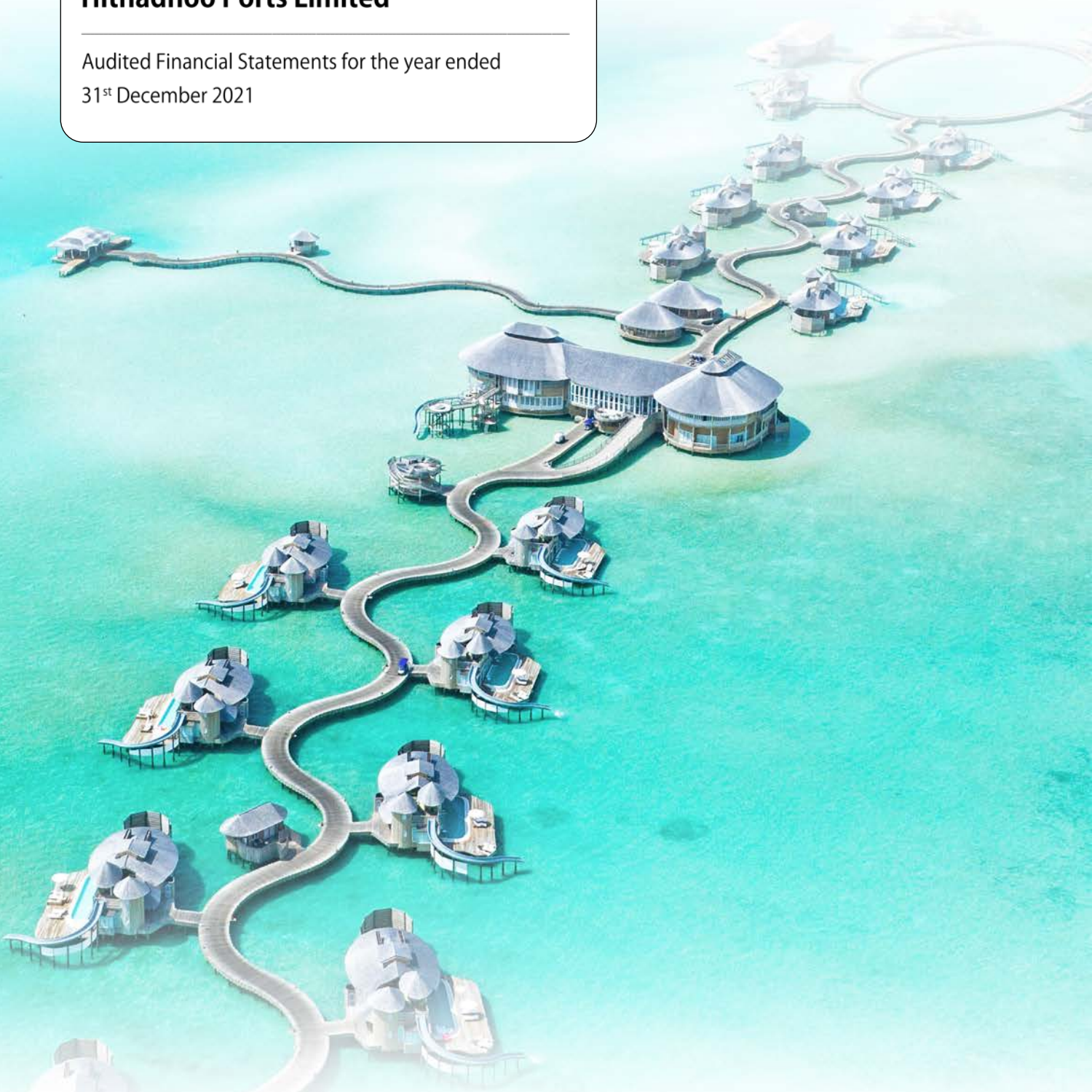


Hithadhoo Ports Limited

Audited Financial Statements for the year ended
31st December 2021



MHPA

Chartered Accountants & CPAs

Audits . Consultancy . Feasibility Studies . Tax . Valuations

MHPA L.L.P

AGO and MIRA approved audit firm
Category 'A' auditor

PARTNERS

Rifaath Jaleel, CPA
Shamoon Adam, ACCA
www.mhpaonline.com



GLOBAL - MEMBER FIRM

Hithadhoo Ports Limited

Audited Financial Statements for the year ended
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Partnership Registration #: P-T0006/2013

