



Report No: FIN-2021-48 (E)

05 August 2021

HITHADHOO PORT 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 HITHADHOO PORT LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of Hithadhoo Port Limited (the “Company”), which comprise the statement of financial position as at 31st 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 a summary of significant accounting policies and other explanatory information set out in pages 4 to 29.

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

Basis for Disclaimer of opinion

1. As per the Memorandum of Association dated 22nd April 2009, the Company has issued 500,000 shares at the consideration of MVR 100/- each to the Government of Maldives (“GoM”). However, the Company has recorded only MVR 250,000/- as its share capital as at 31st December 2018. Further, we have not been provided with sufficient and appropriate audit evidences to verify the amounts recorded in the financial statements. Accordingly, we were unable to assess the accuracy, existence and completeness of share capital disclosed in the financial statements.
2. As per the addendum to the Transfer of Assets, Rights and obligations of Hithadhoo Regional Port (“HRP”) dated 1st January 2011 between Maldives Ports Limited (“MPL”) and Hithadhoo Port Limited (“HPL”), all the assets and liabilities owned by HRP should be transferred to HPL on the same day. However, the Company has recorded only the net book value of property plant and equipment of MVR 91,943,852/- as at 1st January 2011. Further, the above balances have been used as the opening balance for the year ended 31st December 2018. Accordingly, we are unable to determine any adjustment required for the financial statements for the year ended 31st December 2018 and for the comparative year ended 31st December 2017 due to absence of sufficient and appropriate audit evidence.
3. As disclosed in Note 17 to the financial statements, the Company has recorded MVR 91,947,352/- as opening equity balance which comprises the net book value of property plant and equipment of MVR 91,943,852/- and cash in hand balance of MVR 3,500/- transferred from Hithadhoo Regional Port (“HRP”) as at 1st January 2011. We were unable to determine whether any adjustments are necessary to the above amounts shown in the financial statements in the absence of sufficient and appropriate audit evidence.



Basis for Disclaimer of Opinion (Continued)

4. The internal policies of the Company states that, the Company is liable to pay a lump sum payment to its employees at the retirement. Based on the recognition and measurement criteria of International Accounting Standard 19 – “Employee Benefits” this policy is required to be measured using the projected unit credit method and the resulting actuarial gains or losses are required to be recognized in other comprehensive income for the year. However, the Company has not carried out an estimation for this liability as at 31st December 2018 as per the standard. Accordingly, we were unable to determine whether any adjustments might be required to the financial statements due non-availability of such assessment as at 31st December 2018 and comparative year ended 31st December 2017.
5. As per Note 11 to the financial statements, the Company has reported net carrying value of property, plant and equipment amounting to MVR 39,829,002/- as at 31st December 2018. As per IAS 36 “Impairment of Assets”, the Company should assess the impairment of non-financial assets when the impairment indications exist. The Company has been making losses for last few years and recorded as accumulated losses of MVR 72,238,196/- as at 31st December 2018 and these factors should have been considered as impairment indications. However, the Company has not performed an impairment assessment to measure the recoverable amount of the property plant and equipment as at 31st December 2018. Therefore, we were unable to determine the possible effects on these financial statements as at 31st December 2018.
6. As disclosed in Note 10.2 to the financial statements, the Company has recorded an accumulated tax loss of MVR 19,112,026/- as at 31st December 2018. We were unable to obtain the tax clearance report from the Maldives Inland Revenue Authority as at 31st December 2018. As a result, we were unable determined whether any adjustments or disclosures are required to these financial statements as at 31st December 2018 and comparative year ended 31st December 2017.
7. As at 31st December 2018 the Company recorded MVR 19,314,978/- and MVR 560,596/- as amounts payable to Maldives Ports Limited and Hithadhoo Regional Port respectively. As disclosed in Note 18 to the financial statements, the Company has received a confirmation dated 28th April 2021 from the Ministry of Finance, agreeing to offset the above payable balances against the amount receivable from Maldives Ports Limited in Ministry of Finance’s books by way of additional capital injection to the company.
Accordingly, the company has recorded an additional capital of MVR 19,875,574/- by offsetting the above payable balances. However, the Company was unable to provide a resolution confirming the Board’s agreement on the above arrangement and therefore, we were unable determine whether any adjustments are required to the financial statements as at 31st December 2018.

