Report No: FIN-2019-90(E)

26 December 2019

AASANDHA COMPANY LIMITED
FINANCIAL YEAR 2018

AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF AASANDHA COMPANY LIMITED

Qualified Opinion

We have audited the financial statements of Aasandha Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory notes exhibited on pages 4 to 31.

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. Because of the disclaimer of opinion issued in respect of the prior year ended 31 December 2017, we were unable to satisfy ourselves as to the accuracy and completeness of the opening balances for amount due from related parties, deferred income, trade and other payables, and accumulated surpluses. Since these opening balances entered into the determination of the results of operations and cash flows of Aasandha Company Limited for the year ended 31 December 2018, we were unable to determine whether adjustments to the financial position, results of the operations and cash flows might have been necessary for the year ended 31 December 2018.

2. As disclosed in the Note 18 to the financial statements, deferred income has been recognized as MVR 5,102,985/- as at 31 December 2018. However, we were unable to verify the completeness, existence and accuracy of this balance due to unavailability of sufficient appropriate audit evidence.

3. As per Social Council's 100th meeting held on 29 February 2016, the Council decided that management of the Hulhumale' Hospital was transferred to the Company. However, due to unavailability of terms and conditions related to the management of Hulhumale' Hospital, we were unable to determine the possible effects of this management transfer in these financial statements.

Responsibilities of management for the financial statements

The Board of Directors ("the Board") 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 the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

26 December 2019

Hassan Ziyath
Auditor General

AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	2018 MVR	2017 MVR
Income		-	-
Expenses		-	-
Net income	**7**	-	4,978,574
Other income	**8**	53,018,390	52,168,586
Expenses for administration		(53,018,390)	(57,147,160)
Expenditure over income before tax	**9**	-	-
Income tax expenses	**10**	(336,042)	137,884
Expenditure over income after tax (Total comprehensive income)		(336,042)	137,884

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 8 to 31. The Report of the Independent Auditors is given in pages 1 to 3.

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AASANDHA
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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Note	31/12/2018 MVR	31/12/2017 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,542,415	10,984,774
Intangible assets	12	1,136,680	1,754,491
Total non-current assets		9,679,095	12,739,265
Current assets			
Inventory	13	448,751	604,092
Amount due from related parties	14	294,723,263	551,959,927
Other receivables	15	959,605	51,159,641
Cash and cash equivalents	16	11,326,274	3,981,485
Total current assets		307,457,893	607,705,145
Total assets		317,136,988	620,444,410
EQUITY AND LIABILITIES			
Equity			
Share capital	17	5,000,000	5,000,000
Additional capital contribution		5,000,000	5,000,000
Accumulated surplus		416,879	752,921
Total equity		10,416,879	10,752,921
Non-current liabilities			
Deferred income	18	5,102,985	34,230,343
Total non-current liabilities		5,102,985	34,230,343
Current liabilities			
Trade and other payables	19	296,410,775	575,461,146
Amount due to related parties	20	5,206,349	-
Total current liabilities		301,617,124	575,461,146
Total liabilities		306,720,109	609,691,489
Total equity and liabilities		317,136,988	620,444,410

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 8 to 31. The Report of the Independent Auditors is given in pages 1 to 3.

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

Name of the Director **Signature**

NIYAZ MOHAMED ....

MARIYAM SHAFEEQ ....

19th November 2019

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AASANDHA COMPANY LTD
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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

	Share Capital MVR	Additional Capital Contribution MVR	Accumulated surplus MVR	Total Equity MVR
Balance as at 1 January 2017	5,000,000	5,000,000	615,037	10,615,037
Expenditure over income after tax (Total comprehensive income)	-	-	137,884	137,884
Balance as at 31 December 2017	5,000,000	5,000,000	752,921	10,752,921
Balance as at 1 January 2018	5,000,000	5,000,000	752,921	10,752,921
Expenditure over income after tax (Total comprehensive income)	-	-	(336,042)	(336,042)
Balance as at 31 December 2018	5,000,000	5,000,000	416,879	10,416,879

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 8 to 31. The Report of the Independent Auditors is given in pages 1 to 3.