AGO Registration #: F0002

MIRA Auditor Registration #: FA0009

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DESIGNS BY: LAM'AAN MOHAMED @LAMAAN.DESIGN

22nd May 2023

MHPA / 037-A / 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Hithadhoo Port Limited,

Disclaimer of Opinion

We were engaged to audit the financial statements of Hithadhoo Port Limited (Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements for the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- 1) As per the addendum to the Transfer of Assets, Rights and obligations of Hithadhoo Regional Port ("HRP") dated 30th December 2010 between Maldives Ports Limited ("MPL") and Hithadhoo Port Limited ("HPL"), all the assets and liabilities owned by HRP should be transferred to HPL on the same day. However, the Company has recorded only the net book value of property plant and equipment of MVR 91,947,352/- as at 1st January 2011. Further, the above balances have been used as the opening balance for the year ended 31st December 2021. Accordingly, we are unable to determine whether any adjustment is required for the financial statements for the year ended 31st December 2021, and for the comparative year ended 31st December 2020 due to absence of sufficient and appropriate audit evidence.
- 2) As per the Memorandum of Association dated 22nd April 2009, the Company has issued 500,000 shares at the consideration of MVR 100/- each to the Government of Maldives ("GoM"). However, the Company has recorded only MVR 250,000/- as its share capital as at 31st December 2021 and comparative year ended 31st December 2020. Further, we have not been provided with sufficient and appropriate audit evidence to verify the amounts recorded in the financial statements. Accordingly, we were unable to assess the accuracy, existence and completeness of share capital disclosed in the financial statements.



As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity.

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the proprietor in accordance with the international Ethics Standards Board for Accountants' Code of Ethics together with the ethical requirements that are relevant to our audit of the financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. Management is responsible for assessing the company's ability to continue as a going concern.

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

Auditors Responsibility for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis of Disclaimer Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Rifaath Jaleel, CPA, FCA
License No: ICAM-IL-DHD
MHPA LLP
Chartered Accountants & CPAs



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

AS AT 31ST DECEMBER

	Note	2021 MVR	2020 MVR
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	30,074,677	33,286,819
Total Non-Current Assets		<u>30,074,677</u>	<u>33,286,819</u>
Current Assets			
Trade and Other Receivables	13	58,133	51,797
Amounts due from Related Parties	14	665,148	50,805
Cash and Cash Equivalents	15	5,642,947	1,569,590
Total Current Assets		<u>6,366,228</u>	<u>1,672,729</u>
Total Assets		<u><u>36,440,905</u></u>	<u><u>34,959,011</u></u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	16	250,000	250,000
Opening Balance Equity	17	91,947,352	91,947,352
Additional Capital	18	19,875,574	19,875,574
Accumulated Losses		(84,609,935)	(84,551,859)
Total Equity		<u>27,462,991</u>	<u>27,521,067</u>
Non Current Liabilities			
Defined Benefit Obligation	19	496,368	339,448
Total Non Current Liabilities		<u>496,368</u>	<u>339,448</u>
Current Liabilities			
Trade and Other Payables	20	975,470	901,989
Amount due to Related Parties	21	7,506,077	6,196,507
Total Current Liabilities		<u>8,481,547</u>	<u>7,098,496</u>
Total Equity and Liabilities		<u><u>36,440,905</u></u>	<u><u>34,959,011</u></u>

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 5 to 23.

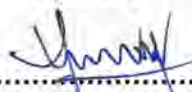

These financial statements were approved by the Board of Directors and signed on its behalf of:

Name of the Director

Mr. Mohamed Shareef - Chairman

Mr. Shahid Ali - Managing Director

Signature



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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2021 MVR	2020 MVR
Revenue	6	16,898,496	11,148,582
Other Operating Income	7	<u>752,910</u>	<u>558,654</u>
		17,651,406	11,707,236
Personnel Costs	8	(10,498,667)	(10,243,184)
Operating Costs	9	(4,061,567)	(3,292,015)
Reversal / (Provision) for Impairment Loss on Trade and other Receivables and Amounts due from Related Parties	13.1 / 14.1	266,305	(572,706)
Depreciation		<u>(3,415,552)</u>	<u>(3,417,770)</u>
Loss from Operating Activities		(58,076)	(5,818,439)
Finance Income		<u>-</u>	<u>-</u>
Loss Before Tax		(58,076)	(5,818,439)
Tax Expense	10	-	-
Loss and other Comprehensive Income for the year		<u><u>(58,076)</u></u>	<u><u>(5,818,439)</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 5 to 23.

