Report No: FIN-2019-26 (E)

24 April 2019

MALDIVES PORTS LIMITED
FINANCIAL YEAR 2018

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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES PORTS LIMITED

Qualified Opinion

We have audited the financial statements of Maldives Ports Limited (the "Company") which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the basis for the qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for qualified opinion

1. The Company has not consolidated the financial statements of the subsidiary, Kulhudhufushi Port Limited (the "KPL") since audited financial statements of the said Company were unavailable as of date. As required by IAS 27 - Consolidated and Separate Financial Statements, the subsidiary should have been consolidated because it is controlled by the Company. Had the subsidiary been consolidated, many elements in the accompanying financial statements would have been materially affected. Accordingly, the effects on the financial statements on the failure to consolidate have not been determined.

2. The carrying value of the investment made in Kulhudhufushi Port Limited as stated in these financial statements is stated at MVR. 52,040,800/- (Note 15 to the financial statements). The investee incurred recurring losses since incorporation and the operational revenue of the KPL has been decreasing over the years. The KPL has recorded an accumulated net loss of MVR. 59,827,212/- as at the year-end resulting in a net asset of MVR. 42,213,588/- based on financial statements prepared by the management. As required by IAS 36; Impairment of assets, the Company should assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company should estimate the recoverable amount of the asset. Given the continuous losses, the management has not adequately assessed whether there is any indication that the said assets may be impaired. Accordingly, we were unable to sufficiently satisfy ourselves as to the valuation of the said balances stated in these financial statements.

3. Capital work in progress balance includes an amount of MVR. 24,004,229/- (Note 13.2 to the financial statements) incurred on construction of a tug boat for harbor operations. Further, the Company has capitalised an amount of MVR. 779,503/- paid towards Goods & Services Tax on the invoice raised by the contractor in 2012. The construction has been discontinued since the year 2010 due to a dispute with the contractor. Further, we were not allowed access to the premises of tug boat to satisfy ourselves regarding the physical existence. Hence, we are unable to satisfy ourselves

whether the amount shown under capital work in progress in the statement of financial position is fairly stated.

4. Related party receivables at the date of the statement of financial position includes receivables amounting to MVR. 13,073,636/- (Note 18.1 to the financial statements) from Maldives National Shipping Limited, which has been outstanding for more than seven years and therefore, doubtful of recovery. Hence, we are unable to satisfy ourselves whether the amount shown under related party receivables in the statement of financial position is fairly stated.

5. Other receivables include MVR. 85,137,999/- (Note 18 to the financial statements) due from Maldives Marketing and Public Relation Corporation. The Company has been unable to recover two promissory notes originally matured on 31 March and 27 April 2015 respectively as of our opinion date. Based on the information available, the recoverability of these amounts is doubtful.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Responsibilities of management for the financial statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

31 March 2019

Hassan Ziyath
Auditor General

Maldives Ports Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018 MVR	2017 MVR
Revenue	**6**	758,200,640	628,209,833
Other income	**7**	33,842,122	32,512,567
Other operating expenses		(166,690,756)	(127,997,148)
Payroll related expenses		(288,983,617)	(282,525,560)
Depreciation and amortisation expenses		(62,729,156)	(58,071,536)
Operating profits	**8**	**273,639,233**	**192,128,156**
Finance income	**9**	3,552,974	3,547,780
Finance cost	**10**	(9,367,603)	(8,938,863)
Profit before tax from operations		**267,824,604**	**186,737,073**
Business profit tax expenses	**11**	(39,071,452)	(28,149,296)
Profit for the year		**228,753,152**	**158,587,777**
Earnings per share	**12**	53.82	37.31

The accounting policies and notes on pages 8 to 30 form an integral part of the financial statements.