Material Uncertainty Relating to Going Concern

We draw attention to Note 22 to the financial statements which indicates that the Company incurred a net loss of MVR 9,407,050/- for the year ended 31st December 2018 and accumulated losses of MVR 72,238,196/- as at 31st December 2018. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. The Board of Directors are of the view that it is appropriate to prepare these financial statements on a going concern basis for the purpose of the statutory audit for the year ended 31st December 2018. The Ministry of Finance of Government of Maldives has agreed to provide financial support to the Company to continue its operations as a “Going Concern”. Accordingly, these financial statements have been prepared using going concern assumption. Our conclusion is not modified in respect of this matter.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as 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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We 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.

15th July 2021



Hussain Niyazy
Auditor General



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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2018 MVR	2017 MVR
Revenue	6	7,732,993	8,293,492
Other Operating Income	7	<u>370,036</u>	<u>561,975</u>
		8,103,029	8,855,467
Personnel Costs	8	(11,035,813)	(10,664,234)
Operating Costs	9	(1,550,179)	(2,038,333)
Provision for Impairment Loss on Trade Receivables and Amounts Due from Related Parties	13.1 / 14.1	(37,156)	(1,504,062)
Depreciation and Amortization Costs		<u>(4,887,098)</u>	<u>(5,988,051)</u>
Loss from Operating Activities		(9,407,217)	(11,339,213)
Finance Income		<u>167</u>	<u>-</u>
Loss Before Tax		(9,407,050)	(11,339,213)
Tax Expense	10	-	-
Loss and other Comprehensive Income for the year		<u><u>(9,407,050)</u></u>	<u><u>(11,339,213)</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 29. The Report of the Independent Auditors is given on pages 1 to 3.



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

AS AT 31ST DECEMBER

	Note	2018 MVR	2017 MVR
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	39,829,002	44,662,527
Total Non-Current Assets		<u>39,829,002</u>	<u>44,662,527</u>
Current Assets			
Trade and Other Receivables	13	67,193	70,035
Amounts due from Related Parties	14	13,371	-
Cash and Cash Equivalents	15	398,475	344,849
Total Current Assets		<u>479,039</u>	<u>414,884</u>
Total Assets		<u><u>40,308,041</u></u>	<u><u>45,077,411</u></u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	16	250,000	250,000
Opening Balance Equity	17	91,947,352	91,947,352
Additional Capital	18	19,875,574	-
Accumulated Losses		<u>(72,238,196)</u>	<u>(62,831,146)</u>
Total Equity		<u>39,834,730</u>	<u>29,366,206</u>
Current Liabilities			
Trade and Other Payables	18	445,549	917,039
Amount due to Related Parties	19	27,762	14,794,166
Total Current Liabilities		<u>473,311</u>	<u>15,711,205</u>
Total Equity and Liabilities		<u><u>40,308,041</u></u>	<u><u>45,077,411</u></u>

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 29. The Report of the Independent Auditors is given on pages 1 to 3.

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

Name of the Director

Signature

Mohamed Shareef

Shahid Ali



15th July 2021



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Share Capital	Opening Balance Equity	Additional Capital	Accumulated Losses	Total
	MVR	MVR	MVR	MVR	MVR
As at 1 st January 2017	250,000	91,947,352	-	(51,491,933)	40,705,419
Loss for the year	-	-	-	(11,339,213)	(11,339,213)
As at 31 st December 2017	<u>250,000</u>	<u>91,947,352</u>	<u>-</u>	<u>(62,831,146)</u>	<u>29,366,206</u>
As at 1 st January 2018	250,000	91,947,352	-	(62,831,146)	29,366,206
Transactions with owners of the Company					
Additional Capital provided during the year (Note 18)	-	-	19,875,574	-	19,875,574
Loss for the year	-	-	-	(9,407,050)	(9,407,050)
As at 31 st December 2018	<u>250,000</u>	<u>91,947,352</u>	<u>19,875,574</u>	<u>(72,238,196)</u>	<u>39,834,730</u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 29. The Report of the Independent Auditors is given on pages 1 to 3.



