

**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2022**

**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2022

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KPMG
(Chartered Accountants)
2nd Floor, H. Mialani
Sosun Magu,
Male',
Republic of Maldives.

Tel : +960 3310 420
+960 3310 421
Fax : +960 3323 175
E-mail : kpmgmv@kpmg.com

Independent Auditors' Report To the Shareholders of Maldives Ports Limited

Opinion

We have audited the accompanying separate financial statements of Maldives Ports Limited (the "Company"), which comprise the separate statement of financial position as at 31 December 2022, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 6 to 49.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the separate financial statements in Maldives, 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.

Emphasis of Matter

As disclosed in Note 36 to the separate financial statements, these financial statements are the separate financial statements of the Company, and the consolidated financial statements of the Group are prepared and presented separately. These separate financial statements are prepared based on the requirement of the management of the Company in order to submit the financial statements along with the tax return of the Company to the Maldives Inland Revenue Authority.

As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Maldives Inland Revenue Authority. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Maldivian partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
G.A.U. Karunaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
R.W.M.O.W.D.B. Rathnadiwakara ACA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
R.M.D.B. Rajapakse FCA
R.H. Rajan FCA
M. Mihad ACMA (UK)

T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
Mr. W.M.S.R.I. Perera FCMA (UK)
M.N.M. Shameel FCA
Ms. C.K.T.N. Perera ACA

Key Audit Matters (Continued)

Revenue Recognition - Accuracy and completeness of revenue recorded

Refer Note 8 "Revenue" and significant accounting policies in Note 4.16 "Revenue" of the financial statements.

Risk Description	Our Response
<p>The Company has recorded a revenue of MVR 794,114,734/- for the year ended 31st December 2022. The Company's revenue mainly consists of the harbor facilities and related activities.</p> <p>We identified revenue recognition as key audit matter because of the potential risk of revenue overstatement and errors in the recognition of revenue could have a material impact on the financial statements.</p>	<p>Our audit procedures included.</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice. - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition. - Assessing the appropriateness of the Company's accounting policies set out in Note 4.16, and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards. - Use account Analysis to identify unexpected 'account pairings' for journal entries in the revenue account and inspect the underlying accounting records to evaluate the appropriateness of these journal entries. - Performing detailed analysis of revenue account through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the. <ul style="list-style-type: none"> - Adjustments which are outside of the normal process of revenue recognition, - Accrued revenue adjustments made as at the year end.

Key Audit Matters (Continued)

Useful life and Capitalization of Property, Plant and Equipment

Refer Note 13 “Property Plant and Equipment” and significant accounting policies in Note 4.5 “Property, plant and equipment” of the financial statements.

Risk Description	Our Response
<p>The Company has recorded a net book value of Property Plant and Equipment of MVR 587,858,964/- as at 31st December 2022 which includes Capital Working Progress amounting to MVR 108,257,938/-.</p> <p>As the Company has significant levels of assets, there is a risk that amounts being capitalized do not meet capitalization criteria; and the risk that the useful economic lives assigned to assets are inappropriate.</p> <p>Given the level of significant management judgments involved this has been considered as key audit matter.</p>	<p>Our audit procedures included.</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice. - Assessing the appropriateness of the Company’s accounting policies set out in Note 4.5, and adequacy of the disclosures for compliance with the assets recognition requirements of the International Financial Reporting Standards. - Challenging the management regarding the capitalization policy and evaluate the appropriateness of policy with industry practice. - Challenging the management regarding the useful life assessment and evaluate the appropriateness of useful life assessment with industry practice.

Other Information

The Board of Directors (the “Board”) is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors’ report thereon. The annual report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Accounting 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate 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 separate 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 the Board.
- Conclude on the appropriateness of the Board'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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



*Independent Auditors' Report
To the Shareholders of Maldives Ports Limited (Continued)*

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the Board 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.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is R.W.M.O.W. Duminda B. Rathnadiwakara.

Chartered Accountants

For and on behalf of KPMG Maldives

25th May 2023
Male'

**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 MVR	2021 MVR
Continuing Operations			
Revenue	8	794,114,734	671,887,413
Other income	9	7,893,084	14,460,350
Other operating expenses		(145,479,952)	(118,701,968)
Payroll related expenses	10	(427,534,594)	(354,009,969)
Depreciation and amortization		(83,268,552)	(75,178,676)
Allowance of impairment loss charged on trade and other receivables	20	(580,051)	(5,518,104)
Results from operating activities	10	<u>145,144,670</u>	<u>132,939,046</u>
Finance income		7,401,671	7,820,679
Finance costs		(18,587,756)	(26,427,740)
Net finance costs	11	<u>(11,186,085)</u>	<u>(18,607,061)</u>
Profit before tax		133,958,585	114,331,986
Taxation	12	(21,355,768)	(23,331,781)
Profit from continuing operations for the year		<u>112,602,817</u>	<u>91,000,205</u>
Discontinued Operation			
Loss from discontinued operation, net of tax	7	-	(27,700,035)
Profit for the year		<u>112,602,817</u>	<u>63,300,170</u>
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit liability - net of tax	26	(3,625,782)	(1,373,093)
Total other comprehensive income		<u>(3,625,782)</u>	<u>(1,373,093)</u>
Total comprehensive income for the year		<u>108,977,035</u>	<u>61,927,077</u>
Earnings per share	35	26.49	14.89

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 49.



