parent		411,443,989	264,766,792	414,503,945	267,525,333
Non-controlling interest	23	-	-	4,721,138	4,452,953
		411,443,989	264,766,792	419,225,083	271,978,286
Earnings per share	9	1,541	992	1,552	1,002

The accounting policies and notes on pages 8 through 42 form an integral part of the financial statements.

Male' Water and Sewerage Company Private Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

		COMPANY		GROUP	
		As at 31-12-2018	As at 31-12-2017	As at 31-12-2018	As at 31-12-2017
Assets	Note	MVR	MVR	MVR	MVR
Non-current assets					
Property, plant and equipment	10	761,787,189	731,365,777	819,792,697	790,841,680
Capital work-in-progress	11	498,346,450	378,422,722	545,038,276	395,544,486
Intangible assets	12	6,266,404	4,379,451	6,784,067	4,928,677
Investment in subsidiary	13	7,650,000	7,650,000	-	-
Investment property	14	9,157,119	9,641,197	9,157,119	9,641,197
		1,283,207,162	1,131,459,147	1,380,772,159	1,200,956,040
Current assets					
Inventories	15	253,143,841	207,906,499	258,030,937	212,624,322
External project work-in progress	16	13,781	2,835	13,781	2,835
Contract assets	17	56,658,814	18,178,394	56,658,814	18,178,394
Trade and other receivables	18	386,767,004	658,683,460	354,322,226	628,019,884
Other current financial assets	19	6,027,581	5,937,554	6,027,581	5,937,554
Cash and cash equivalents	20	196,231,947	107,843,046	209,571,603	126,403,105
		898,842,968	998,551,788	884,624,942	991,166,094
Total assets		2,182,050,130	2,130,010,935	2,265,397,101	2,192,122,134
Equity and liabilities					
Share capital	21	267,000,000	267,000,000	267,000,000	267,000,000
Share application money		13,924,260	13,924,260	13,924,260	13,924,260
Share allotment gain	22	3,042	3,042	3,042	3,042
General reserve		641,986,207	549,317,830	641,986,207	549,317,830
Assets replacement reserve		87,109,577	73,871,237	87,109,577	73,871,237
Retained earnings		431,332,829	284,655,632	450,716,141	300,978,988
Equity attributable to the equity holders' -of the perant		1,441,355,915	1,188,772,001	1,460,739,227	1,205,095,357
Non-controlling interest	23	-	-	25,970,803	23,030,846
Total equity		1,441,355,915	1,188,772,001	1,486,710,030	1,228,126,203
Non-current liabilities					
Interest-bearing loans and borrowins	24	37,538,989	53,891,302	59,846,369	66,790,054
Deferred tax liability	8.2	10,605,314	10,527,123	11,158,107	11,354,154
		48,144,303	64,418,425	71,004,476	78,144,208
Current liabilities					
Interest-bearing loans and borrowins	24	41,287,913	69,888,106	51,104,398	75,966,121
Contract liabilities	25	73,360,333	252,654,196	74,160,419	253,292,058
Trade and other payables	26	531,705,881	532,000,168	535,742,869	533,470,262
Business profit tax liability	8.3	46,195,785	22,278,039	46,674,909	23,123,282
		692,549,912	876,820,509	707,682,595	885,851,723
Total equity and liabilities		2,182,050,130	2,130,010,935	2,265,397,101	2,192,122,134

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

Signed for and on behalf of the Board by,

Name of the Director **Signature**

1) Mr. Adam Azim

2) Ms. Sahamath Abdul Rasheed

The accounting policies and notes on pages 8 through 42 form an integral part of the financial statements.

10 April 2019

Male'

Male' Water & Sewerage Company Pvt. Ltd. MWSC Reg no C-0175 Male' Maldives

Male' Water and Sewerage Company Private Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

				COMPANY			
	Share capital MVR	**Share application money MVR**	**Share allotment gain MVR**	**Assets replacement reserve MVR**	**General reserve MVR**	**Retained earnings MVR**	**Total equity MVR**
Balance as at 01 January 2017 (restated)	267,000,000	13,924,260	3,042	**59,859,224**	**451,233,738**	300,129,103	1,092,149,367
Transferred to reserves	-	-		14,012,013	98,084,092	(112,096,105)	-
Dividends for year 2016	-	-		-	-	(168,144,158)	(168,144,158)
Profit for the year	-	-		-	-	264,766,792	264,766,792
Balance as at 31 December 2017	267,000,000	13,924,260	3,042	73,871,237	549,317,830	284,655,632	1,188,772,001
Transferred to reserves	-	-	-	13,238,340	92,668,377	(105,906,717)	-
Dividends for year 2017	-	-	-	-	-	(158,860,075)	(158,860,075)
Profit for the year	-	-	-	-	-	411,443,989	411,443,989
Balance as at 31 December 2018	267,000,000	13,924,260	3,042	87,109,577	641,986,207	431,332,829	1,441,355,915

The accounting policies and notes on pages 8 through 42 form an integral part of the financial statements.

Male' Water and Sewerage Company Private Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	GROUP							
	Share capital MVR	**Share application Money MVR**	**Share allotment gain MVR**	**Assets replacement reserve MVR**	**General Reserve MVR**	**Retained earnings MVR**	**Non- Controlling Interest MVR**	**Total equity MVR**
Balance as at 01 January 2017 (restated)	267,000,000	13,924,260	3,042	59,859,224	451,233,738	313,693,918	20,380,483	1,126,094,665
Transferred to reserves	-		-	14,012,013	98,084,092	(112,096,105)	-	-
Dividends for year 2016	-		-	-	-	(168,144,158)	(1,802,590)	(169,946,748)
Profit for the year	-		-	-	-	267,525,333	4,452,953	271,978,286
Balance as at 31 December 2017	267,000,000	13,924,260	3,042	73,871,237	549,317,830	300,978,988	23,030,846	1,228,126,203
Transferred to reserves	-		-	13,238,340	92,668,377	(105,906,717)	-	-
Dividends for year 2017	-		-	-	-	(158,860,075)	(1,781,181)	(160,641,256)
Profit for the year	-		-	-	-	414,503,945	4,721,138	419,225,083
Balance as at 31 December 2018	267,000,000	13,924,260	3,042	87,109,577	641,986,207	450,716,141	25,970,803	1,486,710,030

The accounting policies and notes on pages 8 through 42 form an integral part of the financial statements.

Male' Water and Sewerage Company Private Limited
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended 31 December 2018

		COMPANY		GROUP	
	Note	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
Operating activities					
Profit before tax from operatinig activities		482,492,289	312,254,018	491,242,514	321,624,119
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Restatement of lease right amoritization	32.1	-	(3,578,293)	-	(3,578,293)
Depreciation	10.4	83,210,650	68,146,607	90,050,617	75,430,618
Amortisation	12	2,355,174	5,195,968	2,450,192	5,259,700
Finance income	6.1	(789,162)	(306,007)	(789,162)	(306,007)
Finance cost	6.2	10,744,372	19,747,999	12,698,617	25,155,339
Provision for impairment receivables	18.1	2,941,288	9,118,019	3,009,001	9,012,143
Loss on disposal of property, plant		1,973,975	-	1,973,975	-
Provision for slow and non moving inventories	15	950,086	2,293,013	950,086	2,293,013
Working capital adjustments:					
Increase in inventories	15	(46,187,428)	(6,490,202)	(46,356,701)	(6,544,802)
Decrease/(increase) in contract assets		(38,480,420)	(18,178,394)	(38,480,420)	(18,178,394)
Decrease/(increase) in trade and other receivables	18	268,975,168	2,154,768	270,688,657	14,029,269
Decrease/(increase) in contract liabilities		(179,293,863)	(252,654,196)	(179,131,639)	(253,292,058)
(Decrease)/ increase in trade and other payables	26	32,213,659	268,287,735	34,780,553	269,776,033
External project work in progress		(10,946)	10,946	(10,946)	10,946
		621,094,842	**406,001,981**	**643,075,344**	**440,691,626**
Interest received	6	789,162	306,007	789,162	306,007
Interest paid	6	(10,744,372)	(19,747,999)	(12,698,617)	(25,155,339)
Income tax paid	8	(47,052,363)	(44,489,717)	(48,661,852)	(45,850,613)
Net cash flows from operating activities		564,087,269	342,070,272	582,504,037	369,991,681
Investing activities					
Purchases and construction of property, plant and equipment	10	(24,290,904)	(105,480,484)	(25,035,889)	(105,690,550)
Purchases of intangible assets	12	(3,758,049)	(3,371,664)	(3,821,504)	(3,720,002)
Proceeds from sale of property, plant and euipment		-	-	-	-
Investment in other financial assets	19	(90,027)	14,906,227	(90,027)	14,906,227
Investment in investment property	14	-	(9,681,536)	-	(9,681,536)
Cost incurred on construction of capital work-in-progress	11	(211,238,861)	(111,473,318)	(245,433,509)	(134,172,061)
Net cash used in investing activities		(239,377,841)	(215,100,775)	(274,380,929)	(238,357,922)
Financing activities					
Proceeds from borrowings	24	22,706,159	52,114,528	42,706,159	64,214,528
Repayment of loans	24	(67,658,665)	(75,312,998)	(74,511,567)	(78,984,346)
Dividends paid		(191,368,021)	(112,129,992)	(193,149,202)	(113,932,582)
Net cash used in financing activities		**(236,320,527)**	**(135,328,462)**	**(224,954,610)**	**(128,702,400)**
Net (decrease) /increase in cash and cash equivalents		88,388,901	(8,358,965)	83,168,498	2,931,359
Cash and cash equivalents at 1 January		107,843,046	116,202,011	126,403,105	123,471,746
Cash and cash equivalents at 31 December	20	**196,231,947**	**107,843,046**	**209,571,603**	**126,403,105**