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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2018 MVR	2017 MVR
Cash Flows From Operating Activities			
Loss Before Tax		(9,407,050)	(11,339,213)
<i>Adjustments for:</i>			
Depreciation	11	4,887,098	5,983,810
Amortization of Intangible Assets	12	-	4,241
Provision for Impairment Loss of Related Party Receivables	14.1	35,192	1,184,170
Provision for Impairment Loss of Trade and Other Receivables	13.1	1,964	319,892
Operating loss before working capital changes		<u>(4,482,796)</u>	<u>(3,847,100)</u>
Changes In Working Capital			
Change in Trade and Other Receivables		878	(95,106)
Change in Trade and Other Payables		(471,490)	157,260
Change in Amounts due to Related Party		5,073,978	3,893,296
Change in Amount due from Related Parties		(13,371)	(61,177)
Net Cash From Operating Activities		<u>107,199</u>	<u>47,173</u>
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	11	<u>(53,573)</u>	<u>(140,270)</u>
Net Cash Used in Investing Activities		<u>(53,573)</u>	<u>(140,270)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		53,626	(93,097)
Cash and Cash Equivalents at the beginning of the Year		<u>344,849</u>	<u>437,946</u>
Cash and Cash Equivalents at the end of the year	15	<u><u>398,475</u></u>	<u><u>344,849</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 29. The Report of the Independent Auditors is given on pages 1 to 3.



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

1. REPORTING ENTITY

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

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 Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 and IFRS 9 from 1st January 2018. A number of new standards are also effective from 1st January 2018 but they do not have a material effect on the Company’s financial statements.

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.



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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1st January 2018). Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

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

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

(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.

IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities.

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 1st January 2018.



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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. IFRS 9 Financial instruments (Continued)

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

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
Trade and other receivables	Loans and receivables	Amortized cost	70,035	70,035
Cash and cash equivalents	Loans and receivables	Amortized cost	344,849	344,849
Total financial assets			414,884	414,884

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	917,039	917,039
Amount due to related parties	Other financial liabilities	Other financial liabilities	14,794,166	14,794,166
Total financial liabilities			15,711,205	15,711,205

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An additional impairment over these receivables were not recognized in opening retained earnings as at 1st January 2018 on transition to the IFRS 9 since the impact is not material to the financial statements.

(ii) 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 fair value through other comprehensive income (FVOCI), but not to investments in equity instruments.

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



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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. IFRS 9 Financial instruments (Continued)

Transition

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at 1st January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

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 Transactions in Foreign Currencies

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

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.

4.2 Financial Instruments

(i) Classification and subsequent measurement

Financial assets – Policy applicable from 1st 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.

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.



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(i) Classification and subsequent measurement (Continued)

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

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 de-recognition is recognised in profit or loss.
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Financial assets- Policy applicable before 1st January 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

(ii) De-recognition

Financial assets

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



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(ii) De-recognition (Continued)

Financial liabilities

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

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

4.3 Share Capital

Ordinary Shares

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

Additional Capital

Additional capital represents the capital injection received from the Ministry of finance.

4.4 Impairment

(i) Non derivative financial assets

Policy applicable from 1st 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.



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Impairment (Continued)

Policy applicable before 1st January 2018

Non-derivative financial assets (including receivables)

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

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. 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.

(ii) Non-financial Assets

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

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

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



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Port Infrastructure and Buildings	Over 25 years
Vehicles and Vessels	Over 8 years
Furniture and Office equipment	Over 5 years
Machinery and Tools	Over 3 - 4 years
Kitchen Equipment	Over 3 years

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



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Defined Contribution Plans

All Maldivian employees of the Company are members of the retirement pension scheme established in the Maldives. Both employer and employee contribute 7% respectively to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognized as an employee benefit expense in income statement in the periods during which services are rendered by employees.

4.7 Provisions

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

4.8 Revenue

Policy applicable after 1st January 2018

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contract with customers;

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

The nature and timing of the satisfaction of performance obligation were not significantly affected to the Company compare with previous accounting standard.

Policy applicable before 1st January 2018

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



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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 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.