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

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Share Capital	Opening Balance Equity	Additional Capital	Accumulated Losses	Total
	MVR	MVR	MVR	MVR	MVR
As at 1 st January 2020	250,000	91,947,352	19,875,574	(78,733,420)	33,339,506
Loss and Other Comprehensive Income for the year	-	-	-	(5,818,439)	(5,818,439)
As at 31 st December 2020	<u>250,000</u>	<u>91,947,352</u>	<u>19,875,574</u>	<u>(84,551,859)</u>	<u>27,521,067</u>
As at 1 st January 2021	250,000	91,947,352	19,875,574	(84,551,859)	27,521,067
Loss and Other Comprehensive Income for the year	-	-	-	(58,076)	(58,076)
As at 31 st December 2021	<u>250,000</u>	<u>91,947,352</u>	<u>19,875,574</u>	<u>(84,609,935)</u>	<u>27,462,991</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 5 to 23.

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2021 MVR	2020 MVR
Cash Flows From Operating Activities			
Loss Before Tax		(58,076)	(5,818,439)
<i>Adjustments for:</i>			
Depreciation	11	3,415,552	3,417,770
Defined Benefit Obligation	14.1	156,920	339,448
Provision for Impairment Loss of Trade and Other Receivables	13.1	-	60,313
Operating loss before working capital changes		3,514,397	(2,000,908)
Changes In:			
Trade and Other Receivables		(6,336)	(64,671)
Trade and Other Payables		73,482	238,332
Amounts due to Related Party		1,309,570	3,119,268
Amount due from Related Parties		(614,343)	(42,598)
Net Cash From Operating Activities		4,276,770	1,249,423
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment	11	(203,412)	(179,839)
Net Cash Used in Investing Activities		(203,412)	(179,839)
Cash Flows from Financing Activities			
Share Issued during the year / period		-	0.00
Net Cash from Financing Activities		-	-
Net Increase in Cash and Cash Equivalents		4,073,358	1,069,584
Cash and Cash Equivalents at the beginning of the Year		1,569,590	500,006
Cash and Cash Equivalents at the end of the year	15	5,642,948	1,569,590

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 5 to 23.



**HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2021

1 REPORTING ENTITY

Hithadhoo Port Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a limited liability company since 12th July 2009 under the Companies Act No. 10 of 1996 with its registered office at Ministry of Finance and Treasury, Ameenee Magu, Male'20379, Republic of Maldives. The Company is 100% owned by the Government of Maldives and is domiciled in the Maldives.

The main businesses of the Company are to provide of harbour facilities, storage, supplies and repair and maintenance services to ships and other ocean going vessels.

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(d) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company during the year.

3.1 Transactions in Foreign Currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated to Maldivian Rufiyaa at the foreign exchange rate ruling as at that date. Foreign exchange differences arising on translations are recognized in profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative)

- Receivables
- Cash and cash equivalents

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses. Receivables comprise trade and other receivables and amount due from related parties.

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Financial Instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

(ii) Financial liabilities (Non-derivative)

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has trade and other payables and amount due to related party as non-derivative financial liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method

(iii) Share Capital

Ordinary Shares

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

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Property, Plant and Equipment (Continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

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

(iii) Depreciation

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

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

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

Port Infrastructure and Buildings - over 25 years

Vehicles and Vessels - over 8 years

Furniture and Office equipment - over 5 years

Machinery and Tools - over 3 to 4 years

Kitchen Equipments - over 3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month in which the property, plant and equipment is ready for use.

3.4 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Impairment (Continued)

(i) Financial Assets (including receivables) (Continued)

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial Assets

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

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

3.5 Employee Benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Provisions

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

3.7 Revenue

Significant categories of revenue comprise services rendered such as stevedoring, handling, wharfage, port dues, tug boat hire and equipment hire income. Revenue is recognized when such services are rendered. Revenue from berthing fees and demurrage income is recognized on accrual basis.