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF FINANCIAL POSITION**

AS AT	Note	31/12/2022 MVR	31/12/2021 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	13	584,335,089	546,356,456
Investment property	14	21,726,087	22,769,217
Intangible assets	15	6,625,489	2,831,728
Right of use assets	16	189,405,554	181,009,805
Investment in subsidiary	17	52,040,800	52,040,800
Deferred tax assets	12.2	13,416,341	13,103,119
Trade and other receivables	20	83,506,961	93,805,671
Total Non-Current Assets		<u>951,056,321</u>	<u>911,916,796</u>
Current assets			
Inventories	18	68,361,969	61,580,865
Contract assets	8.1	962,445	1,370,864
Investment in hiyaa project	19	595,577,717	525,037,531
Trade and other receivables	20	132,225,681	92,013,061
Other financial assets	21	73,571,713	123,131,638
Cash and cash equivalents	22	86,187,879	39,674,171
Total Current Assets		<u>956,887,404</u>	<u>842,808,130</u>
Total Assets		<u>1,907,943,725</u>	<u>1,754,724,926</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	23	425,000,000	425,000,000
Retained earnings		638,971,373	567,974,440
Total Equity		<u>1,063,971,373</u>	<u>992,974,440</u>
Non-Current Liabilities			
Interest bearing loans and borrowings	24.7	21,196,941	42,205,666
Lease liabilities	25.1	189,358,118	189,787,765
Employee defined benefit liabilities	26	10,594,299	3,835,206
Total Non-Current Liabilities		<u>221,149,358</u>	<u>235,828,637</u>
Current Liabilities			
Employee defined benefit liabilities	26	3,876,336	686,994
Interest bearing loans and borrowings	24.7	58,951,387	76,926,907
Lease liabilities	25.1	17,557,731	12,239,070
Trade and other payables	27	210,245,664	161,446,491
Dividend payable	27.3	291,277,299	269,621,405
Contract liabilities	8.1	3,919,852	3,003,228
Income tax payable	12.3	11,484,189	1,997,755
Bank Overdraft	22	25,510,536	-
Total Current Liabilities		<u>622,822,994</u>	<u>525,921,849</u>
Total Liabilities		<u>843,972,352</u>	<u>761,750,486</u>
Total Equity and Liabilities		<u>1,907,943,725</u>	<u>1,754,724,926</u>

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 49.

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

Name of the Director

1. Mr. Mohamed Shareef - Chairperson
 2. Mr. Shahid Ali - Chief Executive Officer
- Chief Financial Officer**
Mr. Mohamed Muizzu

Signature



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25 May 2023

MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER

	Share capital		Contribution towards capital		Retained earnings		Total	
	MVR		MVR		MVR		MVR	
Restated balance as at 01 January 2021	425,000,000		9,045,263		512,493,486		946,538,749	
<i>Comprehensive income for the Year</i>								
profit for the year	-		-		63,300,170		63,300,170	
Other comprehensive income								
Remeasurement of defined benefit liability - net of tax	-		-		(1,373,093)		(1,373,093)	
<i>Transactions with owners of the Company</i>								
Dividend declared for the year (Note 23.2)	-		-		(6,446,123)		(6,446,123)	
Derecognized due to transfer (Note 23.1)	-		(9,045,263)		-		(9,045,263)	
Balance as at 31 December 2021	425,000,000		-		567,974,440		992,974,440	
Balance as at 01 January 2022	425,000,000		-		567,974,440		992,974,440	
<i>Comprehensive income for the Year</i>								
Profit for the year	-		-		112,602,817		112,602,817	
Other comprehensive income								
Remeasurement of defined benefit liability - net of tax	-		-		(3,625,782)		(3,625,782)	
<i>Transactions with owners of the Company</i>								
Dividends declared for the year (Note 23.2)	-		-		(37,980,102)		(37,980,102)	
Balance as at 31 December 2022	425,000,000		-		638,971,373		1,063,971,373	

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 49.