Maldives Ports Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 MVR	2017 MVR
Assets			
Non-current assets			
Property, plant and equipment	13	726,316,395	645,332,661
Intangible asset	14	1,825,085	1,118,132
Investment in subsidiary	15	52,040,800	52,040,800
Lease rights	16	6,865,331	7,169,332
Deferred tax assets	11.2	9,211,785	5,613,780
Trade and other receivables	18	-	238,088
		796,259,396	**711,512,793**
Current assets			
Inventories	17	183,315,270	44,825,168
Trade and other receivables	18	176,804,463	184,163,490
Contract assets	30	6,197,172	5,165,290
Other current financial assets	19	84,283,278	71,710,361
Cash and cash equivalents	20	131,274,457	63,343,056
		581,874,640	**369,207,365**
Total assets		**1,378,134,036**	**1,080,720,158**
Equity and liabilities			
Equity			
Share capital	21	425,000,000	425,000,000
Contribution towards capital		9,045,263	9,045,263
Retained earnings		608,931,799	475,331,313
		1,042,977,062	**909,376,576**
Non-current liabilities			
Interest- bearing loans and borrowings	22	119,763,247	86,808,903
Current liabilities			
Interest- bearing loans and borrowings	22	63,281,818	24,662,237
Trade and other payables	23	125,163,982	47,567,330
Contract liabilities	30	270,077	261,937
Business profit tax payable	11.3	26,677,850	12,043,175
		215,393,727	**84,534,679**
Total equity and liabilities		**1,378,134,036**	**1,080,720,158**

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

Name of the director	**Signature**
Shahid Ali	
Mohamed Zaki	

The accounting policies and notes on pages 8 to 30 form an integral part of the financial statements.

31 March 2019

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REPUBLIC OF MALDIVES, C-646/2008

AUDITOR GENERAL'S OFFICE

Maldives Ports Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Share capital MVR	Contribution towards capital MVR	Retained earnings MVR	Total MVR
Balance as at 1 January 2017	425,000,000	-	416,943,536	841,943,536
Dividends paid	-	-	(100,200,000)	(100,200,000)
Fair value of right to use lands (13.1)	-	9,045,263	-	9,045,263
Profit for the year	-	-	158,587,777	158,587,777
Balance as at 31 December 2017	425,000,000	9,045,263	475,331,313	909,376,576
Dividends paid	-	-	(95,152,666)	(95,152,666)
Profit for the year	-	-	228,753,152	228,753,152
Balance as at 31 December 2018	**425,000,000**	**9,045,263**	**608,931,799**	**1,042,977,062**

The accounting policies and notes on pages 8 to 30 form an integral part of the financial statements.

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AUDITOR GENERAL'S OFFICE

Maldives Ports Limited

STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 MVR	2017 MVR
Operating activities			
Profit before tax from operations		267,824,604	186,737,073
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	**13/14**	62,425,156	57,767,535
Amortization of loan arrangement fee	**10**	566,618	682,626
Interest income	**9**	(3,552,974)	(3,547,780)
Finance cost	**10**	8,800,987	8,256,237
Amortisation on lease right	**16**	304,001	304,001
Impairment of trade receivables		18,372,027	471,341
Impairment reversal of other receivables		358,995	(779,884)
Impairment of inventories		1,845,631	-
Inventory adjustments		-	45,527
Operating profit before working capital changes		**356,945,044**	**249,936,676**
Working capital adjustments:			
Increase in inventories		(140,335,733)	(25,728,957)
Decrease/(increase) in trade and other receivables and contract assets		(12,165,789)	62,662,041
Increase/(decrease) in trade and other payables and contract liabilities		77,604,792	(4,206,410)
Cash flows from operating activities		282,048,314	282,663,350
Business profit tax paid		(28,034,782)	(32,544,191)
Interest paid	**10**	(8,800,987)	(8,256,237)
Interest received	**9**	3,552,974	3,547,780
Net cash flows from operating activities		**248,765,520**	**245,410,702**
Investing activities			
Acquisition of property, plant and equipment	**13**	(74,739,615)	(116,249,842)
Acquisition of intangible assets	**14**	(1,156,500)	-
Cost incurred on construction of capital work-in-progress	**13**	(68,219,727)	(6,246,851)
Investment on fixed deposits	**19**	(10,000,000)	-
Net proceeds from treasury bills investments	**19**	(2,572,917)	24,933,056
Net cash flows used in investing activities		**(156,688,759)**	**(97,563,637)**
Financing activities			
Proceeds from borrowings	**22**	97,703,488	-
Repayment of loans	**22**	(26,696,181)	(25,023,518)
Dividend paid		(95,152,666)	(100,200,000)
Net cash flows used in financing activities		**(24,145,359)**	**(125,223,518)**
Net increase in cash and cash equivalents		67,931,402	17,458,257
Cash and cash equivalents as at 1 January		63,343,056	45,884,800
Cash and cash equivalents as at 31 December	**20**	**131,274,457**	**63,343,056**

The accounting policies and notes on pages 8 to 30 form an integral part of the financial statements.