4.10 Tax Expense

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

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

Deferred tax

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

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

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

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

5. DETERMINATION OF FAIR VALUES

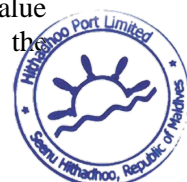
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information 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. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

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



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

6. NEW STANDARDS AND INTERPRATATIONS 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.

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
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long – term interest in Associates and Joint Venture (Amendments to IAS 28)
- Plan Amendment, Curtailment or settlement (Amendments to IAS 19)
- Annual Improvement to IFRS Standards 2015 -2017 Cycle – various standards.
- Amendments to reference to conceptual Framework in IFRS Standards.



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

6 REVENUE	2018	2017
	MVR	MVR
Handling Income	1,659,105	1,557,520
Stevedoring	3,364,754	3,227,603
Wharfage	1,105,817	1,036,734
Anchoring Charges	-	31,995
Entry Permits	13,305	16,392
Demmorage	694,761	1,170,194
Equipment Hire Charges	658,766	1,006,362
Cargo Gear Hire Charges	2,626	7,573
Tug Hire Charges	22,675	40,625
Pilotage Charges	33,270	34,928
Berthing	163,054	148,455
Others	14,860	15,111
	<u>7,732,993</u>	<u>8,293,492</u>
7 OTHER OPERATING INCOME	2018	2017
	MVR	MVR
Fuel Surcharges	135,780	137,766
Miscellaneous Income	23	5,160
Auction Cargo Charges	234,233	419,049
	<u>370,036</u>	<u>561,975</u>
8 PERSONNEL COSTS	2018	2017
	MVR	MVR
Salaries and Wages	5,131,843	5,246,355
Overtime	908,600	823,634
Allowances	4,657,297	4,259,655
Provident Fund Contribution	338,073	334,590
	<u>11,035,813</u>	<u>10,664,234</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

9 OPERATING COSTS	2018	2017
	MVR	MVR
Telephone	87,391	54,583
Electricity	409,152	475,392
Audit Fees	102,290	101,230
Insurance Expenses	-	159,527
Fuel Expenses	141,961	127,420
Printing and Stationery	54,148	39,122
Repair and Maintenance	236,342	486,268
License and Fee	20,680	71,201
Traveling and Conference	40,247	37,861
Hire Charges	20,413	14,996
Sub Contract - Stevedoring	259,729	300,430
Sub Contract - Pilotage	34,695	24,252
Bank Charges	6,939	6,638
Fine Charges	1,520	11,474
Meals and Entertainment	73,862	65,830
Hospitality Expense	-	10,221
Office Expenses	32,596	36,665
Other Expenses	26,940	15,223
Social Development Program	1,274	-
	<u>1,550,179</u>	<u>2,038,333</u>
10 INCOME TAX EXPENSE	2018	2017
	MVR	MVR
Tax Expenses (Note 10.1)	<u>-</u>	<u>-</u>
10.1 Reconciliation between Accounting Loss and Tax Loss		
Accounting Loss before Tax	(9,407,050)	(11,339,213)
Aggregate disallowable items	5,226,693	7,838,365
Aggregate allowable items	<u>(4,958,160)</u>	<u>(5,667,556)</u>
Total Tax Loss	<u>(9,138,517)</u>	<u>(9,168,404)</u>
Business Profit Tax @ 15%	<u>-</u>	<u>-</u>

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



HITHADHOO PORT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2018

10 INCOME TAX EXPENSE (CONTINUED)

10.2 Accumulated Tax Losses

	2018	2017
	MVR	MVR
Opening balance	32,982,820	23,814,416
Recognised during the year	9,138,517	9,168,404
Adjustments made during the year	(23,009,311)	-
Balance as at 31 st December	<u>19,112,026</u>	<u>32,982,820</u>

10.3 Unrecognized Deferred Tax Asset

Unrecognized deferred tax asset is attributable to the followings;

	<u>31/12/2018</u>		<u>31/12/2017</u>	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	15,660,834	2,349,125	17,308,307	2,596,246
Accumulated Tax Losses	19,112,026	2,866,804	32,982,820	4,947,423
	<u>34,772,860</u>	<u>5,215,929</u>	<u>50,291,127</u>	<u>7,543,669</u>