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 MVR	2021 MVR
Cash Flows from Operating Activities			
Profit before tax		133,958,585	84,313,609
<i>Adjustments for:</i>			
Loss on disposal of property plant and equipment	10	2,676,860	14,468,573
Impairment loss on capital work in progress	10	-	2,418,463
Interest income from promissory notes	11	(3,443,817)	(3,642,343)
Interest income on investments on treasury bills	11	(3,887,618)	(4,171,437)
Unwinding interest on amount due from MTCC	11	(70,236)	(6,899)
Interest on interest bearing loans and borrowings	11	10,036,042	14,545,616
Interest on lease liabilities	11	7,347,713	6,975,721
Amortization of loan arrangement fee	11	1,141,501	1,466,809
Depreciation of property plant and equipment	13	64,344,666	66,831,241
Depreciation of investment property	14	1,043,130	1,043,130
Amortization of intangible assets	15	24,492	130,921
Depreciation of right of use assets	16	17,856,263	12,611,638
Charge / (reversal) of provision for inventories	18.1	503,947	(7,468,667)
Impairment loss for trade receivables	20.1	580,051	5,518,104
Unwinding of moratorium gain	24	311,520	4,112,037
Expenses related to retirement benefit obligation	26	10,277,851	493,822
Loss on recognition of receivable from MTCC at fair value	20.5	-	3,439,594
Loss on disposal of other assets		-	160,376
Operating profit before working capital changes		242,700,950	203,240,308
Changes in working capital;			
Inventories		(7,285,051)	(1,143,827)
Investment in Hiyaa Project		(70,540,186)	(72,756,143)
Trade and other receivables		(28,701,817)	6,589,885
Trade and other payables		48,799,173	29,062,262
Contract assets		408,419	1,512,844
Contract liabilities		916,624	2,163,139
Cash flows from operating activities		186,298,112	168,668,469
Income tax paid	12.3	(11,542,712)	-
Interest paid	24	(10,036,042)	(14,545,616)
Interest received		3,979,118	3,951,618
Gratuity paid	26	(4,595,042)	(1,953,601)
Net cash flows from operating activities		164,103,434	156,120,870



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 MVR	2021 MVR
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(69,630,835)	(21,647,527)
Proceeds from disposal of property assets	13	-	2,658,260
Cost incurred on capital work-in-progress	13.1 & 15.1	(39,173,341)	(7,546,115)
Acquisition of intangible assets	15	(14,236)	-
Investment in treasury bill investments	21	-	(161,805,144)
Funds received on withdrawal of investments	21	51,190,334	111,999,863
Net cash flows used in investing activities		<u>(57,628,078)</u>	<u>(76,340,663)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	24	31,403,100	40,000,000
Repayment of loans and borrowings	24	(71,840,365)	(79,569,930)
Lease payments	25	(28,710,711)	(19,275,829)
Dividend paid	27.3	(16,324,208)	(10,000,000)
Net cash flows used in financing activities		<u>(85,472,184)</u>	<u>(68,845,759)</u>
Net Increase in Cash and Cash Equivalents		21,003,172	10,934,448
Cash and Cash Equivalents at Beginning of the Year		39,674,171	28,739,722
Cash and Cash Equivalents at end of the Year	22	<u>60,677,343</u>	<u>39,674,171</u>

The figures in bracket indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 49.



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

1.1 Reporting Entity

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 Companies’ Act No. 10 of 1996. The registered office of the Company is situated at Bodhuthakurufaanu Magu, Male’, Republic of Maldives.

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 constructs a housing project.

The Company is the immediate parent of Kulhudhufushi Ports Limited which holds 51% of equity interest.

1.2 Subsidiary

Kulhudhufushi Ports Limited is a limited liability Company incorporated and domiciled in the Republic of Maldives since 12th July 2009. Principal business activities of the Company include providing harbour facilities, storage, supplies and repair and maintenance services of ships.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgments and estimates that affect the application of the Company’s 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 estimates are recognized prospectively.

a. Judgements

Information about critical judgment in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is included in the respective notes.



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

b. Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at 31st December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the respective notes.

i. Measurement of fair values

A number of the Company accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow;

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended 31st December 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in separate 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 translation 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 rate ruling at the dates the values were determined.



**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2. Financial instruments

(i) Classification and subsequent measurement

Financial assets

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 (fair value through profit and loss).

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.

Financial assets- Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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.



**MALDIVES PORTS LIMITED
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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 Impairment

(i) Financial assets (Including receivables)

The Company recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

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

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(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.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 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.

4.5 Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

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



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

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

4.6 Capital Work in Progress

Assets under construction as at the reporting date represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the reporting date.

4.7 Investment Property

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment losses

Depreciation on investment properties is recognized on a straight-line basis over the following estimated useful lives.

Leasehold Buildings - Over 25 Years

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

Subsequent Costs

The cost of replacing a part of an item of investment property 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 investment property are recognized in profit or loss as incurred.

4.8 Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives are as follows:

Computer Software	Over 3 years
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**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The value of each category of Inventory is determined on first in, first out (FIFO) basis.

4.10 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

All local (Maldivian National) Employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives Pension Act Law No. 8/2009 handled by Maldives Pension Administration Office (MPAO) from May 2011.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed by a professional actuary in every three years in compliance with accounting requirements.

(c) Short-term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.11 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Investments in subsidiaries are carried at cost less impairment loss in the separate financial statements.

4.12 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.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

4.14 Dividends

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

4.15 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.

4.16 Revenue

Performance obligations and revenue recognition policies

The Company is in the business of providing harbor facilities and related activities. Revenue from contracts with customers is recognized 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.

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).

Rendering of services

The Company recognizes revenue from harbor 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 recognized at a point in time, generally upon delivery of the service.

Sale of goods

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



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Revenue (Continued)

Other income

Other income is recognized on an accrual basis.

Interest

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

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 recognized 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 recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract

4.17 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Leases (Continued)

(i) As a lessee (Continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Leases (Continued)

(i) As a lessee (Continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

4.18 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 separate financial statements wherever necessary.