3.8 Expenses

All expenses incurred in running the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

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

4 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2021

5 NEW STANDARDS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1st January 2022. The Company has not early adopted the new or amended standards in preparing these financial statements of the Company.

IAS 16 - International Accounting Standard 16 - Property Plant and Equipment
IFRS 17 - International Financial Reporting Standard 17 - Insurance Contracts

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

6 REVENUE	2021 MVR	2020 MVR
Handling Income	3,665,975	2,158,272
Stevedoring	7,436,230	4,553,018
Wharfage	2,482,556	1,443,188
Entry Permits	28,188	20,113
Demurrage	2,135,000	1,946,815
Equipment Hire Charges	645,716	650,308
Cargo Gear Hire Charges	1,492	459
Towage Income	-	7,500
Tug Hire Charges	55,100	48,801
Pilotage Charges	42,921	39,433
Berthing	360,716	229,378
Others	44,602	51,297
	<u>16,898,496</u>	<u>11,148,582</u>
7 OTHER OPERATING INCOME	2021 MVR	2020 MVR
Fuel Surcharges	286,975	164,075
Miscellaneous Income	4,662	29,158
Auction Cargo Charges	458,273	365,421
Amendment Charge	3,000	-
	<u>752,910</u>	<u>558,654</u>
8 PERSONNEL COSTS	2021 MVR	2020 MVR
Salaries and Wages	4,493,897	4,603,611
Overtime	885,111	634,294
Allowances	4,648,065	4,346,266
Provident Fund Contribution	471,594	319,565
Retiree Compensation	-	339,448
	<u>10,498,667</u>	<u>10,243,184</u>

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

9 OPERATING COSTS	2021	2020
	MVR	MVR
Telephone	156,477	11,673
Electricity	686,568	492,721
Audit Fees	207,161	103,350
Insurance Expenses	225,636	254,000
Fuel Expenses	344,332	164,094
Printing and Stationery	77,371	32,839
Repair and Maintenance	1,085,029	1,523,494
License and Fee	86,458	2,000
Traveling and Conference	140,458	56,221
Hire Charges	123,526	9,475
Sub Contract - Stevedoring	597,763	360,351
Sub Contract - Pilotage	48,534	20,817
Bank Charges	6,529	6,734
Meals and Entertainment	95,291	151,929
Office Expenses	173,424	98,987
Other Expenses	7,011	3,330
	<u>4,061,567</u>	<u>3,292,015</u>
10 INCOME TAX EXPENSE	2021	2020
	MVR	MVR
Tax Expenses (Note 10.1)	<u>-</u>	<u>-</u>
10.1 Reconciliation between Accounting Loss and Tax Loss		
Accounting Loss before Tax	(58,076)	(5,818,439)
Aggregate disallowable items	5,230,960	4,745,101
Aggregate allowable items	(5,064,053)	(4,697,423)
Set off against brought forward Tax loss		
Tax free allowance	-	-
Total Tax Loss	<u>108,831</u>	<u>(5,770,760)</u>
Business Profit Tax @ 15%	<u>-</u>	<u>-</u>

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 and subsequent amendments and, relevant regulations, the Company is liable for Business Profit Tax at the rate of 15% on its taxable profit. However the provision for Business Profit Tax has not been recognised in the financial statements since the Company has incurred a tax loss during the year.

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

10 INCOME TAX EXPENSE (CONTINUED)

10.2 Accumulated Tax Losses	2021	2020
	MVR	MVR
As at 1 st January	5,770,760	6,328,317
Recognised during the year	(108,831)	5,770,760
Write-off during the year	(5,770,760)	(6,328,317)
As at 31 st December	<u>(108,831)</u>	<u>5,770,760</u>

10.3 Unrecognized Deferred Tax Asset

Unrecognized deferred tax asset is attributable to the followings;

	2021		2020	
	Temporary	Tax Effect	Temporary	Tax Effect
	Difference	MVR	Difference	MVR
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	25,494,223	3,824,133	18,209,681	2,731,452
Accumulated Tax Losses	(108,831)	(16,325)	5,770,760	865,614
	<u>25,385,392</u>	<u>3,807,808</u>	<u>23,980,441</u>	<u>3,597,066</u>