The accounting policies and notes on pages 8 through 42 form an integral part of the financial statements.

1. Corporate information

Male' Water Sewerage Company Private Limited is a limited liability Company incorporated and domiciled in Republic of Maldives since 1 April 1995. The Company is engaged in the treatment and distribution of water, providing sewerage facilities and water related construction contacts in the Maldives including supplying electricity facility in Dhavaafaru Island. The registered office of the Company is located at 20-04, Ameenee Magu, Machchangolhi, Male', Republic of Maldives.

The Government of Maldives (GOM) has a controlling interest in the shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking, Island Beverage Maldives Private Limited, a limited liability Company incorporated and domiciled in the Republic of Maldives, which produces, supplies and sells bottled mineral water in the Republic of Maldives. The Company owns 51% of authorized and issued share capital of the subsidiary.

2. Basis of preparation and other significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Male' Water and Sewerage Company Private Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The Consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant are set out. No adjustments are made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements are presented in Maldivian Rufiyaa (MVR) and all the values are rounded to nearest integral, except when otherwise indicated.

The consolidated financial statements of Male' Water and Sewerage Company Private Limited for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the board of directors on 10 April 2019.

Going concern

The Board of Directors is satisfied that the Group has adequate resources to continue its operations in the foreseeable future and management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore going-concern basis has been adopted in preparing these financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2018. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

2.2 Basis of consolidation (Continued)
Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Changes in accounting policies and disclosures
The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

New and amended standards and interpretations
In these financial statements, the Group has applied IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial instruments and IFRS 7R, effective for annual periods beginning on or after 1 January 2018, for the first time which require restatement of previous financial statements.

<u>IFRS 9 and IFRS 7R</u>
IFRS 15, IFRS 9 and IFRS 7R together with several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group and no requirement of previous financial statement restatement.

<u>IFRS 15</u>
The group has adopted IFRS 15 Revenue from contract with customers for the first time in 2018. The standard introduces a new five-step approach to measuring and recognizing revenue from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2.3 Changes in accounting policies and disclosures (Continued)

IFRS 15(Continued)

The Group has elected to apply the full retrospective method in adopting IFRS 15. The adoption of new revenue standard has no material changes to the financial statement other than presentational changes disclosed below:

Company

31 December 2017

	As previously reported	IFRS 15 adoption	As reclassified
	MVR	MVR	MVR
Contract assets	-	18,178,394	18,178,394
Trade and Other Receivables	432,299,483	226,383,977	658,683,460
Contact liability	-	(252,654,196)	(252,654,196)
Trade and Other Payables	(540,091,993)	8,091,825	(532,000,168)

Group

	As previously reported	IFRS 15 adoption	As reclassified
	MVR	MVR	MVR
Contract assets	-	18,178,394	18,178,394
Trade and Other Receivables	401,635,907	226,383,977	628,019,884
Contact liability	-	(253,292,058)	(253,292,058)
Trade and Other Payables	(542,199,949)	8,729,687	(533,470,262)

2.4 Summary of other significant accounting policies

2.4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.4 Summary of other significant accounting policies (Continued)

2.4.1 Business combinations and goodwill (Continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4.2 Current versus non-current classification

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

- Expected to be realised or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability at least twelve months after the reporting date.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4.3 Conversion of foreign currencies

The Group's financial statements are presented in MVR which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.4 Summary of other significant accounting policies (Continued)

2.4.4 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.4 Summary of other significant accounting policies (Continued)

2.4.5 Revenue from contracts with customers

The Group is largely in the business of sale of water, electricity and Contracting of water & sewerage projects on behalf of the government. Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

a) Sale of water and Electricity

Revenue from Sale of water and Electricity is recognised at the point in time when control of the asset is transferred to the customer, generally on consumption of water and Electricity. The normal credit term is 30 days upon consumed.

b) Construction projects - Water & sewerage

The Group water & sewerage construction projects under long-term contracts with government. Such contracts are entered into before construction of such projects begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from Water & sewerage construction projects are therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of Water & sewerage projects based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

c) Sale of goods - Water bottles, pipes and other water related item

The group sells Water bottles, pipes and other water related items directly to customers.

For sale of Water bottles, pipes and other water related items to customers, revenue is recognised by the group at a point in time when control of the goods has transferred to customer.

2.4.6 Expenditure recognition

Expenses are recognised in the consolidated statements of comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

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

2.4 Summary of other significant accounting policies (Continued)

2.4.7 Taxation

a) Current tax

Provision for business profit tax is based on the elements of income and expenditure as reported in the consolidated financial statements and is computed in accordance with the provisions of the relevant tax statutes.

b) Deferred tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the consolidated financial statements. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

c) Sales tax

Revenue, expenses assets are recognised net of the amount of sales tax. Receivable 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 of payables in the consolidated statement of financial position.

2.4.8 Property, plant and equipment

All property, plant and equipment, which are initially recorded at historical cost, are stated at cost less depreciation. Cost includes the transfer value of the assets, or their purchase cost, or the cost of construction, together with any incidental expenses of acquisition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful life, commencing from the date in which the assets

2.4 Summary of other significant accounting policies (Continued)

2.4.8 Property, plant and equipment (Continued)

were purchased up to the date of disposal, except for leased land and buildings constructed therein, which are depreciated over the unexpired period of lease, as follows:

Public rain water scheme and new water scheme	- 40 years
Sewerage system	- 20 years
Reverse Osmosis (RO) plant, generator, bore well and machinery	- 15 years
Moto vehicles	- 04 years
Office equipment	- 04 years
Other equipment	- 05 years
Furniture and fittings	- 08 years
Computer hardware	- 03 years
Computer software	- 05 years
Desalination building and fuel farm	- 20 years
Leasehold Land right	- 50 years
Vessals	- 20 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produces while bringing the asset to that location and condition are capitalised, as part of the cost of the asset.

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.4.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Assets leased, which transfer substantially all the risks and rewards associated with ownership other than the legal title (absolute ownership), are classified as finance leases. Amounts receivable under finance leases are included under lease receivable and are stated in the statement of financial position after netting off the prepaid rentals and unearned income.

2.4.10 Intangible asset

a) Brand name

Brand name is shown at historical cost. Brand name has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

b) Computer software

Cost associated with maintaining computer software programmed are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the required criteria are met. Computer software development costs recognised as assets are amortized over their estimated useful lives, which does not exceed four year.

2.4 Summary of other significant accounting policies (Continued)

2.4.11 Investment properties

Investment properties are measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Cost of the investments property is amortised over the useful life of the property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of de-recognition.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of changes in use.