MALDIVES PORTS LIMITED REPUBLIC OF MALDIVES C-846/2008

AUDITOR GENERAL'S OFFICE

1. Corporate information

1.1 General

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

1.2 Principal activities and nature of operations

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

1.3 Date of authorisation for issue

The financial statements of Maldives Ports Limited for the year ended 31 December 2018 were authorised for issue on 31 March 2019 in accordance with resolution of the Board of Directors.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company comprise the statements of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity together with accounting policies and notes.

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

2.2 Basis of measurement

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

2.3 Comparative information

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

3. Summary of significant accounting policies

a. Foreign currencies

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

The decision has been taken by management of the Company to maintain the reporting currency as Maldivian Rufiyaa in the financial statements since most of the business transactions are dealt in Maldivian Rufiyaa.

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

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

b. Current versus non-current classification

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

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

c. Revenue from contract with customers

The Company is in the business of providing harbour facilities and related activities. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Rendering of services

The Company recognises revenue from harbour operation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the transport operations are recognised at a point in time, generally upon delivery of the service.

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The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the services delivered, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sale of goods

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

Other income

Other income is recognised on an accrual basis.

Interest

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

d. Contract balances

Contract assets

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "Financial instruments – initial recognition and subsequent measurement".

Contract liabilities

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

e. Expenditure recognition

Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been recognised in income statement.

f. Taxes

Current business profit tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of the reporting period.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the Company's financial statements, investment in the subsidiary has been accounted for at cost, net of any impairment for other than temporary diminution in value.

h. Property, plant and equipment

Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

Subsequent costs

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

Depreciation

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

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

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

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

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

i. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

j. Operating lease right

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

k. Leases

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

Group as a lessee

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

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

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

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

l. Inventories

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

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

m. Impairment of assets

The Company assesses, at each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

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The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

n. Financial Instruments - Initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

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

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

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement financial assets of the Company are classified into the following:

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

And

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

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

The Company's financial assets at amortised cost includes investment on treasury bills, investment on fixed deposits, trade and other receivables.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

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

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

When the loan to which the financial asset relates is settled completely, the unamortised amount of financial asset is charged to the statement of comprehensive income at time immediately.

Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

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

o. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash in hand and balance with banks.

Statement of cash flows is prepared in "indirect method". For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks as defined above, net of outstanding bank overdrafts, if any.

p. Share capital

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

q. Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Maldives, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

r. Provisions

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

When the Company expects some or all of the provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the re-imbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any re-imbursement.

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The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

I. IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

II. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Standards issued but not yet effective

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

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

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6 Revenue from contract with customers

	2018 MVR	2017 MVR
Ship arrival and pilotage services	85,315,806	77,885,554
Unloading the cargo	199,248,373	170,364,405
Clearing the goods	63,505,334	64,435,011
Loading/Unloading the cargo	288,263,800	242,979,649
Empty containers and vessel departure	67,952,098	30,282,374
Vessel and other equipment hiring charges	8,899,609	7,002,589
Rent income	38,231,410	28,263,927
Revenue from transport	2,969,351	3,131,783
Revenue from ferry transport	3,814,859	3,864,541
	758,200,640	**628,209,833**

* Contract balances are disclosed under Note 30.

7 Other income

	2018 MVR	2017 MVR
Lorry subscription fee	249,774	238,048
Staff fines	762,275	654,935
Miscellaneous income	1,197,514	1,866,819
Salvage charges	238,810	120,473
Profit on disposal of fixed asset	-	146,243
Other income	31,393,749	29,486,049
	33,842,122	**32,512,567**

8 Profit from operating activities
Stated after charging,

	2018 MVR	2017 MVR
Staff expenses (8.1)	288,983,617	282,525,560
Audit fee	282,704	264,186
Electricity charges	14,605,999	19,638,021
Fuel charges	42,815,963	22,127,792
Repair and maintenance expenses	36,618,750	35,802,996
Donations	10,000	484,537
Land rent	16,096,042	16,115,457