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AASANDHA
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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2018 MVR	2017 MVR
Cash flows from operating activities			
Loss for the period		-	-
Adjustments for:			
Depreciation	11	5,317,372	3,268,325
Amortization	12	668,691	626,678
Loss on disposal of intangible assets	12	-	63,550
Operating profit before working capital changes		5,986,063	3,958,553
Changes in:			
Inventories	13	155,341	276,855
Amount due from related parties	14	306,934,714	1,177,599,841
Other receivables	15	375,434	60,486,298
Deferred income	18	(29,127,358)	22,708,405
Trade and other payables	19	(279,259,861)	(1,261,468,596)
Amount due to related parties	20	5,206,349	-
Net cash from operating activities		10,270,682	3,561,356
Cash flows from investing activities			
Acquisition of property plant and equipment	11	(2,875,013)	(4,416,952)
Acquisition of intangible assets	12	(50,880)	(281,197)
Net cash used in investing activities		(2,925,893)	(4,698,149)
Net increase / (decrease) in cash and cash equivalents		7,344,789	(1,136,793)
Cash and cash equivalents at beginning of year		3,981,485	5,118,278
Cash and cash equivalents at end of year	16	11,326,274	3,981,485

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 8 to 31. The Report of the Independent Auditors is given in pages 1 to 3.

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AASANDHA COMPANY LTD
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AASANDHA COMPANY LIMITED
(INCORPORATED IN THE REPLUBIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Aasandha Private Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Maldives as a Private Limited Liability Company since 21 December 2011 under the Companies' Act No. 10 of 1996 with its registered office at Fen building, 3rd floor, Ameenee Magu, Male', Republic of Maldives. The Company commenced its operations with effect from 1 January 2012.

The main activity of the Company is to manage Universal Healthcare Insurance Scheme offered by the Government of Maldives. As per the management agreement entered in to with the Government of Maldives, the scheme is a non-profit scheme run from the state budget and the Company is entitled to reimburse the total amount equivalent to claims made and administration expenses incurred, from National Social Protection Agency.

The Company is fully owned by the Government of Maldives.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Individual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This is the first set of the Company's annual financial statements in which IFRS 15, "Revenue from Contracts with Customers" and IFRS 9, "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 3.

(b) Basis of Preparation

The individual financial statements of the Company have been prepared based on the historical costs basis except for available for sale investments and those financial assets and that have been measured at fair value.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 recognized prospectively.

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

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2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Estimates, Assumptions and Judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. These particular policies require subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are uncertain. Information about and areas of estimation, uncertainty and critical estimates, assumptions and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in respective note.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements other than loss allowance for trade receivables.

Due to the transition method chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards and separately presenting impairment loss on trade receivables and contract assets where applicable.

a. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time – requires judgment.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to the revenue streams.

b. IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 "Financial instruments": Recognition and measurement.

IFRS 9 did not have a significant impact on the Company's accounting policies with respect to the relevant financial assets and liabilities.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

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3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Classification and measurement of financial assets and financial liabilities (Continued)

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Financial Assets	Original asset classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 MVR	New carrying amount under IFRS 9 MVR
Other receivables	Loans and receivables	Amortized cost	1,335,039	1,335,039
Amount due from related parties	Loans and receivables	Amortized cost	551,959,927	551,959,927
Cash and cash equivalents	Loans and receivables	Amortized cost	3,727,617	3,727,617
Total financial assets			557,022,583	557,022,583

Financial Liabilities	Original asset classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 MVR	New carrying amount under IFRS 9 MVR
Trade and other payables	Other financial liabilities	Other financial liabilities	572,485,648	572,485,648
Total financial liabilities			572,485,648	572,485,648

(i) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments." Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company has determined that the application of IFRS 9 impairment requirement as at 1 January 2018 results no material impact on allowance for impairment.