The deferred Tax Assets have not been recognized on temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

11 PROPERTY, PLANT AND EQUIPMENT

	Port Infrastructure and Buildings MVR	Vehicles and Vessels MVR	Furniture and Office Equipment MVR	Machinery, Equipment and Tools MVR	Kitchen Equipment MVR	Total MVR
Cost						
As at 1 st January 2021	82,344,835	36,739,382	2,950,427	988,564	73,547	123,096,755
Additions during the year	-	-	196,716	6,694	-	203,410
As at 31 st December 2021	82,344,835	36,739,382	3,147,143	995,258	73,547	123,300,165
Accumulated Depreciation						
As at 1 st January 2021	49,372,761	36,739,382	2,726,448	908,696	62,649	89,809,936
Charge for the year	3,293,792	-	83,819	32,945	4,995	3,415,551
As at 31 st December 2021	52,666,554	36,739,382	2,810,267	941,641	67,644	93,225,488
Net Carrying Value						
As at 31 st December 2021	29,678,281	-	336,876	53,617	5,903	30,074,677

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

11 PROPERTY, PLANT AND EQUIPMENT

	Port Infrastructure and Buildings MVR	Vehicles and Vessels MVR	Furniture and Office Equipment MVR	Machinery, Equipment and Tools MVR	Kitchen Equipment MVR	Total MVR
Cost						
As at 1st January 2020	82,344,835	36,739,382	2,828,105	931,047	73,547	122,771,686
Additions during the year	-	-	122,322	57,517	-	145,230
As at 31st December 2020	82,344,835	36,739,382	2,950,427	988,564	73,547	123,096,755
Accumulated Depreciation						
As at 1st January 2020	46,078,967	36,739,382	2,647,648	868,740	57,428	86,392,166
Charge for the year	3,293,793	-	78,800	39,956	5,221	3,417,770
As at 31st December 2020	49,372,761	36,739,382	2,726,448	908,696	62,649	89,809,936
Net Carrying Value						
As at 31st December 2020	32,972,074	-	223,979	79,868	10,898	33,286,819



HITHADHOO PORT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

12 INTANGIBLE ASSETS	2021	2020
	MVR	MVR
Cost		
As at 1 st January	16,348	16,348
As at 31 st December	<u>16,348</u>	<u>16,348</u>
Accumilated Amortization		
As at 1 st January	16,348	16,348
As at 31 st December	<u>16,348</u>	<u>16,348</u>
Net Carrying Value	<u>-</u>	<u>-</u>

The purchased cost of Quick Book software has been recognized as intangible assets and amortized over three years.

13 TRADE AND OTHER RECEIVABLES	2021	2020
	MVR	MVR
Trade Receivables	1,511,295	1,462,779
Other Receivables	45,940	88,120
	<u>1,557,235</u>	<u>1,550,899</u>
Provision for Impairment Loss (Note 13.1)	<u>(1,499,102)</u>	<u>(1,499,102)</u>
	<u>58,133</u>	<u>51,797</u>

13.1 Provision for Impairment Loss on Trade Other Receivables

As at 1 st January	1,499,102	1,438,789
Provisions made during the year		60,313
As at 31 st December	<u>1,499,102</u>	<u>1,499,102</u>

HITHADHOO PORT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

14 AMOUNTS DUE FROM RELATED PARTIES	2021	2020
	MVR	MVR
Fuel Supplies Maldives Limited	11,628	11,628
Maldives State Shipping Limited	308,914	266,306
Maldives National Shipping Limited	210,187	210,187
Maldives National Disaster Management Centre	20,188	20,188
Maldives Transport & Contracting Company PLC	743,923	739,484
Ministry of Defence & National Security	280,121	280,121
State Trade Organization PLC	570,661	434,626
Sothorn Utilities Limited	73,026	73,026
Maldives Industrial Fisheries Company Limited	1,013,869	1,013,869
Fenaka Corporation Limited	74,702	13,123
Maldives Ports Limited	119,180	119,180
Maldives Inland Revenue Authority	750	31,135
Southern Transport Limited	5,741	4,693
Addu Equatorial Hospital	7,145	7,875
Bank of Maldives PLC	-	42,930
Addu international Airport Pvt Ltd	21,404	-
Maldives Police Service	186,119	-
Adducity Council Idhaara	10,696	-
Hithadhoo Regional Hospital	1,081	-
	<u>3,616,407</u>	<u>3,268,369</u>
Provision for Impairment Loss (Note 14.1)	<u>(2,951,259)</u>	<u>(3,217,564)</u>
	<u>665,148</u>	<u>50,805</u>