8.1 Staff expenses

	2018 MVR	2017 MVR
Salaries and wages	106,015,700	107,156,664
Overtime	27,138,054	25,289,295
Staff allowances	108,662,738	107,938,580
Boat laari	14,196,662	12,482,052
Bonus	6,260,700	4,995,177
Contribution to MRPS	7,169,557	7,106,364
Staff training expenses	2,875,355	3,176,939
Staff compensation	1,170,281	967,040
Medical expenses	690,505	1,016,225
Uniform expenses	1,943,657	113,384
Other expenses/allowances	12,860,408	12,283,840
	288,983,617	**282,525,560**

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		2018 MVR	2017 MVR
9	**Finance income**		
	Interest income from investment on treasury bills	3,219,275	3,547,780
	Interest income from fixed deposits	333,699	-
		3,552,974	**3,547,780**
10	**Finance cost**		
	Interest on interest bearing loans & borrowings	8,800,987	8,256,237
	Amortization of loan arrangement fee	566,616	682,626
		9,367,603	**8,938,863**
11	**Business profit tax expense**		
	Tax on business profit (11.1)	42,669,457	29,570,591
	Deferred tax recognized during the year (11.2)	(3,598,005)	(1,421,295)
	Business profit tax expenses reported in the statement of comprehensive income	**39,071,452**	**28,149,296**

11.1 Business profit tax on profit

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

	2018 MVR	2017 MVR
Profit before tax	267,824,604	186,737,073
Add: Depreciation charge for the year	62,729,156	58,071,536
Other disallowable expenses	21,911,519	9,384,423
Less: Capital allowances	(49,766,776)	(47,785,464)
Other allowable expenses	(17,985,453)	(9,020,294)
Less: Tax free allowance	(250,000)	(250,000)
Taxable profit for the year	284,463,050	197,137,275
Business profit tax on taxable profit @ 15%	**42,669,457**	**29,570,591**

11.2 Deferred tax

	2018 MVR	2017 MVR
Temporary difference on ;		
Property, plant and equipment	(7,282,495)	(5,302,431)
Provision for impairment of receivables	(502,863)	(311,349)
Provision for impairment of inventories	(1,426,427)	-
Deferred tax asset	**(9,211,785)**	**(5,613,780)**
Movement in deferred tax		
As at 01 January	(5,613,780)	(4,192,485)
Provision reversed during the year	(3,598,005)	(1,421,295)
As at 31 December	**(9,211,785)**	**(5,613,780)**

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

11 Business profit tax expense (Continued)

11.3 Business profit tax payable

	2018 MVR	2017 MVR
As at 01 January	12,043,175	15,016,775
Business profit tax charge during the year	42,669,457	29,570,591
Payments during the year	(28,034,782)	(32,544,191)
As at 31 December	**26,677,850**	**12,043,175**

12 Earnings per share

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

	2018	2017
Profit for the year (in MVR)	228,753,152	158,587,777
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	**53.82**	**37.31**

13 Property, plant and equipment

Gross carrying amount at cost	**Balance as at 01.01.2018 MVR**	**Additions/ transfers MVR**	**Balance as at 31.12.2018 MVR**
Port infrastructure and buildings	302,944,355	22,546,479	325,490,834
Vehicles and vessels	535,751,916	59,277,536	595,029,452
Furniture and office equipment	36,680,852	9,404,689	46,085,541
Machinery, equipment and tools	24,095,952	2,458,784	26,554,736
Utensils and other assets	9,452,592	3,598,606	13,051,198
Total value of depreciable assets	**908,925,667**	**97,286,094**	**1,006,211,761**
Right to use assets - Land (13.1)	**9,045,263**	-	**9,045,263**

Depreciation At cost	**Balance as at 01.01.2018 MVR**	**Charge for the year MVR**	**Balance as at 31.12.2018 MVR**
Port infrastructure and buildings	97,132,556	13,234,248	110,366,804
Vehicles and vessels	172,776,026	36,256,885	209,032,911
Furniture and office equipment	23,455,222	5,831,826	29,287,048
Machinery, equipment and tools	13,522,747	4,202,915	17,725,662
Utensils and others assets	4,819,218	2,449,734	7,268,952
Total depreciation	**311,705,769**	**61,975,608**	**373,681,377**
Net book value	**606,265,161**		**641,575,647**
Capital work in progress (13.2)	**39,067,500**		**84,740,748**
Total value of property, plant and equipment	**645,332,661**		**726,316,395**