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4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Translation in Foreign Currencies

(a) Functional and Presentation Currency

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 the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

4.2 Financial Instruments

i. Recognition and initial measurement

a) Financial Assets (Non-derivative)

The Company initially recognises 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):

- Loans and Receivables
- Cash and cash equivalent

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

i. Recognition and initial measurement (Continued)

b) Loans and Receivables

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

Receivables comprise of amount due from related party and other receivables.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities on the balance sheet.

d) Financial Liabilities (Non-derivative)

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other 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. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

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's non-derivative financial liabilities comprise insurance payables and other payables. 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.

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

ii. Classification and subsequent measurement (Continued)

Financial assets – Policy applicable from 1 January 2018 (Continued)

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

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

On initial recognition of and equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses Policy applicable from 1 January 2018

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Held to maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method

(iii) Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

4.3 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.

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 an expense as incurred.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Property, Plant and Equipment (Continued)

(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 calculated to write off the cost of items of property, plant and equipment using the straight line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Building	25 years
Office Interiors	5 years
Office and Computer Equipment	3 years
Motor vehicles	5 years
Air conditioners	3 years
Furniture and Fittings	10 years
Sundry Assets	3 years

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

4.4 Intangible Assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognized in profit or loss as incurred.

(iii) Amortization

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful life for the current and comparative periods is as follows:

Software	5 Years

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Intangible Assets (Continued)

(iii) Amortization (Continued)

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.5 Inventories

Inventories have been valued at the lower of cost and net realizable value. The cost of inventories is based on the weighted average (WAC) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Impairment

Financial Assets (Non Derivative)

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Impairment (Continued)

Financial Assets (Non Derivative) (Continued)

Policy applicable from 1 January 2018 (Continued)

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.

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.

Policy applicable before 1 January 2018

Financial Assets (Non Derivative)

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. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.7 Tax Expenses

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

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Tax Expenses (Continued)

Deferred Tax (Continued)

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

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

4.8 Provision

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.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

4.9 Income

Operating Income

Operating income comprise the total amount receivable for reimbursement of operating expenses and administration expenses for the whole period under the contract with the government and is recognized on accrual basis.

No income is recognized if there are significant uncertainties regarding recovery of the consideration due.

Investment Income

Interest income is recognized in the income statement as it accrues using effective interest rate method.

4.10 Government Grants

Government grants are recognized initially as differed income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognized.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Cash flow statement

Cash flow statement has been prepared using the "indirect method".

4.12 Events Occurring After the Reporting Date

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

5 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. Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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.

6. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Following new standards, amendments to standards and interpretations applicable to the financial statements of the Company are effective for annual periods beginning after 1 January 2019 and earlier application is permitted, however the company has not applied the following new or amended standards interpretations in these financial statements.

i. IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC 15 – Operating leases incentive and SIC 27 – Evaluating the substance of transactions involving the legal form of a leases with effect from 1 January 2019.

The Company is in the process of assessment of the potential impact and not yet completed the detail assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing interest rate at 1 January 2019 and other relevant factors.

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6. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

ii. Other standards

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

- IFRIC 23 - Uncertainty over income tax treatments.
- Annual improvements to IFRS standards 2015 – 2017 cycle – various standards.

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7 NET INCOME

	2018 MVR	2017 MVR
Reimbursement of expenses from NSPA	1,248,838,496	1,309,474,045
Expenses incurred on medical claims	(1,248,838,496)	(1,304,495,471)
	-	4,978,574

The Aasandha Scheme Operating Income and Expenses have been removed from the Statement of Comprehensive Income as they do not fit the criteria for Revenue Recognition as per IFRS 15.