14.1 Provision for Impairment Loss on Amounts due from Related parties

As at 1 st January	3,217,564	2,709,605
Provision made during the year	<u>(266,305)</u>	<u>507,959</u>
As at 31 st December	<u>2,951,259</u>	<u>3,217,564</u>

15 CASH AND CASH EQUIVALENTS

	2021	2020
	MVR	MVR
Cash in hand	33,440	8,094
Balances with Banks	<u>5,609,507</u>	<u>1,561,496</u>
	<u>5,642,947</u>	<u>1,569,590</u>

16 SHARE CAPITAL

16.1 Authorized

The authorized share capital comprises of 2,500,000 (2021 : 2,500,000) ordinary shares of MVR 100/- each.

16.2 Issued and Fully Paid

The issued and fully paid up share capital comprises of 2500/- (2021 : 2,500) ordinary shares of MVR 100/- each.

16.3 Dividend and Voting Rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.



HITHADHOO PORT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

17 OPENING BALANCE EQUITY

The Company has recorded MVR 91,947,352/- as opening equity balance which comprises the net book value of property plant and equipment of MVR 91,943,852/- and cash in hand balance of MVR 3,500/- transferred from HRP as at 1st January 2011.

18 ADDITIONAL CAPITAL

	2021	2020
	MVR	MVR
As at 1 st January	19,875,574	19,875,574
Transferred to Share Capital	-	-
As at 31 st December	<u>19,875,574</u>	<u>19,875,574</u>

18.1 As per the letter dated 28th April 2021, received from the Ministry of Finance the balance payable to Maldives Ports Limited amounting to MVR 19,314,978/- and the balance payable to Hithadhoo Regional Port amounting to MVR 560,596/- should be considered as capital injection and accordingly, the total amount of MVR 19,875,574/- was transferred to equity by derecognizing respective liabilities as at 31st December 2018.

19 DEFINED BENEFIT OBLIGATION

	2021	2020
	MVR	MVR
Provision for Gratuity	496,368	339,448
	<u>496,368</u>	<u>339,448</u>

20 TRADE AND OTHER PAYABLES

	2021	2020
	MVR	MVR
Trade Payables	27,759	132,904
Other Payables	304,680	243,386
GST Payable	144,677	109,374
Accruals	498,353	416,325
	<u>975,469</u>	<u>901,989</u>

21 AMOUNTS DUE TO RELATED PARTIES

	2021	2020
	MVR	MVR
Fenaka Corporation Private Limited	27,762	27,762
Maldives Ports Limited	7,478,315	6,168,745
	<u>7,506,077</u>	<u>6,196,507</u>

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

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

(iii) Credit Risk

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



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit Risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit

	<u>Carrying Amount</u>	
	<u>2021</u>	<u>2020</u>
	<u>MVR</u>	<u>MVR</u>
Trade and Other Receivables	58,133	51,797
Amounts due from Related Parties	665,148	8,207
Balances with banks	5,609,507	1,561,496
	<u>6,332,788</u>	<u>1,664,098</u>

The aging of trade and other receivables and amounts due from related parties at the reporting date was:

Impairment Losses	<u>2021</u>		<u>2020</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	<u>MVR</u>	<u>MVR</u>	<u>MVR</u>	<u>MVR</u>
More than 180 days	5,173,641	4,450,361	4,819,266	4,148,393
Total	<u>5,173,641</u>	<u>4,450,361</u>	<u>4,819,266</u>	<u>4,148,393</u>

Based on historic default rates, the Company believes that, no further provision for impairment is necessary in respect of trade receivables and amount due from related parties.