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

13 Property, plant and equipment (Continued)

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

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

13.2 Capital work in progress

	2018 MVR	2017 MVR
As at 01 January	39,067,500	38,573,444
Additions during the year	68,219,727	6,246,851
Capitalised during the year	(22,546,479)	(5,752,795)
As at 31 December	**84,740,748**	**39,067,500**

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

14 Intangible asset

Cost	2018 MVR	2017 MVR
As at 01 January	4,324,844	4,324,844
Additions	1,156,500	-
As at 31 December	**5,481,344**	**4,324,844**
Amortisation		
As at 01 January	3,206,712	2,779,475
Amortisation	449,547	427,237
As at 31 December	**3,656,259**	**3,206,712**
Net book value	**1,825,085**	**1,118,132**

15 Investment in subsidiary

Name	% interest held	2018 MVR	2017 MVR
Kulhudhufushi Port Limited	51%	**52,040,800**	**52,040,800**

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

16 Leaseholds rights

	2018 MVR	2017 MVR
As at 01 January	7,169,332	7,473,333
Amortised for the year	(304,001)	(304,001)
As at 31 December	**6,865,331**	**7,169,332**

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

		2018	2017
17	**Inventories**	**MVR**	**MVR**
	Spare parts	66,244,030	52,489,047
	Less: Provision for slow moving inventories	(9,509,510)	(7,663,879)
		56,734,520	44,825,168
	Work-in-Progress (Social Housing Project)	126,580,750	-
		183,315,270	**44,825,168**
18	**Trade and other receivables**		
	Trade receivables	21,915,019	9,576,390
	Less: provision for impairment of trade receivables (18.2)	(2,007,726)	(1,089,964)
		19,907,293	8,486,426
	Amount due from related parties (18.1)	27,080,369	42,429,014
	Other receivables		
	Deposit and prepayments	29,428,158	16,881,262
	Other receivables	16,595,335	32,452,573
	Receivable from MMPRC (18.4)	85,137,999	85,137,999
	Less: provision for impairment of other receivables (18.3)	(1,344,691)	(985,696)
		129,816,801	**133,486,138**
		176,804,463	**184,401,578**
	Current/Non-current classification		
	Trade and other receivables - Non-current	-	238,088
	Trade and other receivables - Current	176,804,463	184,163,490
		176,804,463	**184,401,578**
18.1	**Amounts due from related parties**		
	State Trading Organization PLC	2,638,080	1,434,437
	Maldives National Shipping Pte Limited	13,073,636	13,073,636
	Maldives National Defense Force	51,104	41,101
	Kulhudhufushi Port Limited	4,938,116	6,701,617
	Hithadhoo Port Limited	8,838	14,716,285
	Maldives Transport & Contracting Company PLC	156,352	228,278
	Maldives Road Development Company	1,530,181	19,080
	Maldives Industrial Fisheries Co, Ltd	85,649	-
	Maldive Gas Pvt Ltd	7,119	-
	Male' Water & Sewerage Company	8,974	-
	Maldives Airports Co. Ltd.	26,987	-
	Housing Development Corporation	44,280	-
	Other Government Owned Organisations	4,511,053	6,214,579
		27,080,369	**42,429,014**

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

18 Trade and other receivables (Continued)

18.2 Provision for impairment of trade receivables

	2018 MVR	2017 MVR
As at 01 January	1,089,964	618,622
Provision during the year	1,439,307	471,342
Written off during the year	(521,545)	-
As at 31 December	**2,007,726**	**1,089,964**

18.3 Provision for impairment of other receivables

	2018 MVR	2017 MVR
As at 01 January	985,696	1,765,580
Provision made/(reversal) during the year	358,995	(779,884)
As at 31 December	**1,344,691**	**985,696**

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

19 Other current financial assets

Financial assets at amortised cost

	2018 MVR	2017 MVR
Investments in treasury bills	74,283,278	71,710,361
Fixed deposit - Bank Of Ceylon	10,000,000	-
	84,283,278	**71,710,361**

The Company has invested an amount of MVR. 74,283,278/- (2017: MVR.71,710,361/-) on treasury bills (matured in one year) issued by Maldives Monetary Authority at the interest rate of 3.87%. Total investment has been collateralised againest loan obtained from Bank of Maldives PLC.