2.4.12 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4.13 Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

I. Initial recognition and measurement

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

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

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

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments – initial recognition and subsequent measurement (Continued)
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

II. Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

III. Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

And

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

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

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments - initial recognition and subsequent measurement (Continued)

IV. Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

V. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

VI. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments – initial recognition and subsequent measurement (Continued)

IV. Financial assets at fair value through profit or loss (Continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

V. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

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

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

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

2.4 Summary of other significant accounting policies (Continued)

2.4.13 Financial instruments - initial recognition and subsequent measurement (Continued)

VI. Impairment of financial assets

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

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

b) Financial liabilities

I. Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

II. Subsequent measurement

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

III. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

IV. De-recognition

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

2.4 Summary of other significant accounting policies (Continued)

2.4.14 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement within 'selling and marketing costs. Trade receivables are carried at anticipated realizable value. A general provision is made for doubtful receivables based on a review of all outstanding amounts from customers at the year end. Bad debts are written off during the year in which they are identified.

2.4.15 Contract assets

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

2.4.16 Inventories

Inventories are stated at the lower cost and net realized value. Cost is determined using the weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary courses of business, less the costs of completion and variable selling expenses. Where necessary, provision is made in the financial statements for obsolete, slow-moving and defective inventory.

The stock of desalinated water is not valued and is therefore not reflected in the consolidated financial statements. The stock quantity of desalinated water held from year to year is not expected to vary substantially to have a material effect on the financial results for the year.

2.4.17 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and cash in hand, other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash flow statement is prepared in "indirect method".

2.4.18 Other Liabilities and provisions

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events occurring after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statements where necessary.

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due for payment after one year from the end of the reporting period.

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

2.4 Summary of other significant accounting policies (Continued)

2.4.19 Contract liabilities

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

2.4.20 Defined contribution plans

Employees are eligible for Maldives Retirement Pension Scheme in line with the respective statutes and regulations. The Group contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires the application of certain critical judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Useful life-time of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.

Tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based

upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

2.5 Significant accounting judgements, estimates and assumptions (Continued)

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

2.6 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective

IFRS 16 - Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

3 Revenue from contract with customers

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contract with customers,

COMPANY

For the year ended 31 December 2018

Segment Type of goods or services	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	701,718,763	-	-	-	701,718,763
Construction revenue	-	426,032,355	-	-	426,032,355
Sale of bottled water & flake Ice	-	-	118,742,367	-	118,742,367
Sale of pipe and other water related	-	-	-	7,948,610	7,948,610
Total revenue from contracts with customers	**701,718,763**	**426,032,355**	**118,742,367**	**7,948,610**	**1,254,442,095**
Timing of revenue recognition					
Service transferred over time	701,718,763	-	-	-	701,718,763
Performance-related milestones	-	426,032,355	-	-	426,032,355
Goods transferred at a point in time	-	-	118,742,367	7,948,610	126,690,977
Total revenue from contracts with customers	**701,718,763**	**426,032,355**	**118,742,367**	**7,948,610**	**1,254,442,095**

For the year ended 31 December 2017

Segment Type of goods or services	Water, electricity and sewerage MVR	Construction project MVR	Bottled water and flake Ice MVR	Pipe & other water related items MVR	Total MVR
Supply of utilities	602,901,534	-	-	-	602,901,534
Construction revenue	-	325,447,153	-	-	325,447,153
Sale of bottled water & flake Ice	-	-	119,550,871	-	119,550,871
Sale of pipe and other water related	-	-	-	5,372,201	5,372,201
Total revenue from contracts with customers	**602,901,534**	**325,447,153**	**119,550,871**	**5,372,201**	**1,053,271,759**
Timing of revenue recognition					
Service transferred over time	602,901,534	-	-	-	602,901,534
Performance-related milestones	-	325,447,153	-	-	325,447,153
Goods transferred at a point in time	-	-	119,550,871	5,372,201	124,923,072
Total revenue from contracts with customers	**602,901,534**	**325,447,153**	**119,550,871**	**5,372,201**	**1,053,271,759**

(Continued)

3 Revenue from contract with customers (continued)

3.1 Disaggregated revenue information(continued)

	Group				
	For the year ended 31 December 2018				
Segment **Type of goods or services**	**Water, electricity and sewerage** **MVR**	**Construction project** **MVR**	**Bottled water and flake Ice** **MVR**	**Pipe & other water related items** **MVR**	**Total** **MVR**
Supply of utilities	701,718,763	-	-	-	701,718,763
Construction revenue	-	426,032,355	-	-	426,032,355
Sale of bottled water & flake Ice	-	-	7,948,610	-	7,948,610
Sale of pipe and other water related items	-	-	-	174,770,454	174,770,454
Total revenue from contracts with customers	**701,718,763**	**426,032,355**	**7,948,610**	**174,770,454**	**1,310,470,182**
Timing of revenue recognition					
Service transferred over time	701,718,763	-	-	-	701,718,763
Performance-related milestones	-	426,032,355	-	-	426,032,355
Goods transferred at a point in time	-	-	7,948,610	174,770,454	182,719,064
Total revenue from contracts with customers	701,718,763	426,032,355	7,948,610	174,770,454	1,310,470,182

	For the year ended 31 December 2017				
Segment **Type of goods or services**	**Water, electricity and sewerage** **MVR**	**Construction project** **MVR**	**Bottled water and flake Ice** **MVR**	**Pipe & other water related items** **MVR**	**Total** **MVR**
Supply of utilities	601,708,385	-	-	-	601,708,385
Construction revenue	-	325,447,153	-	-	325,447,153
Sale of bottled water & flake Ice	-	-	7,183,898	-	7,183,898
Sale of pipe and other water related items	-	-	-	162,795,836	162,795,836
Total revenue from contracts with customers	**601,708,385**	**325,447,153**	**7,183,898**	**162,795,836**	**1,097,135,272**
Timing of revenue recognition					
Service transferred over time	601,708,385	-	-	-	601,708,385
Performance-related milestones	-	325,447,153	-	-	325,447,153
Goods transferred at a point in time	-	-	7,183,898	162,795,836	169,979,734
Total revenue from contracts with customers	601,708,385	325,447,153	7,183,898	162,795,836	1,097,135,272

		COMPANY		GROUP	
		Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
4	**Other income**				
	Fixed monthly charges	16,698,989	15,224,421	16,698,989	15,224,421
	Operational income	27,661,666	37,207,694	25,741,410	38,455,109
	Rental and management income	6,752,850	5,555,585	6,752,850	3,727,235
	Penalties, surcharges and fines	26,696,387	26,867,605	26,696,387	26,867,605
	Income from disconnection/ -reconnection/relocation/termination	25,500,677	15,527,227	25,500,677	15,527,227
	Dividend income	1,853,882	1,876,165	-	-
		105,164,451	102,258,697	101,390,313	99,801,597
5	**Profit from operating activities stated after charging,**				
	Staff costs (5.1)	106,786,160	99,730,240	106,786,160	107,394,574
	Directors' fees	1,087,017	1,092,000	1,087,017	1,596,000
	Depreciation and amortisation	-	21,448,185	-	23,971,401
	Repair and maintenance	12,172,880	18,931,016	12,172,880	19,029,081
	Legal expenses	321,200	311,200	321,200	668,459
5.1	**Staff costs**				
	Salaries and wages	44,310,283	38,693,997	44,310,283	41,813,293
	Staff bonus	13,238,340	14,012,013	13,238,340	14,471,857
	Allowance	36,993,582	33,201,945	36,993,582	33,201,945
	Overtime	5,925,133	4,307,868	5,925,133	4,307,868
	Overseas training expenses	3,038,409	3,581,954	3,038,409	3,581,954
	Staff welfare	113,236	2,282,628	113,236	5,489,286
	Local training expenses	62,227	311,213	62,227	311,213
	Staff provident fund	3,104,950	2,897,937	3,104,950	3,509,925
		106,786,160	99,289,555	106,786,160	106,687,341
6	**Net finance cost**				
6.1	**Finance income**				
	Interest income on short term - deposits	789,162	306,007	789,162	306,007
6.2	**Finance expenses**				
	Interest expense on borrowings	10,061,686	10,332,410	12,015,931	12,203,750
	Net foreign exchange (gain)/ loss	682,686	9,415,589	682,686	12,951,589
		10,744,372	19,747,999	12,698,617	25,155,339
	Net finance cost	**9,955,210**	**19,441,992**	**11,909,455**	**24,849,332**
7.2	**Business profit tax expenses**				
	Tax on business profit (Note 8.1)	70,970,109	48,545,974	72,213,478	50,074,464
	Deferred tax on temporary differences (No 8.2)	78,191	(1,058,747)	(196,047)	(428,631)
	Income tax expense reported in the income statement	**71,048,300**	**47,487,226**	**72,017,431**	**49,645,833**