4.19 Finance income and finance costs

Finance income comprises interest income from investment on treasury bills, fixed deposits and interest income from promissory notes as well as gain from remeasurement of loans and borrowings.

Finance cost comprises interest expense on borrowings and lease liability. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.



**MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Tax expense

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

• **Current tax**

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

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 not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

• **Sales tax**

Revenues, expenses and assets are recognized 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 recognized 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.



**MALDIVES PORTS LIMITED
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5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The MRPS has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the MRPS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 01st January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these separate financial statements.

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)



MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

7 DISCONTINUED OPERATION

Pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 01 July 2021 and its subsequent amendment, the Company has discontinued the operations of public transportation service provided in Male' City, Addu City, Fuvahmulah City and Laamu Atoll, with effect from 01 July 2021. Accordingly, the Company has transferred all its assets, resources, and liabilities of the transport operation to MTCC during the year ended 31st December 2021 and related operating resources have been presented as loss from discontinued operations.

A Results of Discontinued Operation	2021
	MVR
<i>Loss for the year</i>	
Revenue	7,255,299
Expenses	<u>(37,273,676)</u>
Loss from discontinued operation	(30,018,377)
Tax expense (Note 12)	2,318,342
Loss from discontinued operation, net of tax	<u>(27,700,035)</u>
B Cash Flows from Discontinued Operation	2021
	MVR
Net cash flows from operating activities	<u>(30,018,377)</u>
Net cash flows for the year	<u>(30,018,377)</u>
C Effect of Disposal on the Financial Position of the Company	31/12/2021
	MVR
Property, plant and equipment	(73,412,861)
Inventories	(2,946,903)
Interest bearing loans and borrowings	50,844,135
Employee defined benefit liabilities	<u>563,965</u>
Net assets and liabilities	(24,951,664)
Loss on Recognition of Receivable at Fair Value (Note 20.5)	3,439,594
Present Value of the Future Receivable	<u>(21,512,070)</u>
Consideration received, satisfied in cash	925,259
Cash and cash equivalents disposed of	-
Net cash outflows	<u>(20,586,811)</u>



MALDIVES PORTS LIMITED
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

8 REVENUE	2022	2021
	MVR	MVR
Loading/Unloading the cargo (Stevedoring, Storage, Quay wall, etc.)	267,618,936	231,422,156
Unloading the cargo (Handling, Wharfage, Lashing and unlashng, etc.)	214,939,373	176,715,970
Ship arrival and pilotage services	86,220,224	102,035,494
Clearing the goods	75,012,844	47,749,929
Empty containers and vessel departure	55,380,481	37,597,464
Rent income (Note 8.2)	51,100,031	47,538,565
Income from Sale of Electricity and Water	33,907,957	22,926,054
Vessel and other equipment hiring charges	9,934,888	5,901,781
	<u>794,114,734</u>	<u>671,887,413</u>
8.1 CONTRACT BALANCES	31/12/2022	31/12/2021
	MVR	MVR
Contract assets	962,445	1,370,864
Contract liabilities	<u>(3,919,852)</u>	<u>(3,003,228)</u>
	<u>(2,957,407)</u>	<u>(1,632,364)</u>
8.2 Rent income consist of income generated from containers and other equipment amounting MVR 41,931,903 (2021 : MVR 46,204,216/-) which are rented to store vessel cargo to customers and rent income from investment property has disclosed in Note 14 .		
9 OTHER INCOME	2022	2021
	MVR	MVR
Miscellaneous income	7,131,591	6,555,769
Staff fines	319,447	154,387
Lorry subscription fee	42,442	252,777
Gain on disposal of property plant and equipment	399,604	-
Salvage charges	-	28,750
Reversal of inventory provision	-	7,468,667
	<u>7,893,084</u>	<u>14,460,350</u>
10 RESULTS FROM OPERATING ACTIVITIES	2022	2021
	MVR	MVR
<i>Is stated after charging all the expenses including the following:</i>		
Depreciation of property, plant and equipment	64,344,666	66,831,241
Depreciation of investment property	1,043,130	1,043,130
Amortization of intangible assets	24,492	130,921
Loss on disposal of fixed assets	2,676,860	14,468,573
Depreciation of right of use assets	17,856,263	12,611,638
Impairment loss on capital work in progress	-	2,418,463
Personnel costs (Note 10.1)	<u>427,534,594</u>	<u>354,009,969</u>



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10 RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