20 Cash and cash equivalents

	2018 MVR	2017 MVR
Cash in hand	7,769,543	11,286,146
Cash at bank	123,504,914	52,056,910
	131,274,457	**63,343,056**

21 Share capital

	2018 MVR	2017 MVR
Authorised share capital		
5,000,000 ordinary shares of Rf.100/= each	500,000,000	500,000,000
Issued and fully paid		
4,250,000 ordinary shares of Rf.100/= each	**425,000,000**	**425,000,000**

22 Interest- bearing loans and borrowings

22.1 Current/Non-current classification

Current/Non-current classification	Within one year MVR	After 1 year, but not more than 5 year MVR	More than 5 year MVR	Balance at 31.12.2018 MVR
Term loans	28,111,640	74,841,372	21,023,754	123,976,766
Loan arrangement fees	(430,873)	(364,316)	-	(795,189)
Loan obtained from Ministry of Finance and Treasury	35,601,051	18,196,828	6,065,609	59,863,488
	63,281,818	**92,673,884**	**27,089,363**	**183,045,065**

22.2 Movement

Movement	Balance as at 01.01.2018 MVR	Obtained during the year MVR	Repayments MVR	Balance as at 31.12.2018 MVR
Term loans	112,832,947	37,840,000	(26,696,181)	123,976,766
Loan arrangement fees	(1,361,807)	566,618	-	(795,189)
Loan obtained from Ministry of Finance and Treasury	-	59,863,488	-	59,863,488
	111,471,140	**98,270,106**	**(26,696,181)**	**183,045,065**

22.3 Details of loans and borrowings

Lender	**Bank of Maldives PLC**	**Bank of Ceylon**	**Ministry of Finance and Treasury**
Balance as 31.12.2018	MVR 86,136,766/-	MVR 37,840,000/-	MVR 59,863,488/-
Repayment Term	60 monthly installments of USD 180,900/- each starting from 01 December 2016	84 months including 24 months grace period.	Repayable within 5 years of equal bi-annual instalments amounting to MVR 5,986,348/-.
Interest rate	7%	8.50%	3%
Security	i) Lien against Treasury Bill investment. ii) Leasehold land located at Hulumale Harbor (Plot -A,B,C,D & E), Leasehold right of 214,115 sq.ft. of land at Male' Commercial Harbor, Ports Complex Leasehold rights of 150,000sq.ft of land at industrial site of K. Thilafushi and assets purchased under this facilities are mortgaged.	Primary mortgage over head leasehold right of the plot of land known as "Dhoogas" including all movable and immovable structures located in the northwest corner of Gan in Seenu Atoll owned by Maldives Ports Limited.	Unsecured

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23 Trade and other payables

	2018 MVR	2017 MVR
Trade payables	13,946,757	11,662,296
Accrued expenses	1,068,380	2,327,654
Other payables	81,541,104	9,780,334
	96,556,241	23,770,284
Amount due to related parties (23.1)	28,607,741	23,797,046
	125,163,982	**47,567,330**

23.1 Amount due to related parties

State Trading Organization PLC	49,325	231,584
Feneka Corporation Limited	14,602	49,087
Male' Water and Sewerage Company Limited	405,037	344,822
Fuel Supplies Maldives Pte Limited	1,512,361	-
Maldives Transport & Contracting Company PLC	420,893	75,820
Maldives Customs Service	927,686	114,008
Island Aviation Services Limited	78,476	-
Ministry of Housing Infrastructure	-	23,500
Maldives Airports Company Limited	78,618	575
Kulhudhufushi Port Limited	23,289,100	22,957,650
State Electric Company Limited	1,831,643	-
	28,607,741	**23,797,046**

24 Events after the reporting date

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

25 Capital commitments and contingent liabilities

25.1 Legal claims and contingency

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

25.2 Capital commitments

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

26 Related party disclosures

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

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26 Related party disclosures (Continued)