7.3 Business Profit tax has been calculated at 15% on the taxable profit for the year ended in accordance with the Business Profit Tax Act No. 05/2011. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	COMPANY		GROUP	
	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
Profit before tax from operating activities	482,492,289	312,254,018	493,096,397	323,500,283
Add: Depreciation charge for the period	85,565,930	69,764,279	92,500,915	77,112,023
Other disallowable expenses	26,804,310	32,387,586	29,976,624	35,255,856
Less: Capital allowances	(95,408,071)	(72,933,619)	(104,547,426)	(81,208,330)
Other allowable expenses	(26,070,399)	(17,582,440)	(29,103,323)	(20,330,075)
Taxable profit before adjustments	473,384,058	323,889,825	481,923,186	334,329,758
Less: Tax free allowance	(250,000)	(250,000)	(500,000)	(500,000)
Taxable profit	473,134,058	323,639,825	481,423,186	333,829,758
Income tax on taxable profit at 15%	70,970,109	48,545,974	72,213,478	50,074,464

7.2 **Business profit tax expenses (continued)**

	COMPANY		GROUP	
Deferred tax	**Year ended 31-12-2018 MVR**	**Year ended 31-12-2017 MVR**	**Year ended 31-12-2018 MVR**	**Year ended 31-12-2017 MVR**
Temporary difference on property, plant and equipment	140,609,589	130,692,892	140,609,589	75,694,360
On voluntary retirement provision	(426,964)	(401,956)	(426,964)	-
On debtors general provision	(63,051,407)	(60,110,119)	(63,051,407)	-
On stock general provision	(6,429,124)	-	(6,429,124)	-
	70,702,094	**70,180,817**	**70,702,094**	**75,694,360**
Tax rate	15%	15%	15%	15%
Deferred tax liability as at 31 December	10,605,314	10,527,123	10,605,314	11,354,154

Deferred tax liabilities are calculated on all temporary differences under the liability method using the effective tax rate of 15%. Deferred business profit tax liabilities/assets for the Group and the Company are arising from accelerated tax depreciation and the provision for bad debt. The net movement on the deferred income tax is as follows:

	COMPANY		GROUP	
8.2 **Movement in deferred tax**	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
At 1 January	10,527,123	11,585,870	11,354,154	11,782,785
Provision made during the year	78,191	(1,058,747)	(196,047)	(428,631)
As at 31 December	10,605,314	10,527,123	11,158,107	11,354,154

8.3 Business profit tax payable

As at 1 January	22,278,039	18,221,782	23,123,282	18,899,431
Tax for the year	70,970,109	48,545,974	72,213,478	50,074,464
Paid during the year	(47,052,363)	(44,489,717)	(48,661,852)	(45,850,613)
As at 31 December	46,195,785	22,278,039	46,674,909	23,123,282

8.2 **Earnings per share**

8.3 Earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

8.4 The following reflects the income and share data used in the basic earnings per share computation.

	COMPANY		GROUP	
	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
Profit attributable to equity holders-	411,443,989	264,766,792	414,503,945	267,525,332
Weighted average number of - - ordinary shares in issue	267,000	267,000	267,000	267,000
Basic earnings per share	**1,541**	**992**	**1,552**	**1,002**

8.5 **Dividends per share**

At the annual general meeting held on 5 April 2018, a final dividend in respect of the financial year 2018 of MVR 595/- per share (2017: MVR 630/- per share) amounting to a total of MVR 158,860,075/- (2017: MVR 168,144,158/-) was declared. These financial statements reflects this dividend, which has been accounted for under statement of changes in equity as an appropriation of retained earnings during the year.

10 Property, plant and equipment

10.1 Gross carrying amounts

	GROUP			
	Balance as at 01-01-2018 MVR	Additions/ transfers MVR	Disposal/ transfers MVR	Balance as at 31-12-2018 MVR
Leasehold Land, building - - desalination plant and fuel farm	283,340,326	10,157,441	6,501,341	286,996,426
Public rain water scheme and - -new water supply scheme	202,184,056	415,908	2,130,760	200,469,204
Sewerage system	134,320,879	-	-	134,320,879
Shrink film blowing machine and preform system	112,552,838	7,950,547	-	120,503,385
Reserve osmosis (RO) plants,-generator, , borewell and control pump	491,779,436	53,234,053	944,320	544,069,169
Motor vehicles	86,967,801	1,282,492	-	88,250,293
Office and other equipment	57,155,950	6,075,061	133,920	63,097,091
Furniture and fittings	19,637,291	437,656	-	20,074,947
Computer hardware	33,930,263	6,006,388	259,658	39,676,993
Vessals	34,249,767	35,416,064	-	69,665,831
	1,456,118,607	**120,975,610**	**9,969,999**	**1,567,124,218**

10.2 Accumulated Depreciation

	Balance as at 01-01-2018 MVR	Charge for the year MVR	Disposal/ transfers MVR	Balance as at 31-12-2018 MVR
Leasehold Land, building - - desalination plant and fuel farm	106,104,788	9,476,671	6,243,493	109,337,966
Public rain water scheme and - - new water supply scheme	74,707,629	5,054,983	368,444	79,394,168
Sewerage system	93,902,714	3,540,931	-	97,443,645
Shrink film blowing machine and preform system	29,655,065	7,808,969	-	37,464,034
Reserve osmosis (RO) plants, - - generator, borewell and control pump	226,642,814	33,450,468	910,471	259,182,811
Motor vehicles	58,521,189	11,880,796	-	70,401,985
Office and other equipment	40,493,033	7,417,177	148,494	47,761,716
Furniture and fittings	14,425,134	1,003,476	-	15,428,610
Computer hardware	20,471,472	7,350,272	325,121	27,496,623
Vessals	353,089	3,066,874	-	3,419,963
	665,276,927	**90,050,617**	**7,996,023**	**747,331,521**
	790,841,680			819,792,697

(Continued)

10 Property, plant and equipment (Continued)

COMPANY

10.3 Gross carrying amounts	Balance as at 01-01-2018 MVR	Additions/ transfers MVR	Disposal/ transfers MVR	Balance as at 31-12-2018 MVR
Leasehold land, building- -desalination plant and fuel farm	222,775,861	10,157,441	6,501,341	226,431,961
Public rain water scheme and - -new water supply scheme	202,184,056	415,908	2,130,760	200,469,204
Sewerage system	134,320,879	-	-	134,320,879
Shrink film blowing machine and preform system	112,552,838	7,950,547	-	120,503,385
Reserve osmosis (RO) plants, generator, -borewell and control pumps	490,859,005	49,061,695	944,320	538,976,380
Motor vehicles	77,741,925	947,899	-	78,689,824
Office and other equipment	56,274,328	5,970,724	133,920	62,111,132
Furniture and fittings	16,362,540	348,124	-	16,710,664
Computer hardware	31,331,963	5,502,731	259,658	36,575,036
Vessals	17,992,765	35,250,969	-	53,243,734
	1,362,396,160	115,606,038	9,969,999	1,468,032,199

10.4 Accumulated Depreciation	Balance as at 01-01-2018 MVR	Charge for the year MVR	Disposal / transfers MVR	Balance as at 31-12-2018 MVR
Leasehold land, building- -desalination plant and fuel farm	84,329,667	9,450,113	6,243,493	87,536,287
Public rain water scheme and - -new water supply scheme	74,707,629	5,054,983	368,444	79,394,168
Sewerage system	93,902,714	3,540,931	-	97,443,645
Shrink film blowing machine and preform system	29,655,065	7,808,969	-	37,464,034
Reserve osmosis (RO) plants, - - generator borewell and control pumps	224,308,987	29,401,433	910,471	252,799,949
Motor vehicles	52,120,255	10,549,692	-	62,669,947
Office and other equipment	39,867,595	7,312,601	148,494	47,031,702
Furniture and fittings	12,568,368	631,477	-	13,199,845
Computer hardware	19,445,237	6,995,131	325,121	26,115,247
Vessals	124,866	2,465,320	-	2,590,186
	631,030,383	83,210,650	7,996,023	706,245,010
Total carrying amount of property plant and equipment	731,365,777			761,787,189

10.5 The value of fully depreciated property, plant and equipment at the reporting date amounted to MVR 276,858,574/- (2017: MVR 235,615,802/-) of the Group and MVR 260,792,473/-(2017: MVR 234,435,637/-) of the Company.