10.1 Personnel Costs	2022	2021
	MVR	MVR
Staff allowances	235,035,861	193,319,741
Salaries and wages	128,523,754	115,300,133
Overtime	17,085,032	14,725,852
Other expenses and allowances	13,587,375	12,899,115
Gratuity expense	12,292,871	262,263
Pension contribution	8,578,516	7,693,291
Staff training expenses	7,062,781	4,390,156
Uniform expenses	2,844,920	2,876,213
Staff compensation	1,332,858	627,809
Bonus	1,139,403	1,830,853
Medical expenses	42,723	7,044
Directors allowance	8,500	77,500
	<u>427,534,594</u>	<u>354,009,969</u>
11 NET FINANCE COSTS	2022	2021
	MVR	MVR
Finance Income		
Interest income from promissory notes (Note 20.3)	3,443,817	3,642,343
Interest income from investment on treasury bills (Note 21)	3,887,618	4,171,437
Unwinding interest on amount due from MTCC (Note 20.5)	70,236	6,899
	<u>7,401,671</u>	<u>7,820,679</u>
Finance Costs		
Interest on interest bearing loans and borrowings (Note 24)	(10,036,042)	(14,545,616)
Interest expense on lease liabilities (Note 25)	(7,347,713)	(6,975,721)
Amortization of loan arrangement fees (Note 24.6)	(1,141,501)	(1,466,809)
Amortization fee for overdraft arrangement fee	(62,500)	-
Fair value adjustment on receivable from MTCC (Note 20.5)	-	(3,439,594)
	<u>(18,587,756)</u>	<u>(26,427,740)</u>
Net Finance Costs	<u>(11,186,085)</u>	<u>(18,607,061)</u>
12 TAXATION	2022	2021
	MVR	MVR
<i>Results from continuing operation</i>		
Current tax expense (Note 12.1)	21,114,605	18,463,563
(Over) / Under provision in respect of prior year (Note 12.4)	(85,459)	1,724,359
Deferred tax asset reversed during the year (Note 12.2)	326,622	825,516
	<u>21,355,768</u>	<u>21,013,439</u>
<i>Total tax expense</i>		
Tax expense related to continued operations	21,355,768	23,331,781
Tax expense related to discontinued operations	-	(2,318,342)
Total tax expense	<u>21,355,768</u>	<u>21,013,439</u>



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12 TAX EXPENSE (CONTINUED)

12.1 Reconciliation between Accounting Profit and Taxable Income:

	2022
	MVR
Profit before tax	133,958,585
Add: Depreciation charge for the year	65,412,288
Other disallowable expenses	24,284,026
Less: Capital allowances	(59,590,366)
Other allowable expenses	(23,050,497)
Less: Tax free allowance	(250,000)
Total taxable income	<u>140,764,035</u>
Income tax @ 15%	<u>21,114,605</u>

	2021		
	Continuing	Discontinued	Total
	Operation	Operation	Total
	MVR	MVR	MVR
Profit before tax	114,331,986	(30,018,377)	84,313,609
Add: Depreciation charge for the year	67,521,091	4,949,940	62,571,151
Other disallowable expenses	47,550,995	11,250,270	36,300,725
Less: Capital allowances	(47,701,373)	-	(47,701,373)
Reversal of inventory provision	(7,468,667)	-	(7,468,667)
Other allowable expenses	(30,440,530)	(6,634,913)	(37,075,443)
Adjustment for loss from discontinued operations	(20,453,080)	20,453,080	-
Less: Tax free allowance	(250,000)	-	(250,000)
Total taxable income / (loss)	<u>123,090,421</u>	<u>-</u>	<u>123,090,421</u>
Income tax @ 15%	<u>18,463,563</u>	<u>-</u>	<u>18,463,563</u>

In accordance with the provisions of the Income Tax Act 25/2019 and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.

12.2 Deferred Tax Asset / Liability

	2022
	MVR
Opening balance	13,103,119
<i>Items recognized in other comprehensive income</i>	
Charged during the year	639,844
<i>Items recognized in profit or loss</i>	
Reversal during the year	(326,622)
Closing balance	<u>13,416,341</u>



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12 TAX EXPENSE (CONTINUED)

12.2 Deferred Tax Asset / Liability (Continued)

	2021		
	Continuing Operation MVR	Discontinued Operation MVR	Total MVR
Opening balance	15,980,445	(2,294,121)	13,686,324
<i>Items recognized in other comprehensive income</i>			
Charged during the year	242,311	-	242,311
<i>Items recognized in profit or loss</i>			
Reversal during the year	(3,119,637)	-	(3,119,637)
<i>Items reversed during the year</i>			
Profit or loss	-	2,318,342	2,318,342
Other comprehensive income	-	(24,221)	(24,221)
Closing balance	<u>13,103,119</u>	<u>-</u>	<u>13,103,119</u>

Deferred Tax Assets relating to Continuing Operations is attributable to the following:

	31/12/2022		31/12/2021	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, plant and equipment, Investment property and Intangible assets	65,249,079	9,787,362	74,193,365	11,129,005
Provision for impairment on trade and other receivables	8,052,811	1,207,922	7,472,760	1,120,914
Provision for impairment of inventories	1,669,749	250,462	1,165,802	174,870
Employee defined benefit liabilities	14,470,635	2,170,595	4,522,200	678,330
	<u>89,442,274</u>	<u>13,416,341</u>	<u>87,354,127</u>	<u>13,103,119</u>

12.3 INCOME TAX PAYABLE

	31/12/2022 MVR	31/12/2021 MVR
Opening balance	1,997,755	(18,190,168)
Income tax for the year (Note 12.1)	21,114,605	18,463,563
(Over) / Under provision in respect of prior year (Note 12.4)	(85,459)	1,724,359
Payments during the year	(11,542,712)	-
Closing balance	<u>11,484,189</u>	<u>1,997,755</u>

12.4 (OVER) / UNDER PROVISION IN RESPECT OF PRIOR YEAR

	2022 MVR	2021 MVR
(Over) / Under provision of tax liability of prior year vs tax return	(85,459)	340,410
Under provision of tax liability of prior year relating to fraud expense	-	1,383,949
	<u>(85,459)</u>	<u>1,724,359</u>

For taxation purposes, in the financial year 2020, the Company had allowed total fuel expense in its tax computation. However, this amount was identified as related to a fraud which occurred in year 2020. The Company had hired an external party to value the loss related to the fraud, which amounts to MVR 9,226,329/-. The Company has thus disallowed this amount at 15% for tax purposes during the year ended 31st December 2021.