8 OTHER INCOME

	2018 MVR	2017 MVR
Budget contribution from Ministry of Finance	50,282,520	51,431,682
Other income	2,735,870	736,904
	53,018,390	52,168,586

9 INCOME OVER EXPENSES BEFORE TAX

	2018 MVR	2017 MVR
Is stated after charging all the expenses including the following;		
Depreciation	5,317,372	3,268,325
Amortization	668,691	626,678
Directors remuneration	567,929	578,500
Personnel costs **(Note 9.1)**	32,638,699	31,476,342

9.1 Personnel costs

	2018 MVR	2017 MVR
Salaries and wages	15,142,796	14,969,872
Allowances	15,989,115	15,015,895
Pension allowances	1,506,788	1,490,575
	32,638,699	31,476,342

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10 TAX EXPENSES

	2018 MVR	2017 MVR
Current tax expense **(Note 10.1)**	336,042	20,344
Deferred tax reversed / (recognized) during the year **(Note 10.2)**	-	(158,228)
	336,042	(137,884)

10.1 Reconciliation between income over expenditure and taxable profit

	2018 MVR	2017 MVR
Income over expenditure before tax	-	-
Aggregate disallowable items	8,060,778	6,027,628
Aggregate allowable items	(5,320,498)	(5,392,000)
Tax free allowance	(500,000)	(500,000)
Total taxable profit	2,240,280	135,628
Business profit tax @ 15%	336,042	20,344

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.

10.2 Deferred tax asset / (liability)

	31/12/2018 MVR	31/12/2017 MVR
Opening Balance	-	(158,228)
Recognized / (Reversed) during the year	-	158,228
Closing balance	-	-

Deferred tax asset is attributable to the followings;

	31/12/2018		31/12/2017	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, plant and equipment	3,177,942	476,691	637,537	95,631

The deferred tax asset on property plant and equipment and intagible assets has not been recognized due that the company is not expecting that there will be probable future taxable profit will be available against which the Company can utilize the benefits there from.

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11 PROPERTY, PLANT AND EQUIPMENT

	Building	Office Interiors	Office and Computer Equipment	Motor Vehicles	Furniture and Fittings	Air Conditioners	Sundry Assets	Total 31/12/2018	Total 31/12/2017
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost									
Opening balance	615,432	4,142,536	9,321,414	560,141	1,235,522	71,343	90,276	16,036,664	13,632,211
Additions during the year	-	-	2,813,743	-	58,845	-	2,425	2,875,013	1,789,021
Transferred from CWIP	-	-	2,627,931	-	-	-	-	2,627,931	615,432
Closing balance	615,432	4,142,536	14,763,088	560,141	1,294,367	71,343	92,701	21,539,608	16,036,664
Accumulated depreciation									
Opening balance	24,617	1,921,755	5,135,917	277,083	240,310	50,959	29,180	7,679,821	4,411,496
Charge for the year	34,670	1,022,922	3,931,889	112,028	152,180	16,422	47,261	5,317,372	3,268,325
Closing balance	59,287	2,944,677	9,067,806	389,111	392,490	67,381	76,441	12,997,193	7,679,821
Net Carrying Value									
Balance as at 31 December 2018	556,145	1,197,859	5,695,282	171,030	901,877	3,962	16,260	8,542,415	
Balance as at 31 December 2017	590,815	2,220,781	4,185,497	283,058	995,212	20,384	61,096		8,356,843
Capital Work in Progress **(Note 11.1)**								-	2,627,931
Total								8,542,415	10,984,774

11.1 Capital Work in Progress

	2018	2017
Opening balance	2,627,931	-
Additions during the year	-	2,627,931
Capitalized during the year	(2,627,931)	-
Closing balance	-	2,627,931

The Capaital working progress includes the expenses incurred for the Purchase and Installation of Uninterruptible Power Supply, High Available Cooling System and managed Racks, Environment Monitor.