(iv) Liquidity Risk

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

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

31st December 2021	<u>Carrying</u>	<u>12</u>
	<u>Amount</u>	<u>Months</u>
	<u>MVR</u>	<u>MVR</u>
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	975,470	975,470
Amount due to Related Parties	7,506,077	7,506,077
	<u>8,481,547</u>	<u>8,481,547</u>

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (Continued)

31st December 2021

Financial Liabilities (Non- Derivative)

	Carrying Amount MVR	0-12 Months MVR
Trade and Other Payables	663,657	663,657
Amount due to Related Parties	3,077,239	3,077,239
	<u>3,740,896</u>	<u>3,740,896</u>

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

(v) Market risk

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

(a) Interest Rate Risk

There are no interest bearing borrowing or lending by the Company. Hence, the Company does not face any interest rate risk as at the reporting date.

(b) Currency risk

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

	2021 US\$	2020 US\$
Cash and Cash Equivalents	2,824	2,884
	<u>2,824</u>	<u>2,884</u>

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2021	2020	2021	2020
US\$ 1 : MVR	15.42	15.42	15.42	15.42

23 GOING CONCERN

The Company incurred a net loss of MVR33,438/- for the year ended 31st December 2021 and accumulated losses of MVR84,585/- as at 31st December 2021. As at that date, the Company's current liabilities exceeded its current assets by MVR 2,115,339/- These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern in the future.

Notwithstanding this, the financial statements have been prepared on a going concern basis due to reliance on a letter of support, provided by the Ministry of Finance. Through this letter of support, the Ministry of Finance agreed to provide financial assistance to the Company to ensure that they agreed to pay the Company's debts as and when they fall due and payable for a period of at least 12 months from the date of signing these financial statements.

**HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2021

24 CAPITAL COMMITMENTS

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

25 EVENTS AFTER THE REPORTING DATE

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

26 CONTINGENT LIABILITIES

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

27 DIRECTORS' RESPONSIBILITY

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

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2021

28 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Amount	Amount	Balance as at	Balance as at
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Addu International Airport	Common Ownership of Government of the Republic of Maldives	Sales	21,404	-	21,404	21,404
Addu city Council idhaara	Common Ownership of Government of the Republic of Maldives	Sales	10,696	-	10,696	10,696
Fuel Supplies Maldives Limited	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	11,628	11,628
Hithadhoo Regional Hospital	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	1,081	1,081
Maldives National Disaster Management Centre	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	20,188	20,188
Maldives Transport & Contracting Company	Common Ownership of Government of the Republic of Maldives	Sales Settlements	-	-	1,013,869	739,484
Ministry of Defence & National Security	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	280,121	280,121
Maldives Police Service	Common Ownership of Government of the Republic of Maldives	Sales settlements	186,119	-	186,119	-
State Trade Organization	Common Ownership of Government of the Republic of Maldives	Sales settlements	141,660	-	576,285	434,626
Maldives Ports Ltd	Common Ownership of Government of the Republic of Maldives	Sales Purchases Borrowings	-	-	119,180	119,180
Maldives State Shipping	Common Ownership of Government of the Republic of Maldives	Purchases Settlements	308,914	-	308,914	-
Fenaka Corporation Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases settlements	19,402	-	7,145	13,123
Maldives Industrial Fisheries Company Limited	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	5,741	1,013,869
Southern Transport Limited	Common Ownership of Government of the	Sales Purchases	-	-	186,119	4,693
Southern Utilities Limited	Common Ownership of Government of the	Sales Purchases	-	-	73,026	73,026
Addu Equatorial Hospital	Common Ownership of Government of the	Sales Purchases	-	-	7,145	7,145
Maldives National shipping Limited	Common Ownership of Government of the	Sales Purchases	-	-	210,187	210,187
Maldives Inland Revenue Authority	Common Ownership of Government of the	Sales Purchases	-	-	-	31,135

28.1 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has not paid remuneration to the key management personnel during the year ended 31st December 2021.



About MHPA

MHPA is a Institute of Chartered Accountants of Maldives Licensed Audit Firm registered in the Republic of Maldives providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. Initially registered in 2008, MHPA was the first 100% Maldivian owned and operated professional audit firm with qualified professionals to offer specialized professional assurance and advisory services such as Internal Audits, External Audits, Valuation Services, Feasibility Studies and Due Diligence Services to the micro, small and medium sized business enterprises in the country.

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