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

11 PROPERTY, PLANT AND EQUIPMENT

	Port Infrastructure and Buildings MVR	Vehicles and Vessels MVR	Furniture and Office Equipment MVR	Machinery, Equipment and Tools MVR	Kitchen Equipment MVR	Total 2018 MVR	Total 2017 MVR
Cost							
As at 1 st January	82,344,835	36,739,382	2,675,363	904,968	53,565	122,718,114	122,577,844
Additions during the year	-	-	31,296	22,277	-	53,573	140,270
As at 31 st December	82,344,835	36,739,382	2,706,659	927,245	53,565	122,771,686	122,718,114
Accumulated Depreciation							
As at 1 st January	39,491,381	35,311,395	2,469,186	732,997	50,627	78,055,586	72,071,776
Charge for the year	3,293,793	1,427,987	83,683	78,697	2,938	4,887,098	5,983,810
As at 31 st December	42,785,174	36,739,382	2,552,869	811,694	53,565	82,942,684	78,055,586
Net Carrying Value							
As at 31 st December 2018	39,559,661	-	153,790	115,551	-	39,829,002	
As at 31 st December 2017	42,853,454	1,427,987	206,177	171,971	2,938		44,662,527



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

12 INTANGIBLE ASSETS	31/12/2018	31/12/2017
	MVR	MVR
Cost		
Opening Balance	16,348	16,348
Closing Balance	<u>16,348</u>	<u>16,348</u>
Accumulated Amortization		
Opening Balance	16,348	12,107
Charged during the Year	-	4,241
Closing Balance	<u>16,348</u>	<u>16,348</u>
Net Carrying Value	<u>-</u>	<u>-</u>
<p>The purchased cost of Quick Book software has been recognized as intangible assets and amortized over three years.</p>		
13 TRADE AND OTHER RECEIVABLES	31/12/2018	31/12/2017
	MVR	MVR
Trade Receivables	1,468,024	1,453,969
Other Receivables	37,958	52,891
	<u>1,505,982</u>	<u>1,506,860</u>
Provision for Impairment Loss on trade and other receivables (Note 13.1)	<u>(1,438,789)</u>	<u>(1,436,825)</u>
	<u>67,193</u>	<u>70,035</u>
13.1 Provision for Impairment Loss on Trade and Receivables		
As at 1 st January	1,436,825	1,116,933
Provision made during the year	1,964	319,892
As at 31 st December	<u>1,438,789</u>	<u>1,436,825</u>
14 AMOUNTS DUE FROM RELATED PARTIES	31/12/2018	31/12/2017
	MVR	MVR
Fuel Supplies Maldives Limited	11,628	11,628
Maldives National Shipping Limited	210,187	210,187
Maldives National Disaster Management Centre	20,188	20,188
Maldives Transport & Contracting Company PLC	761,482	733,101
Ministry of Defence & National Security	280,121	280,121
State Trade Organization PLC	195,554	195,554
Sothorn Utilities Limited	73,026	73,026
Maldives Industrial Fisheries Company Limited	1,013,869	1,013,869
Fenaka Corporation Limited	37,741	17,559
Maldives Ports Limited	119,180	119,180
	<u>2,722,976</u>	<u>2,674,413</u>
Provision for Impairment Loss (Note 14.1)	<u>(2,709,605)</u>	<u>(2,674,413)</u>
	<u>13,371</u>	<u>-</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

14 AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

14.1 Provision for Impairment Loss on Amounts due from Related parties	31/12/2018	31/12/2017
	MVR	MVR
As at 1 st January	2,674,413	1,490,243
Provision made during the year	35,192	1,184,170
As at 31 st December	<u>2,709,605</u>	<u>2,674,413</u>

15 CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
	MVR	MVR
Cash in hand	13,588	3,183
Balances with Banks	384,887	341,666
	<u>398,475</u>	<u>344,849</u>

16 SHARE CAPITAL

16.1 Authorized

The authorized share capital comprises of 2,500,000 (2017 : 2,500,000) ordinary shares of MVR 100/- each.