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13 PROPERTY PLANT AND EQUIPMENT

	2022			
	Balance as at	Additions	Disposals/ Transfers	Balance as at
	01/01/2022			31/12/2022
Cost	MVR	MVR	MVR	MVR
Port infrastructure and buildings	346,470,497	2,028,021	(3,277,788)	345,220,730
Vehicles and vessels	542,765,198	53,714,586	-	596,479,784
Furniture and office equipment	58,116,829	8,244,661	-	67,741,341
Machinery, equipment and tools	44,376,022	1,212,609	-	44,517,776
Utensils and other assets	17,022,503	5,256,302	-	21,969,810
	<u>1,008,751,049</u>	<u>70,456,180</u>	<u>(3,277,788)</u>	<u>1,075,929,441</u>
Accumulated Depreciation	Balance as at	Charge for the year	Disposals/ Transfers	Balance as at
	01/01/2022			31/12/2022
	MVR	MVR	MVR	MVR
Port infrastructure and buildings	143,376,555	13,980,754	(600,928)	156,756,381
Vehicles and vessels	297,211,258	35,611,481	-	332,822,739
Furniture and office equipment	45,722,453	7,550,723	-	52,594,763
Machinery, equipment and tools	36,314,307	4,115,508	-	41,425,323
Utensils and others assets	13,483,979	3,086,200	-	16,253,084
	<u>536,108,552</u>	<u>64,344,666</u>	<u>(600,928)</u>	<u>599,852,290</u>
Net book value	<u>472,642,497</u>			<u>476,077,151</u>
Capital work in progress (Note 13.1)	<u>73,713,959</u>			<u>108,257,938</u>
Total value of property, plant and equipment	<u>546,356,456</u>			<u>584,335,089</u>

	2021			
	Balance as at	Additions	Disposals/ Transfers	Balance as at
	1/1/2021			31/12/2021
Cost	MVR	MVR	MVR	MVR
Lands (Note 13.3)	9,045,263	-	(9,045,263)	-
Port infrastructure and buildings	320,859,342	45,740,887	(20,129,732)	346,470,497
Vehicles and vessels	637,082,778	10,079,499	(104,397,079)	542,765,198
Furniture and office equipment	54,532,034	7,890,686	(4,305,891)	58,116,829
Machinery, equipment and tools	47,010,144	1,281,633	(3,915,755)	44,376,022
Utensils and other assets	15,661,125	1,582,885	(221,507)	17,022,503
	<u>1,084,190,686</u>	<u>66,575,590</u>	<u>(142,015,227)</u>	<u>1,008,751,049</u>
Accumulated Depreciation	Balance as at	Charge for the year	Disposals/ Transfers	Balance as at
	1/1/2021			31/12/2021
	(Restated)*			
	MVR	MVR	MVR	MVR
Port infrastructure and buildings	131,511,312	14,458,521	(2,593,278)	143,376,555
Vehicles and vessels	292,707,812	38,372,318	(33,868,872)	297,211,258
Furniture and office equipment	43,124,525	5,593,789	(2,995,861)	45,722,453
Machinery, equipment and tools	33,709,057	6,469,349	(3,864,099)	36,314,307
Utensils and others assets	11,748,018	1,937,264	(201,303)	13,483,979
	<u>512,800,724</u>	<u>66,831,241</u>	<u>(43,523,413)</u>	<u>536,108,552</u>
Net book value	<u>571,389,962</u>			<u>472,642,497</u>
Capital work in progress (Note 13.1)	<u>116,265,468</u>			<u>73,713,959</u>
Total value of property, plant and equipment	<u>687,655,430</u>			<u>546,356,456</u>



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13 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

13.1 Capital Work In Progress (CWIP)	31/12/2022 MVR	31/12/2021 MVR
Opening balance	76,132,422	116,265,468
Additions during the year	35,369,324	4,795,017
Capitalized during the year	(825,345)	(44,928,063)
Closing balance	<u>110,676,401</u>	<u>76,132,422</u>
Less: provision for impairment of CWIP (Note 13.2)	(2,418,463)	(2,418,463)
	<u><u>108,257,938</u></u>	<u><u>73,713,959</u></u>

13.2 Provision for impairment loss of CWIP

Opening balance	2,418,463	-
Provision recognized during the year	-	2,418,463
Closing balance	<u>2,418,463</u>	<u>2,418,463</u>

Capital work-in-progress includes an amount of MVR 24,783,732/- which 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.