10.6 Depreciation expenses of MVR 64,060,180/- (2017: MVR 53,140,622/-) has been charged in cost of sales and MVR 25,997,892/- (2017: MVR 22,289,996/-) in administrative expenses of the Group.

10.7 Depreciation expenses of MVR 59,409,592/- (2017: MVR 48,316,094/-) has been charged in cost of sales and MVR 23,808,513/- (2017: MVR 19,830,513/-) in administrative expenses of the Company.

11	Capital work-in-progress	COMPANY		GROUP	
		As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
	At 1 January	378,422,722	394,470,617	395,544,486	407,132,585
	Additions	211,238,862	111,473,319	245,433,511	134,172,061
	Capitalised during the year to property, plant and equipment	(91,315,134)	(127,521,214)	(95,939,721)	(145,760,160)
	At 31 December	498,346,450	378,422,722	545,038,276	395,544,486

11.1	**In the course of construction**				
	Land reclamation and development -	195,866,751	195,866,751	195,866,751	195,866,751
	Hulumale' water & sewer network ph2-2C	27,503,764	23,734,170	27,503,764	23,734,170
	Oil Berge - Marine 3	-	14,257,750	-	14,257,750
	RO Facility building at Haveeree hingun - Male'	28,172,456	8,957,171	28,172,456	8,957,171
	Gulhifalhu Warehouse Building	9,229,348	7,105,802	9,229,348	7,105,802
	Hulhumale' RO plant building extension	7,896,133	7,604,390	7,896,133	7,604,390
	Landing Craft for the transportation of goods and Machineries	-	14,243,502	-	14,243,502
	Supply, Install & Commission RO Plant 3000TPD HML	-	22,522,071	-	22,522,071
	New CS Building	39,427,146	11,799,433	39,427,146	11,799,433
	Supply and Installation of 800KW Generator	-	4,274,057	-	4,274,057
	VAF Pre-filteration system	2,335,238	-	2,335,238	-
	Total Utility Solutions to L. Baresdhoo	2,768,902	-	2,768,902	-
	Switchgear for Thilafushi operations	2,090,821	-	2,090,821	-
	2 New boreholes - Male;	3,546,206	-	3,546,206	-
	Construction of boreholes - GLF	1,530,340	-	1,530,340	-
	Gfalhu - facility building	2,320,550	-	2,320,550	-
	Ventilation System	1,789,048	-	1,789,048	-
	New preform machine	19,759,179	-	19,759,179	-
	1.5 MVA transformer w/LV box	1,791,504	-	1,791,504	-
	AF compressor project	-	-	-	3,612,179
	Kulhudhuffushi project	-	-	28,469,175	12,530,164
	BPH project	-	-	11,449,379	-
	Other capital projects	152,319,064	68,057,625	159,092,336	69,037,045
		498,346,450	378,422,722	545,038,276	395,544,486

12	**Intangible assets**	COMPANY			
12.1	**Gross carrying amount at cost**	Balance as at 01-01-2018 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2018 MVR
	Computer software	25,039,250	3,758,049	2,071,725	26,725,574
	Accumulated amortisation and - impairment at cost	Balance as at 01-01-2018 MVR	Charge for the year MVR	Disposals MVR	Balance as at 31-12-2018 MVR
	Computer software	20,659,799	1,871,096	2,071,725	20,459,170
	Net carrying amount	4,379,451			6,266,404

(Continued)

12 Intangible assets

12.2 Gross carrying amount at cost	GROUP Balance as at 01-01-2018 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2018 MVR
Computer software	25,494,765	3,821,504	2,157,820	27,158,449
Brand name	25,000	-	-	25,000
ISO and HACCP Certificate	234,788	-	-	234,788
	25,754,553	3,821,504	2,157,820	27,418,237
Accumulated amortisation and impairment at cost	**Balance as at 01-01-2018 MVR**	**Charge for the year MVR**	**Disposals MVR**	**Balance as at 31-12-2018 MVR**
Computer software	20,797,941	1,949,210	2,157,820	20,589,331
Brand name	17,500	1,251	-	18,751
ISO and HACCP Certificate	10,435	15,653	-	26,088
	20,825,876	**1,966,114**	**2,157,820**	**20,634,170**
Net carrying amount	4,928,677			6,784,067

13 Investment in subsidiaries

	COMPANY As at 31-12-2018 MVR	As at 31-12-2017 MVR
Island Beverages Maldives Private Limited	7,650,000	7,650,000

Investment in subsidiary comprises investment made by the Company in Island Beverages Maldives Private Limited, a company incorporated in the Republic of Maldives. The Company holds 51% of the issued shares.

14 Investment Property

14.1 Gross carrying amount at cost	COMPANY Balance as at 01-01-2018 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2018 MVR
West coast beach - pavilion	9,681,536	-	-	9,681,536
	9,681,536	-	-	**9,681,536**
Accumulated amortisation and impairment at cost	**Balance as at 01-01-2018 MVR**	**Charge for the year MVR**	**Disposals MVR**	**Balance as at 31-12-2018 MVR**
West coast beach - pavilion	40,339	484,078	-	524,417
	40,339	**484,078**	-	**524,417**
Net carrying amount	9,641,197			9,157,119

14.2 Gross carrying amount at cost	GROUP Balance as at 01-01-2018 MVR	Additions MVR	Disposals MVR	Balance as at 31-12-2018 MVR
West coast beach - pavilion	9,681,536	-	-	9,681,536
	9,681,536	-	-	9,681,536
Accumulated amortisation and impairment at cost	Balance as at 01-01-2018 MVR	Charge for the year MVR	Disposals MVR	Balance as at 31-12-2018 MVR
West coast beach - pavilion	40,339	484,078	-	524,417
	40,339	484,078	-	524,417
Net carrying amount	9,641,197			9,157,119

The Company has rented out one of it's buildings at Rasfannu(West coast beach pavilion) to a third party with the intention of earning monthly rental income, and company has adopted cost model to measure the investment property since fair value of the property cannot be reliably estimated.

		COMPANY		GROUP	
15	Inventories	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
	Raw materials	36,630,076	20,880,094	38,977,337	22,588,615
	Consumable stock	211,785,818	184,341,102	213,606,595	186,384,425
	Finished goods	9,002,584	8,164,341	9,721,642	9,130,320
		257,418,478	213,385,537	262,305,574	218,103,360
	Less:				
	Impairment for slow and non-moving items	(6,429,124)	(5,479,038)	(6,429,124)	(5,479,038)
		250,989,354	207,906,499	255,876,450	212,624,322
	Employee housing unit	2,154,487	-	2,154,487	-
		253,143,841	207,906,499	258,030,937	212,624,322
16	**External project work-in-progress**				
	External projects	13,781	2,835	13,781	2,835
17	**Contract assets**				
	Unbilled water consumptions	26,344,483	9,916,037	26,344,483	9,916,037
	Construction retention	30,314,331	8,262,357	30,314,331	8,262,357
		56,658,814	18,178,394	56,658,814	18,178,394

Amounts relating to contract assets are balances due from customers from water consumption and construction retentions.

Unbilled water consumption includes water consumption as end of the reporting period which are not opened for billing cycle.

Construction retention is held by customers until the agreed related milestones are achieved.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

		COMPANY		GROUP	
18	Trade and other receivables	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
	Trade receivables	100,617,840	217,949,025	105,001,443	223,550,230
	Less: provision for impairments of- -trade receivable (18.1)	(63,051,407)	(60,110,119)	(63,857,626)	(60,848,625)
		37,566,433	157,838,906	41,143,817	162,701,605
	Amounts due from related parties(Note 29)	255,471,269	378,308,543	217,099,265	341,993,644
	Deposit and Prepayments	56,578,453	76,811,945	58,461,672	77,491,257
	Other receivables	37,150,849	45,724,066	37,617,472	45,833,378
		349,200,571	500,844,554	313,178,409	465,318,279
	Trade and other receivables	386,767,004	658,683,460	354,322,226	628,019,884

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The amounts due from related parties are unsecured, interest free and have no fixed repayment terms. Accordingly, these amounts are shown as falling due within one year.