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

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

	Transactions for 2018	
Related party	**Sales of services MVR**	**Purchases MVR**
State Trading Organization PLC	22,150,913	2,538,169
Maldives Industrial Fisheries Company Limited	2,579,686	622,540
Maldives Transport & Contracting Company PLC	2,029,562	8,870,851
Island Aviation Services Limited	-	1,075,192
Maldive Gas Pvt Ltd	368,958	276,130
Fuel Supplies Maldives Pte Limited	-	36,213,902
State Electric Company Limited	-	14,748,822
Male' Water and Sewerage Company Limited	1,467,793	3,444,286
Maldives Customs Service	30,930	7,282,865
Fenaka Corporation Limited	5,932,250	629,911
Maldives Road Development Corporation Limited	3,938	19,696
Kulhudhufushi Port Limited	3,639,720	-
Hithadhoo Port Limited	4,567,617	-
Maldives Airports Company Limited	940,806	185,632
Thilafushi Corporation	-	1,518,451
Housing Development Corporation	610,564	7,160,373

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

26.2 Transactions with key management personnel of the entity

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

	2018 MVR	2017 MVR
Emoluments and fees	**1,133,248**	**1,300,168**

27 Financial risk management objectives and policies

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

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27 Financial risk management objectives and policies (continued)

27.1 Foreign currency risk

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

27.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and; the availability of funding through committed credit facilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft and interest-bearing loans borrowings. As part of its overall prudent liquidity management of the Company maintains sufficient level of cash balances to meet its working capital requirement.

27.3 Interest rate risk

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

27.4 Credit risk

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

28 Fair value of financial assets and financial liabilities

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

29 Capital management

Capital includes the equity share capital and retained earnings. The Company's objective is to maintain a healthy capital ratio in order to support the business and maximise the shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in Company's operations. To manage capital structure of the Company may use dividend payment to shareholders, return capital to shareholders or raise new capital.

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29 Capital management (Continued)

The Company monitors capital using a gearing ratio which is total debt divided by total equity. The Company's policy is to keep the gearing ratio between the levels set on a periodic basis. The gearing ratios at 31 December are as follows:

	2018 MVR	2017 MVR
Interest-bearing borrowings	183,045,065	111,471,140
Other current liabilities	152,111,909	59,872,442
Total liability	335,156,974	171,343,582
Shareholders' equity	1,042,977,062	909,376,576
Debt to equity ratio	**32%**	**19%**

No changes were made in the objectives, policies or processes for managing capital during the year.

30 Contract balances

	2018 MVR	2017 MVR
Trade receivables (Note 18)	21,915,019	9,576,390
Contract assets	6,197,172	5,165,290
Contract liabilities	270,077	261,937

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

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

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

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Maldives Ports Limited

DETAILED STATEMENT OF EXPENDITURES

Year ended 31 December 2018

i. Other operating expenses	2018 MVR	2017 MVR
Land rent	16,096,042	16,115,457
Equipment hire charges	3,645,389	1,291,933
Insurance	3,061,947	2,685,897
Electricity charges	14,605,999	19,638,021
Water charges	3,284,334	2,997,949
Fuel charges	42,815,963	22,127,792
License and fees	1,362,117	1,420,235
Professional fees	4,995,180	878,158
Advertising expenses	4,663,206	4,683,689
Postage	18,880	38,993
Donations	10,000	484,537
Subscriptions	23,269	22,266
Travelling	3,496,964	2,471,699
Meeting	80,447	8,067
Printing and stationary	2,219,891	2,248,214
Directors sitting allowances	176,319	205,500
Repair and maintenance expenses	36,618,750	35,802,996
Communication expenses	2,703,163	2,230,920
Withholding tax expense	117,213	152,149
Foreign exchange loss	1,083,476	5,011,756
Other expenses	4,134,461	6,421,244
Provision for non-moving inventory	1,845,631	-
Other compensation	672,910	471,243
Impairment of trade receivables	18,372,027	471,341
Stock adjustments	-	45,527
Fines and penalties	587,178	71,565
	166,690,756	**127,997,148**

ii. Payroll related expenses	2018 MVR	2017 MVR
Salaries and wages	106,015,700	107,156,664
Overtime	27,138,054	25,289,295
Staff allowances	108,662,738	107,938,580
Boat laari	14,196,662	12,482,052
Bonus	6,260,700	4,995,177
Contribution to MRPS	7,169,557	7,106,364
Staff training expenses	2,875,355	3,176,939
Staff compensation	1,170,281	967,040
Medical expenses	690,505	1,016,225
Uniform expenses	1,943,657	113,384
Other expenses & allowances	12,860,408	12,283,840
	288,983,617	**282,525,560**

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AUDITOR GENERAL'S OFFICE

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