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12 INTANGIBLE ASSETS

	31/12/2018 MVR	31/12/2017 MVR
Cost		
Opening balance	3,264,751	3,058,554
Addition during the year	50,880	281,197
Disposal during the year	-	(75,000)
Closing balance	3,315,631	3,264,751
Accumulated Amortization		
Opening balance	1,510,260	895,032
Charged during the year	668,691	626,678
Disposal during the year	-	(11,450)
Closing balance	2,178,951	1,510,260
Net Carrying Value	1,136,680	1,754,491

13 INVENTORIES

	31/12/2018 MVR	31/12/2017 MVR
Printing and Stationery items	448,751	604,092

14 AMOUNT DUE FROM RELATED PARTIES

	31/12/2018 MVR	31/12/2017 MVR
National Social Protection Agency	294,692,591	255,342,656
Hulhumale Medical Hospital	30,672	296,617,271
	294,723,263	551,959,927

15 OTHER RECEIVABLES

	31/12/2018 MVR	31/12/2017 MVR
Other receivables	558,062	760,618
Staff loan receivables	269,248	288,446
Allied Insurance Company of the Maldives Private Limited	132,295	198,457
Advance receivables	-	87,518
Tax receivable	-	49,824,602
	959,605	51,159,641

16 CASH AND CASH EQUIVALENTS

	31/12/2018 MVR	31/12/2017 MVR
Cash in Hand	52,600	253,868
Balances with Banks	11,273,674	3,727,617
	11,326,274	3,981,485

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17 SHARE CAPITAL

Authorized

The authorized share capital comprises of 100,000 (2017 : 100,000) ordinary shares of MVR 100/- each.

Issued and fully paid

The issued and fully paid share capital comprises of 50,000 (2017 : 50,000) ordinary shares of MVR 100/- each.

Additional capital contribution

The Company has issued additional shares of 50,000 at MVR 100 each which has been fully subscribed in 2012. However the share issue has not yet been registered with the Ministry of Economic Development as at the reporting date.

Dividends and voting rights

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

18 DEFERRED INCOME

	31/12/2018 MVR	31/12/2017 MVR
Opening balance	34,230,343	11,521,938
Received during the year	21,155,162	74,140,087
Realized during the Year	(50,282,520)	(51,431,682)
Closing balance	5,102,985	34,230,343

18.1 Analysis of Deferred Income

	31/12/2018 MVR	31/12/2017 MVR
Unutilized grants **(Note 18.2)**	2,227,972	32,083,859
Grants related to assets **(Note 18.3)**	2,875,013	2,146,484
	5,102,985	34,230,343

18.2 The deferred income represents the amounts received from Finance Ministry for the future operating expenses. The deferred income is recognized when it is incurred during the year.

18.3 The deferred income represents the amounts funded by Ministry of Finance to purchase fixed assets, intangible assets. The deferred income relating to capital assets are recognized over the useful life.

19 TRADE AND OTHER PAYABLES

	31/12/2018 MVR	31/12/2017 MVR
Outstanding claims payables	293,582,048	572,485,648
Accrued expenses and other payables	2,619,237	2,975,498
Tax Payable	209,490	-
	296,410,775	575,461,146

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20 AMOUNT DUE TO RELATED PARTIES

	31/12/2018 MVR	31/12/2017 MVR
Hulhumale Medical Hospital	5,206,349	-
	5,206,349	-

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments;

- Credit risk
- Liquidity risk
- Market risk

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

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a party to the contract fails to meet its contractual obligations, and this principally arises from the Company's receivable from related

Comparative information under IAS 39

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

	Carrying Amount	
	31/12/2018 MVR	31/12/2017 MVR
Amount due from related parties	294,723,263	551,959,927
Other receivables	959,605	1,247,521
Cash at Bank	11,273,674	3,727,617
	306,956,542	556,935,065

The Company's exposure to credit risk is influenced mainly by the credit worthiness the Government of Maldives as represented by National Social Protection Agency .