Prepayments of the Company include advance payments made to suppliers amounting to MVR 55,853,143/- (2017: MVR 70,971,447/-) and security deposit MVR 725,310/- (2017: MVR 666,810/-).

Other receivables of the Group include LC margin money MVR 22,411,936/- (2017: MVR 16,147,795/-), staff loans amounting to MVR 4,192,174/- (2017: MVR 4,977,633/-), bank guarantee margin MVR nil (2017: MVR 1,278,057/-), MFLC loan advance payment amounting to MVR nil (2017: 1,210,000/-) during this year.

Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 December 2018, trade receivable amount is MVR 100,131,958/- (2017:MVR 217,949,025/-). All trade receivables are subject to credit risk exposure. However, impairment of trade receivable is made when certain debtors are identified (over 180 days 50% and over 365 days 100% provision) to be irrecoverable and as at 31 December 2018, trade receivable of an initial value of MVR 63,857,626/- (2017: 60,848,625/-) were impaired and provided for. See Note no 18.1 for the movement in the provision for impairment of receivables.

(Continued)

18 Trade and other receivables (continued)

18.1 Provision for impairment of trade receivable

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Aging (Over 180 days 50% and over 365 days 100%)	63,051,407	50,992,100	63,857,626	60,879,276

Movement of provision for impairment is as follows:

	COMPANY		GROUP	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Opening balance	60,110,119	50,992,100	60,848,625	51,805,831
Provision during the year	2,941,288	9,118,019	3,018,001	9,182,131
Write off of trade receivable	-	-	(9,000)	(139,337)
Closing balance	**63,051,407**	**60,110,119**	**63,857,626**	**60,848,625**

19 Other current financial asstes

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Opening net book amount	5,937,554	20,843,781	5,937,554	20,843,781
Additions	90,027	2,093,773	90,027	2,093,773
Matured	-	(17,000,000)	-	(17,000,000)
Closing net book amount	6,027,581	5,937,554	6,027,581	5,937,554

The Company has invested in fixed deposit in the HSBC(Maldives) amounted of USD 360,571/- for a period of 3 months on 18 September 2013 which carries an interest rate of 1.5% p.a. It has been auto renewed through-out the period and accumulated interest has been capitalized.

20 **Cash and cash equivalents in cash flow statement**

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Cash in hand	59,566,802	3,953,241	60,732,949	5,674,123
Cash at banks	136,665,145	103,889,805	148,838,654	120,728,982
	196,231,947	107,843,046	209,571,603	126,403,105

21 **Share capital**

	Number of shares	Ordinary shares (MVR)
At 1 January 2017	267,000	267,000,000
At 31 December 2017	**267,000**	**267,000,000**

The total authorised number of ordinary shares is 267,000 shares (2017: 267,000 shares) with a par value of MVR 1,000 per share (2017: MVR 1,000 per share). The above, 267,000 shares are issued and fully paid.

	As at 31-12-2018	As at 31-12-2017
Government of Maldives - 213,600 ordinary shares	213,600,000	213,600,000
Hitachi Limited - 53,400 ordinary shares	53,400,000	53,400,000
	267,000,000	267,000,000

22 **Share allotment gain**

The difference between the consideration received for shares and the par value of shares allotted by the company has been shown as share allotment gain.

	Consideration paid for shares MVR	Value of shares allotted MVR	Gain MVR
Government of Maldives	267,003,042	267,000,000	3,042

23 **Non-controlling interest**

	Group	
	As at 31-12-2018	As at 31-12-2017
At 1 January	23,030,846	20,380,483
Share of net profit of subsidiary	4,721,138	4,452,953
Dividends	(1,781,181)	(1,802,590)
At 31 December	25,970,803	23,030,846

24 **Interest-bearing loans and borrowings**

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Non- Current:				
HSBC term loan	397,104	12,152,091	397,104	12,152,091
MIB term loan	-	-	-	-
Loan from a related party	21,568,262	24,187,195	21,568,262	24,187,195
Mauritius Commercial Bank	9,250,450	17,552,016	9,250,450	17,552,016
Maldives Finance Leasing Company	-	-	22,307,380	12,898,752
Habbib bank limited	6,323,173	-	6,323,173	-
	37,538,989	53,891,302	59,846,369	66,790,054
Current :				
HSBC term loan	15,595,131	47,645,070	15,595,131	47,645,070
MIB term loan	-	827,291	-	827,291
Loan from a related party	11,678,491	13,967,761	11,678,491	13,967,761
Mauritius Commercial Bank	8,955,753	7,447,984	8,955,753	7,447,983
Maldives Finance Leasing Company	-	-	9,816,485	6,078,016
Habbib bank limited	5,058,538	-	5,058,538	-
	41,287,913	69,888,106	51,104,398	75,966,121
Total borrowings	78,826,902	123,779,408	110,950,767	142,756,175

24.1 **Movement of interest bearing liabilities**

	COMPANY			
	As at 01.01.2018 MVR	Loans obtained MVR	Repayment MVR	As at 31-12-2018 MVR
HSBC term loan	59,797,161	-	43,804,926	15,992,235
MIB term loan	827,291	-	827,291	-
Loan from a related party	38,154,956	11,324,448	16,232,651	33,246,753
Mauritius Commercial Bank	25,000,000	-	6,793,797	18,206,203
Habbib bank limited	-	11,381,711	-	11,381,711
	123,779,408	22,706,159	67,658,665	78,826,902

	GROUP			
	As at 01.01.2018 MVR	Loans obtained MVR	Repayment MVR	As at 31-12-2018 MVR
HSBC term loan	59,797,161	-	43,804,926	15,992,235
MIB term loan	827,291	-	827,291	-
Loan from a related party	38,154,956	11,324,448	16,232,651	33,246,753
Mauritius Commercial Bank	24,999,999	-	6,793,797	18,206,202
Maldives Finance Leasing Company	18,976,768	20,000,000	6,852,902	32,123,866
Habbib bank limited	-	11,381,711	-	11,381,711
	142,756,175	42,706,159	74,511,567	110,950,767

(Continued)

24 Interest bearing loans and borrowings

24.2 Details of interest bearing loans and borrowings

Lender	Total loan facility	Repayment Term	Interest rate	Securities/pledged assets
HSBC Limited (Ghulhefalhu Island reclamation)	MVR. 194,196,126/-	Loan has been obtained through 12 disbursements from the period 26 June 2012 to 4 December 2013. All the 12 loan disbursements have to be repaid in 24 quarterly installments.	3 months government T-bills plus 1.75% p.a.	I) Mortgage of leasehold right of 'Fen Building' for MVR 300Mn and Mortgage of RO plants for MVR 115.23Mn. II) Mortgage of a RO plant and 3 Gensets in Hulhumale' along with PET Injection Moulding machine
HSBC Limited (Bottling plant project)	EURO. 1,588,000/-	Loan has been obtained through 4 disbursements in EURO from the period 30 January 2013 to 03 June 2013. First disbursement has to be repaid in 48 monthly installments and other 3 disbursements have to be repaid in 24 quarterly installments.	3 months government T-bills plus 1.75% p.a.	III) Fen building IV) Eight (8) reverse osmosis plant with different cubic meter per day capacity (it consists 5 RO plant from 1500CM, 2 RO plant from 3000 CM and 1 RO from 2000 cubic meter capacity.)
HSBC Limited (Manufacturing plant in Ghulhefalhu)	EURO. 1,460,000/-	Loan has been obtained through 4 disbursements in EURO, - 01 dis.(EURO. 280,000/-) to be repaid in 48 monthly installments. - 02 dis.(EURO. 60,000/-) to be repaid in 60 monthly installments. - 03 dis.(EURO. 1,030,000/-) to be repaid in 42 monthly installments. - 03 dis.(EURO. 90,000/-) to be repaid in 24 quarterly installments.	3 months government T-bills plus 1.75% p.a.	V) Deposits of USD 390,916/- in the name of Male' Water and Sewerage Company Private Limited.
HSBC Limited (Pipe manufacturing project)	MVR. 35,600,000/-	Loan has been obtained on 27 August 2014 and has to be repaid in 60 monthly installments.	Base lending rate minus 2% p.a.	