In addition to the above, capital work in progress includes the cost incurred for the construction of Dhoogas Guest House, MNH service counter renovation, MCH workshop and MCH ground levelling project. As at 31st December 2022, the amount relating to Dhoogas Guest House amounts to MVR 50,237,379/- after impairment assessment.

During the year, the Company has signed an agreement with Addu International Airport Pvt Ltd (AIA) and the Government of Maldives (GoM) regarding the transfer of Dhoogas Guest House to AIA, with effect from 29 March 2022. Pursuant to the terms of the agreement, AIA has agreed to reimburse the Company for the lease acquisition cost of USD 312,500/- that the Company had paid to the Ministry of Tourism during the acquisition of the property. Consequently, as at 31 December 2022, Dhoogas Guest House is included in capital work in progress until the AIA settles the outstanding balances to transfer the assets.

13.3 Details of Company's lands stated at fair value are indicated below;

<u>Land</u>	<u>Land area (sq. ft.)</u>	<u>Price per sq. ft.</u>	<u>Total amount</u>
Feydhoo	92,403.86	50	4,620,193
Hulhumeedho	78,756.80	25	1,968,920
Fuvahmulah	19,123.00	50	956,150
Fonadhoo	30,000.00	50	1,500,000
			<u><u>9,045,263</u></u>

The Company has determined a value for the lands in Fuvahmulah, Hulhumeedho, Feydhoo and Fonadhoo, based on market prices (per square feet) disclosed by the Government of Maldives. The results of such valuation was incorporated in the separate financial statements effective from 31 December 2017. However, pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021, the Company has transferred these lands to MTCC on 01 July 2021. Accordingly, value of these lands has been



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14 INVESTMENT PROPERTY	ROU	Lease hold	Total	Total
	Asset	Building	31/12/2022	31/12/2021
Cost	MVR	MVR	MVR	MVR
Opening balance	18,399,642	13,579,431	31,979,073	31,979,073
Closing balance	<u>18,399,642</u>	<u>13,579,431</u>	<u>31,979,073</u>	<u>31,979,073</u>
Accumulated Depreciation				
Opening balance	1,452,603	7,757,253	9,209,856	8,166,726
Charge for the year	484,201	558,929	1,043,130	1,043,130
Closing balance	<u>1,936,804</u>	<u>8,316,182</u>	<u>10,252,986</u>	<u>9,209,856</u>
Net Carrying Value	<u>16,462,838</u>	<u>5,263,249</u>	<u>21,726,087</u>	<u>22,769,217</u>

Investment property comprises port complex building and the land which is located at Hilaalee Magu, Male'. This is a dual purpose property of which significant portion has been leased out to third parties. The Company has classified the portion of dual use property as an investment property since it can be leased out separately under a operating lease. The rental income recognized from this property is amounting to MVR 9,168,128/- during the year ended 31st December 2022. (2021 : MVR 9,176,265/-)

15 INTANGIBLE ASSETS	31/12/2022	31/12/2021
	MVR	MVR
Cost		
Opening balance	4,324,844	5,481,344
Additions during the year	14,236	-
Disposed during the year	-	(1,156,500)
Closing balance	<u>4,339,080</u>	<u>4,324,844</u>
Accumulated Amortization		
Opening balance	4,244,214	4,431,331
Amortization during the year	24,492	130,921
Disposed during the year	-	(318,038)
Closing balance	<u>4,268,706</u>	<u>4,244,214</u>
	<u>70,374</u>	<u>80,630</u>
Capital work in progress (Note 15.1)	<u>6,555,115</u>	<u>2,751,098</u>
Net carrying value	<u>6,625,489</u>	<u>2,831,728</u>

15.1 Capital Work In Progress (CWIP)	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	2,751,098	-
Additions during the year	3,804,017	2,751,098
Closing Balance	<u>6,555,115</u>	<u>2,751,098</u>

The capital work in progress represents cost incurred for the implementation of Oracle ERP software.



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16 RIGHT-OF-USE ASSETS	31/12/2022	31/12/2021
	MVR	MVR
Cost		
As at 01 st January	216,312,645	203,110,367
Impact on lease modification (Note 16.1)	4,956,184	-
Additions during the year	21,295,828	13,202,278
As at 31 st December	<u>242,564,657</u>	<u>216,312,645</u>
Accumulated Depreciation		
As at 01 st January	35,302,840	22,691,202
Charge for the year	17,856,263	12,611,638
As at 31 st December	<u>53,159,103</u>	<u>35,302,840</u>
Net Carrying Value	<u>189,405,554</u>	<u>181,009,805</u>
16.1	The Company has recognized right of asset in relation to the leasehold rights obtained for industrial purposes at Male' Commercial Harbor, Port Complex, Thilafushi land and Hulhumalé International Terminal. Lease liability and right-of-use assets recognized in respect of the lease of Thilafushi land has been modified in accordance with the lease amendment agreed upon on 01 st January 2022. The monthly rent and lease term of the lease have been increased, resulting in an adjustment to the carrying value of the right-of-use asset and lease liability as of 31 st December 2022.	
17 INVESTMENT IN SUBSIDIARY	Interest held	31/12/2022
		MVR
		31/12/2021
		MVR
Kulhudhufushi Port Limited	51%	<u>52,040,800</u>
		<u>52,040,800</u>
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.		
18 INVENTORIES	31/12/2022	31/12/2021
	MVR	MVR
Spare parts	69,316,027	61,820,840
Goods In Transit	715,691	925,827
Less: Provision for slow moving inventories (Note 18.1)	(1,669,749)	(1,165,802)
	<u>68,361,969</u>	<u>61,580,865</u>
18.1 Provision for slow moving inventories		
Opening balance	1,165,802	8,634,469
Provision charged / (reversed) during the year	503,947	(7,468,667)
Closing balance	<u>1,669,749</u>	<u>1,165,802</u>
19 INVESTMENT IN HIYAA PROJECT	31/12/2022	31/12/2021
	MVR	MVR
As at 01 st January	525,037,531	452,281,388
Additions during the Year	70,540,186	72,756,143
As at 31 st December	<u>595,577,717</u>	<u>525,037,531</u>