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Impairment Losses

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The aging of amount due from related party at the reporting date was as follows;

	31/12/2017	
	Gross MVR	Impairment MVR
Past due 0-30 days	405,889,865	-
Past due 31-365 days	142,030,742	-
More than one year	4,039,320	-
	551,959,927	-

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

Credit loss assessment under IFRS 9

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

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

Trade Receivable

Following table provides information about exposure to credit risk and ECLs for trade receivable and contract assets as at 31 December 2018.

	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Credit Impaired
Past Due 0-30 days	0%	289,930,289	26,818	No
Past Due 31-60 days	0%	1,903,233	702	No
Past Due 61-90 days	0%	1,618,594	1,405	No
Past Due 91-120 days	0%	684,843	1,352	Yes
Past Due 121-150 days	0%	13,432	66	Yes
Past Due 151-180 days	1%	16,421	174	Yes
Past Due 181-365 days	2%	28,015	425	Yes
Above 365 days	3%	528,436	15,853	Yes
		294,723,263	46,796	

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Credit loss assessment under IFRS 9 (Continued)

Trade Receivable (Continued)

Gross carrying amount and loss allowance comprise the trade receivables and amount due to from related companies.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An amount of MVR 46,796/- in the allowance of impairment over these receivable were not recognized to the profit and loss for the year ended 31 December 2018, since the impact is not material to the financial statement.

Cash and cash equivalent

The Company held cash at bank of MVR 11,273,674/- as at 31 December 2018 (2017 - MVR 3,727,617/-). On the initial application of IFRS 9, the Company has no significant impact on cash and cash equivalent balances as at 1 January 2018.

(ii) Liquidity risk

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

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

31 December 2018	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	293,582,048	293,582,048	-
Amount due to related parties	5,206,349	5,206,349	-
	298,788,397	298,788,397	-

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

31 December 2017	Carrying Amount MVR	1-12 Months MVR	More Than 1 Year MVR
Financial Liabilities (Non- derivative)			
Trade and other payables	572,485,648	572,485,648	-
	572,485,648	572,485,648	-

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

(iii) Market Risk

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

(a) Currency risk

Exposure to currency risk

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

	31/12/2018 US$	31/12/2017 US$
Trade and Payables	532,264	1,474,851
Cash and cash equivalent	323,287	40,874
Gross statement of financial position exposure	323,287	40,874

The following significant exchange rate applied during the year

	Average rate		Reporting date spot rate	
	2018	2017	31/12/2018	31/12/2017
1 US$: MVR	15.42	15.42	15.42	15.42

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

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21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(b) Interest rate risk

The company does not have any interest exposure as at 31 December 2018.

22 CAPITAL COMMITMENTS

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

23 EVENTS AFTER THE REPORTING DATE

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

24 DIRECTOR'S RESPONSIBILITY

The board of directors of the Company is responsible for the preparation and presentation of these financial statements.

25 COMPARATIVE FIGURES

The comparative figures of the financial statements have been reclassified to conform with current year's classifications.

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26 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transactions	Amount 2018 MVR	Amount 2017 MVR	Balance as at 31/12/2018 MVR	Balance as at 31/12/2017 MVR
National Social Protection Agency (NSPA)	Government Institute	Operating Income	1,248,838,496	1,309,474,045		
		Settlement	(1,209,488,561)	(903,347,911)		
		Setoff against government hospital payables		(1,685,380,442)	294,692,591	255,342,656
Hulhumale Medical Hospital	Affiliated Institution	Funds Received	56,259,901	57,348,042		
		Expense Incurred	(51,084,224)	44,326,769	(5,175,677)	296,617,271
		Reversal	(296,617,271)			

26.1 Transactions with the Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has made a payment of MVR 567,929/- to the key management personnel during the year ended 31 December 2018. (2017: MVR. 578,500/-)

26.2 Collectively, but not individually, significant transactions.

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

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