(Continued)

24 Interest bearing loans and borrowings (Continued)

24.2 Details of interest bearing loans and borrowings (Continued)

Lender	Total loan facility	Repayment Term	Interest rate	Securities/pledged assets
Habbib bank limited (Letter of credit)	MVR. 14,680,000/-	Facility has been obtained on 15 February 2018 subject to 6 months grace period and has to be repaid in 9 quartally installments.	Fixed rate at 9%	I) mortgage over head lease rights of the land favouring MWSC and mortgage over building 3,696.37 sq.m located at Hulhumale Plot 10618, Hulhumale'
Hitachi -Contract No. MWSC/P/M/2015/77	USD. 1,758,400/-	Facility has been obtained for acquried 5000M3 seawater RO plant 27 July 2016 and has to be repaid in 20 quartally installments.	Fixed rate at 7%	-
Hitachi - Contract No. MWSC/HM/2016/99/085	USD. 1,110,400/-	Facility has been obtained for acquried 3000m3 seawater RO plant on 19 July 2017 and has to be repaid in 20 quartally installments.	Fixed rate at 7%	-
Hitachi - Contract No. MWSC/P/M/2017/87/085	USD. 734,300/-	Facility has been obtained for acquried 2000m3 seawater RO plant on 12 November 2017 and has to be repaid in 20 quartally installments.	Fixed rate at 4.5%	-
Maldives Finance Leasing Company	MVR. 15,000,000/-	IBM has entered a sale and lease back agreement to purchase 5L rotary water bottling pant on 18 January 2015 and has to be repaid in 4.5 years.	Fixed rate at 13%	-
Maldives Finance Leasing Company	MVR. 12,100,000/-	IBM has entered a lease agreement to acquried a landing craft and a crane on July 2017 and has to be repaid in 5.5 years.	Fixed rate at 11.5%	-
Maldives Finance Leasing Company	MVR. 20,000,000/-	IBM has entered a lease agreement to acquried a 5L bottling plant on May 2018 and has to be repaid in 4 years.	Fixed rate at 9%	-

24 Interest bearing loans and borrowings (Continued)

The exposure of the Company's borrowings to interest rate changes and contractual repricing dates at the end of the reporting period are as follows:

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
6 months or less	20,214,372	28,719,015	23,047,636	31,663,343
6 - 12 months	22,049,011	41,169,091	29,032,232	44,302,778
1- 5 years	36,563,519	53,891,302	58,870,899	66,790,054
	78,826,902	123,779,408	110,950,767	142,756,175

The carrying amount and the fair value of the non-current borrowings are as follows:

	GROUP			
	Carrying amount		Fair value	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Borrowings	58,870,899	66,790,054	58,870,899	66,790,054

25 Contract liabilities

Construction retention	12,222,751	8,091,825	13,022,837	8,729,687
Contract advances	61,137,582	244,562,371	61,137,582	244,562,371
	73,360,333	252,654,196	74,160,419	253,292,058

26 Trade and other payables

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Trade payables	44,882,455	46,128,414	47,388,936	48,229,188
Amounts due to related parties (Note 29)	11,847,539	11,691,052	11,847,539	10,921,736
Accrued expenses	1,256,915	9,455,000	2,221,367	9,588,048
Other payables	52,694,531	11,193,315	53,260,586	11,198,903
Dividend Payable	421,024,441	453,532,387	421,024,441	453,532,387
	531,705,881	532,000,168	535,742,869	533,470,262

The amount due to related parties are unsecured, interest free and has no fixed repayment period. Accordingly the entire amount due have been shown as falling due within one year.

Accrued expenses include GST payable of MVR 1,041,553/- (2017: MVR 9,212,135/-) and pension fund payable of MVR nil/- (2017: MVR 673,583/-).
Dividend payable balance of MVR 421,024,441/- (2017: MVR 453,532,387/-) .

Other payables of the Company include O&M sales collection payable MVR 7,901,817/- (2017: MVR 7,901,817/-), O&M spare fund payable MVR 1,314,034/- (2017: MVR 1,314,034/-), advance received MVR 729,265/- (2017: MVR 587,307/-) and fenaka collection payable MVR 1,847,180/- (2017: MVR 1,891,738/-).

27 Commitments and contingencies

27.1 Capital commitments

The Group has finance leases for items of plant and machinery. The Group's obligations under fiance lease are secured by the lessor's title to the leased assets. Further minimum lease payments under finance leases are, as follows,

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Within one year	-	8,120,400	13,036,379	13,976,583
After one year but not more than five years	-	-	26,874,295	7,988,254
Total minimum lease payments	-	8,120,400	39,910,674	21,964,837
Less amounts representing finance charges	-	-	(7,786,809)	(2,070,599)
Minimum Lease payment	**-**	**8,120,400**	**32,123,865**	**19,894,238**

Operating lease commitments

The Company has an annual commitment for the use of godowns, office and kiosk stations. The lessor reserves the right to revise the rentals. Details are as follows,

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Within one year	4,529,993	4,529,993	4,529,993	4,529,993

Legal claims and contingency

Company's previous Managing Director Mr.Ahmed Didi has filed a case against the Company for his dismissal from his post of Managing Director alleging that was unconstitutional and therefore illegal. No provision in the financial statements was made as no payments are anticipated by the company at the reporting date. Currently, this has been concluded by the Civil Court on 26 April 2016 by deciding in favor of MWSC and found no cause to award the damages claimed by Mr. Didi. The case was appealed in the high court on 08 May 2016.

The Company has filed a case against Global Projects Development Private Limited to recover liquidity damages amounting to MVR 3,105,942/- caused due to the delays in completion of works awarded to the Global Projects Development private Limited by a contract dated on 9 October 2011. Judgment in favor of MWSC was received in the Civil Court on 27th August 2017 in MWSC's claim against GPD for liquidated damages. MWSC shall receive in equal monthly installments USD 2,476,252/-. This amount receivable is after the deduction of the USD 629,689/- payable (the retention payment) to GPD. Hence, GPD has appealed the verdict in the High Court of Maldives.

Day to day Transport Service("D2D") was intending to file a case against the Company at the civil court pursuant to a contract that was awarded a D2D, which was terminated prior to expiry of the contract. In 2019, D2D claimed for losses of an amount totaling MVR 2,814,509/- and Company is currently contesting the claim at the civil court.

28 Financial risk management objectives and policies

The Group's principle financial liabilities comprise interest-bearing loans and borrowings, trade and other payables including payables to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group's principal financial assets include trade receivables, cash in hand and balances with the banks which arise directly from its operations.

The Group is exposed to foreign currency risk, liquidity risk ,credit risk and interest risk. The Group's senior management oversees the management of these risks and the Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

28.1 Foreign currency risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities. The Group's object is to maintain a balance between continuity of funding and flexibility through the use of payables and borrowings. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash balances to meet its working capital requirement.

28.2 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirement.

28.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all the customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis so that to minimize the Group's exposure to bad debts.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

28.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Gropu's long-term debt obligations. The investment decisions are made by Directors giving due relevance to the Group's financial strategy and market interest rates.

(Continued)

28 Financial risk management objectives and policies (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial risk factors

	GROUP			
At 31 December 2018	Less than 3 months MVR	Between 3 months and 1 Year MVR	Between 1 year and 2 years MVR	Between 2 years and 5 years MVR
Trade and other payable	535,742,869	-	-	-
Borrowings	17,445,907	35,124,398	33,493,414	24,887,049
At 31 December 2017				
Trade and other payable	542,199,949	-	-	-
Borrowings	22,568,072	53,398,049	54,445,801	12,344,253

	COMPANY			
At 31 December 2018	Less than 3 months MVR	Between 3 months and 1 Year MVR	Between 1 year and 2 years MVR	Between 2 years and 5 years MVR
Trade and other payable	531,705,881	-	-	-
Borrowings	14,612,643	28,141,177	25,484,722	10,588,361
At 31 December 2017				
Trade and other payable	408,444,288	-	-	-
Borrowings	21,118,843	48,769,262	47,228,260	6,663,043

29 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

'In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

'The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios as at 31 December was as follows:

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Total borrowings (Note 24)	78,826,902	123,779,408	110,950,767	142,756,175
Less: Cash and cash equivalents (No 20)	(196,231,947)	(107,843,046)	(209,571,603)	(126,403,105)
Net debt	(117,405,045)	15,936,362	(98,620,836)	16,353,070
Total equity	1,441,355,915	1,251,641,115	1,460,739,227	1,274,878,868
Total capital	**1,323,950,870**	**1,102,945,127**	**1,362,118,391**	**1,291,231,939**
Gearing ratio	**-9%**	**1%**	**-7%**	**1%**

30 Related party transactions

The Group is controlled by the Government of Maldives which owns 80% of the Company's shares.