16.2 Issued and Fully Paid

The issued and fully paid up share capital comprises of 2,500 (2017 : 2,500) ordinary shares of MVR 100/- each.

16.3 Dividend and Voting Rights

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

17 OPENING BALANCE EQUITY

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

18 ADDITIONAL CAPITAL

	31/12/2018	31/12/2017
	MVR	MVR
Additional capital recognised during the year (Note 18.1)	19,875,574	-
Closing Balance	<u>19,875,574</u>	<u>-</u>

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

19 TRADE AND OTHER PAYABLES	31/12/2018	31/12/2017
	MVR	MVR
Trade Payables	31,483	51,436
Payable to Hithadhoo Regional Port (Note 18.1)	-	560,596
Other Payables	181,615	185,448
Sales Tax Payable	28,271	11,606
Accruals	204,180	107,953
	<u>445,549</u>	<u>917,039</u>

20 AMOUNTS DUE TO RELATED PARTIES	31/12/2018	31/12/2017
	MVR	MVR
Island Aviation Services Maldives Limited	-	17,766
Fenaka Corporation Private Limited	27,762	29,514
Maldives Ports Limited (Note 18.1)	-	14,746,886
	<u>27,762</u>	<u>14,794,166</u>

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

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

(iii) Credit Risk

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

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	31/12/2017
	MVR	MVR
Trade and Other Receivables	1,505,982	1,506,860
Amounts Due from Related Parties	2,722,976	2,674,413
Balances with banks	384,887	341,666
	<u>4,613,845</u>	<u>4,522,939</u>



HITHADHOO PORT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2018

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(iii) Credit Risk (Continued)

Impairment Losses	31/12/2018		31/12/2017	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
Past Due 0-30 days	22,374	1,822	-	-
Past Due 31-180 days	8,824	141	53,514	36,370
More than 180 days	4,159,802	4,146,431	4,074,868	4,074,868
Total	<u>4,191,000</u>	<u>4,148,394</u>	<u>4,128,382</u>	<u>4,111,238</u>

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

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

(iv) Liquidity Risk

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

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

31 st December 2018	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	445,549	445,549
Amount due to Related Parties	27,762	27,762
	<u>473,311</u>	<u>473,311</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (Countinued)

31st December 2017

	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	917,039	917,039
Amount due to Related Parties	14,794,166	14,794,166
	<u>15,711,205</u>	<u>15,711,205</u>

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

(v) Market risk

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

(a) Interest Rate Risk

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

(b) Currency risk

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

	31/12/2018 US\$	31/12/2017 US\$
Cash and Cash Equivalents	2,960	2,996
	<u>2,960</u>	<u>2,996</u>

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2018	2017	31/12/2018	31/12/2017
US\$ 1 : MVR	15.42	15.42	15.42	15.42

22 GOING CONCERN

The Company incurred a net loss of MVR 9,407,050/- for the year ended 31st December 2018 and accumulated losses of MVR 72,238,196/- as at 31st December 2018. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern in the future.

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

23 CAPITAL COMMITMENTS

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

24 EVENTS AFTER THE REPORTING DATE

The increase in transmission and geographical spread of COVID-19 largely occurred after the reporting period as at 31st December 2018. With the increment of infected number of cases around the world, some governments, nongovernmental organizations and private entities have been taken some precautionary actions such as travel restrictions.

However, the impact of the COVID-19 outbreak on the Company's financial statements can not be measured accurately.