Hitachi Ltd owns 20% of the Company's shares.

The Company holds 51% of the shares of Island Beverages Maldives Pvt Ltd.

Champa Brothers Maldives Pvt Ltd holds 49% of the shares of Island Beverages Maldives Pvt Ltd.

The following transactions were carried out with related parties:

i) Sales of goods and services	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Komandoo Island Resort	-	-	121,264	121,264
Conrad Maldives Rangali Island			690,110	690,110
Kuredu Island Resort	-	-	675,271	675,271
Meeru Island Resort	-	-	1,155,495	1,155,495
Trans Maldivian Airways Pvt.Ltd.	-	-	1,533,365	1,533,365
Vakarufalhi Island Resort	-	-	543,758	543,758
Veligandu Island Resort	-	-	207,005	207,005
Vilamendhoo Island Resort	-	-	558,131	558,131
Mirihi Island Resort	-	-	191,125	191,125
State Trading Organization PLC	-	-	1,258,920	1,258,920
Government own entities	301,453,783	543,117,984	305,338,224	547,002,425
Island Beverages Maldives Pvt Ltd	129,965,999	155,469,361	-	-
	431,419,781	698,587,345	312,272,668	553,936,869

ii) Purchases of goods and services				
Government own entities	95,429,713	183,753,748	95,429,713	183,753,748
Island Beverages Maldives Pvt Ltd	2,796,730	1,696,690	-	-
Hitachi Private Limited	3,372,786	19,419,572	-	-
	101,599,229	204,870,009	95,429,713	183,753,748

iii) Year-end balances arising from sales, purchases of goods and services

	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
Receivables from related parties				
Government own entities	213,752,606	95,676,375	214,725,323	96,649,092
Island Beverages Maldives Pvt Ltd	41,718,663	38,069,797	-	-
Champa Brothers Maldives Pvt Ltd	-	-	782,181	782,181
	255,471,269	133,746,172	215,507,504	97,431,273

(Continued)

30 Related party transactions (continued)

iii) Year-end balances arising from sales, purchases of goods and services (continued)

Payables to related parties	COMPANY		GROUP	
	As at 31-12-2018 MVR	As at 31-12-2017 MVR	As at 31-12-2018 MVR	As at 31-12-2017 MVR
State Electric Company Limited	3,169,942	2,281,608	3,169,942	2,281,608
Maldives Ports Limited	8,974	49,090	8,974	49,090
Maldives Road Development Corporation Limited	-	63,663	-	63,663
Other government own entities	881,350	268,616	881,350	1,211,471
Island Beverages Maldives Pvt Ltd	524,882	1,712,172	524,882	-
Hitachi Private Limited	7,262,392	7,315,904	7,262,392	7,315,904
	11,847,539	11,691,052	11,847,539	10,921,736

iv) Loan from a related party

The Group has purchased one Seawater Revenue Osmosis plants under finance lease agreements. During the year, the group has repaid MVR. 21,207,321/- and interest costs for the above loans is MVR 5,047,031/-. Amount outstanding as at reporting date is MVR.43,750,672/-.

v) Directors' remuneration

In 2018, a total remuneration of MVR 1,087,016/- (2017: MVR 1,092,000/-) was paid to directors.

31 Events after the reporting date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

Male' Water and Sewerage Company Private Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2018

		COMPANY		GROUP	
i	Cost of sales	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
	Opening stock	207,906,499	203,709,310	212,624,321	208,372,533
	Add: Purchases	313,446,157	208,331,957	326,183,132	210,465,733
		521,352,656	412,041,267	538,807,453	418,838,266
	Less: Closing stock	(253,143,841)	(207,906,499)	(258,030,936)	(212,624,322)
	Cost of goods sold/consumed	268,208,815	204,134,768	280,776,517	206,213,944
	Add: Direct expenses				
	Direct salary	63,669,816	58,412,104	63,669,816	58,412,104
	Depreciation	59,409,592	48,316,094	64,060,180	53,140,622
	Project expenses	187,993,041	216,592,410	187,993,041	216,592,410
	Electricity expenses	39,528,276	33,559,553	39,528,276	33,559,553
	Repair and maintenance	5,486,348	4,282,084	5,486,348	4,282,084
		624,295,888	565,297,013	641,514,178	572,200,717
ii	**Administatrive Expenses**				
	Salaries and wages	44,310,283	38,693,997	47,863,108	41,813,293
	Staff bonus	13,238,340	14,012,013	13,692,723	14,471,857
	Allowance	36,993,582	33,201,945	36,993,582	33,201,945
	Overtime	5,925,133	4,307,868	5,925,133	4,307,868
	Overseas training expenses	3,038,409	3,581,954	3,038,409	3,581,954
	Staff welfare	113,236	2,282,628	4,652,203	5,489,286
	Local training expenses	62,227	311,213	146,060	311,213
	Staff provident fund	3,104,950	2,897,937	3,434,119	3,509,925
	Staff recruitment expenses	51,299	88,329	51,299	354,877
	Visa fee and work permit	333,945	352,356	333,945	352,356
	Directors' fees	1,087,017	1,092,000	1,588,217	1,596,000
	Depreciation and amortisation	26,156,232	21,448,185	28,440,628	23,971,401
	Bank service charges and commission	11,388,364	9,579,165	11,403,734	9,602,557
	Import duty and freight charges	11,258,656	16,000,128	11,258,949	16,000,128
	Repair and maintenance	12,172,880	18,931,016	12,288,809	19,029,081
	Transport and travelling expenses	1,163,585	2,350,115	1,508,039	2,519,536
	Land and office rentals	9,791,655	4,204,651	12,126,622	5,505,574
	Insurance	7,036,260	3,423,290	7,500,896	3,615,576
	Water	2,801,966	7,013,388	2,860,609	7,113,905
	Electricity	5,801,458	12,860,596	5,889,675	12,905,558
	Fuel	2,483,157	1,850,330	2,483,157	1,850,330
	Telephone and postage	2,965,726	3,430,349	3,527,961	3,891,312
	Printing and stationary	1,595,937	2,789,636	2,004,565	3,177,036
	Board meeting expenses	21,216	27,705	21,216	27,705
	Entertainment	1,171,103	1,066,061	2,304,062	1,668,966
	Donations	4,558,934	4,927,688	4,558,934	4,927,688
	Legal expenses	321,200	311,200	321,200	668,459
	Professional fees	1,246,272	1,426,788	1,508,134	1,550,565
	Outsourcing expenses	3,425,996	4,937,217	3,425,996	4,937,217
	Fines and penalties	42,283	56,637	181,673	100,602
	Compensation for damage	-	8,726,237	-	8,726,237
	Unclaimed GST input tax	10,408,405	9,647,884	10,408,405	9,647,884
	Loss on disposal of property, plant	1,973,975	-	1,973,975	-
	WHT expenses	1,548,957	1,247,098	1,548,957	1,247,098
	Provision for slow moving inventory	950,086	-	950,086	-
	License and permits	-	-	425,055	-
	IT expenses	-	-	95,617	95,381
	Arrangement fees	-	-	-	6,033
	Miscellaneous expenses	1,751,136	1,354,826	1,766,396	1,433,368
		230,293,860	238,432,430	248,502,148	253,209,771

Male' Water and Sewerage Company Private Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2018

		COMPANY		GROUP	
iii	Selling and marketing expenses	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR	Year ended 31-12-2018 MVR	Year ended 31-12-2017 MVR
	Advertising, publication and subscription	237,070	331,218	1,383,322	644,371
	Marketing and public relation expenses	9,387,680	10,655,766	9,387,680	10,655,766
	Salaries and wages -distribution	-	-	3,113,839	2,359,943
	Fuel charges	-	-	472,874	319,395
	Sales commission	-	-	1,313,223	1,285,064
	Others	-	-	-	606,260
	Impairment of bad and doubtful debts	2,944,549	9,118,019	3,021,262	9,182,131
		12,569,299	20,105,003	18,692,200	25,052,930

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