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

25 CONTINGENT LIABILITIES

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

26 DIRECTORS' RESPONSIBILITY

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2018

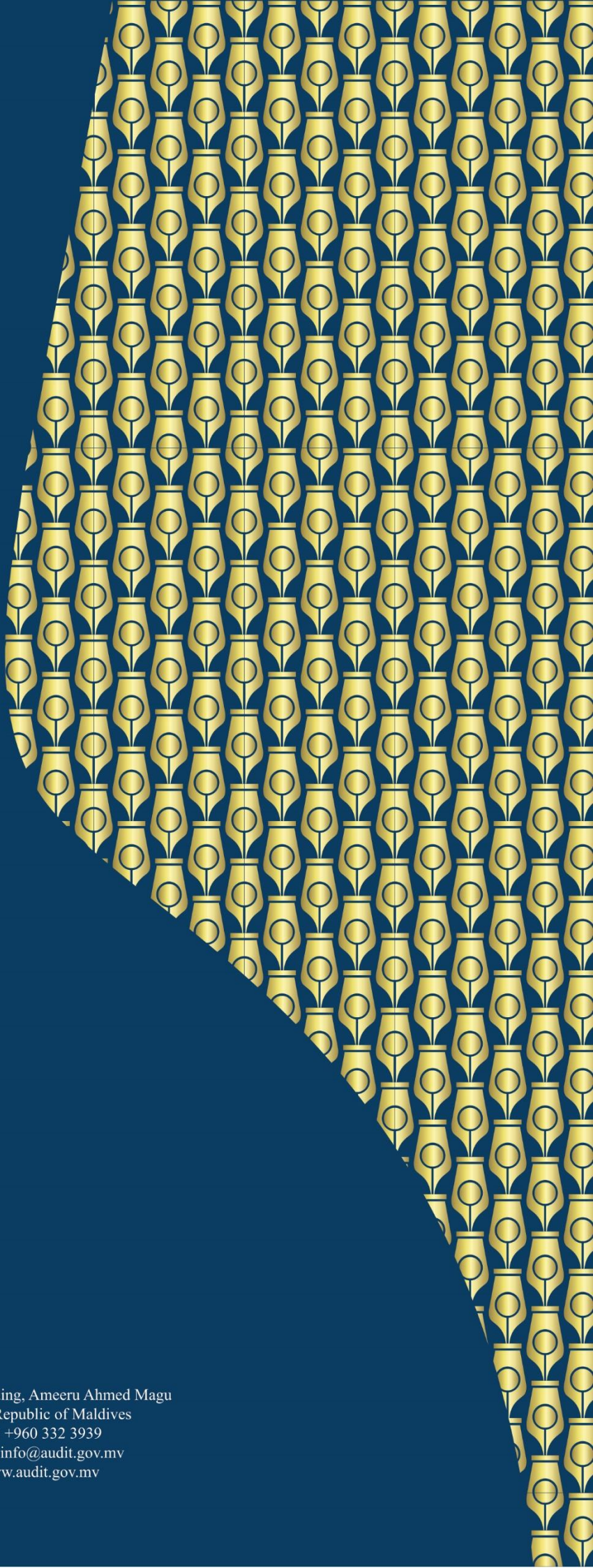
27 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Amount	Amount	Balance as at	Balance as at
			2018 MVR	2017 MVR	31/12/2018 MVR	31/12/2017 MVR
Fuel Supplies Maldives Limited	Common Ownership of Government of the Republic of Maldives	Sales	-	-	11,628	11,628
Maldives National Shipping Limited	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	210,187	210,187
Maldives National Disaster Management Centre	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	20,188	20,188
Maldives Transport & Contracting Company	Common Ownership of Government of the Republic of Maldives	Sales Settlements	83,537 (55,156)	40,664	761,482	733,101
Ministry of Defence & National Security	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	280,121	280,121
State Trade Organization	Common Ownership of Government of the Republic of Maldives	Sales settlements	2,209,733 (2,209,733)	2,344,306 (2,332,954)	195,554	195,554
Southern Utilities Limited	Common Ownership of Government of the Republic of Maldives	No transaction	-	-	73,026	73,026
Maldives Ports Ltd	Common Ownership of Government of the Republic of Maldives	Sales Purchases Borrowings Transferred to Ministry of Finance	- - (4,568,093) 19,314,978	- - (3,768,387)	119,180	119,180 (14,746,886)
Island Aviation Services Maldives Limited	Common Ownership of Government of the Republic of Maldives	Purchases Settlements	(18,207) 35,973	(17,766) 3,553	-	(17,766)
Fenaka Corporation Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases settlements	20,182 (409,152) 410,903	17,559 (475,392) -	37,741 (27,762)	17,559 (29,514)
Maldives Industrial Fisheries Company Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases settlements	- - -	- - (108,183)	1,013,869	1,013,869

27.1 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has not paid remuneration to the key management personnel during the year ended 31st December 2018. (2017 : Nil.)





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