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19 INVESTMENT IN HIYAA PROJECT (CONTINUED)

19.1 Social Housing Project

As per the agreement dated 15 November 2017 between Maldives Port Limited (Developer) and Housing Development Corporation Limited (HDC), the Company has been assigned to develop a three "Fourteen Story Residential Towers" at Hulumale phase II plots no. N3-20(D), N3-20(E), N3-20(F) by HDFC.

The developer shall proceed with construction and developments on the land by two parts. The part 1 of the development shall be completed within 240 calendar days from 15 November 2017 and part 2 of the development shall be completed within 730 calendar days from 15 November 2017 as per the 08th Addendum. However, according to the 09th Addendum made on 17 April 2022, the parties agreed to amend the contract and revised the completion date for the project to 16 October 2022. The Company has received a certificate of completion from W&A Overseas Private Limited (The Contractor of the project) which shows that the project is 84.16% completed as at 31 December 2022.

As of year 2021 Company had an agreement signed with Housing Development Corporation Limited (HDC) to sell 50% of the Part I constructed residential units to the Government of Maldives for US\$ 38,000/- each unit. The remaining 50% of residential units will be sold to Maldivian nationals employed by the Company. However, as at 31 December 2022 the Company has agreed to sell all residential units only to Maldivian nationals employed by the Company. As at 31 December 2022, the Company has received MVR 44,106,564/- in total advances for reserved employee residential units.

Further, the Company should pay within 24 months from 15 November 2017, an amount at the rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Failing to do so, the developer shall pay 0.05% of the net amount payable to HDC for each delayed day.

20 TRADE AND OTHER RECEIVABLES	31/12/2022	31/12/2021
	MVR	MVR
Trade receivables	27,352,579	29,995,246
Less: allowance for impairment loss on trade receivables (Note 20.1)	<u>(7,797,548)</u>	<u>(7,217,497)</u>
	<u>19,555,031</u>	<u>22,777,749</u>
Amount due from related parties (Note 20.4)	56,713,983	43,251,536
Deposits	10,080,780	2,921,359
Prepayments and advances	27,894,618	16,872,022
Receivable from MPRC (Note 20.3)	74,664,426	76,876,475
Receivable from MTCC (Note 20.5)	17,990,836	20,593,511
Other receivables	9,088,231	2,781,343
Less: allowance for impairment loss on other receivables (Note 20.2)	<u>(255,263)</u>	<u>(255,263)</u>
	<u>215,732,642</u>	<u>185,818,732</u>
Maturity Analysis		
Trade and other receivables - Current	132,225,681	92,013,061
Trade and other receivables - Non-current	<u>83,506,961</u>	<u>93,805,671</u>
	<u>215,732,642</u>	<u>185,818,732</u>
20.1 Allowance for impairment loss on trade receivables	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	7,217,497	1,699,393
Charged during the year	580,051	5,518,104
Closing balance	<u>7,797,548</u>	<u>7,217,497</u>
20.2 Allowance for impairment loss on other receivables	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	255,263	255,263
Closing balance	<u>255,263</u>	<u>255,263</u>



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20 TRADE AND OTHER RECEIVABLES (CONTINUED)

20.3 Receivable from MMPRC	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	76,876,475	81,102,047
Settlements during the year	(3,933,958)	(4,225,572)
Interest income for the year	3,443,817	3,642,343
Interest received during the year	(1,721,909)	(3,642,343)
Closing balance	<u>74,664,426</u>	<u>76,876,475</u>

Receivable from Maldives Marketing and Public Relation Corporation (MMPRC) amounting to MVR. 74,664,426/- includes two promissory notes which originally matured on 31 March and 27 April 2015 had been rolled over until 30 December 2015 and 25 March 2018 respectively. These notes are yet to be settled as at reporting date. However, as per the agreement signed with the MMPRC dated 14 February 2020, the MMPRC has agreed to pay the receivable balance within 15 years with an interest rate of 4.6% per annum. The Company has received interest income of MVR 1,721,909/- during the year ended 31 December 2022. (2021: MVR 3,642,343/-)

20.4 AMOUNTS DUE FROM RELATED PARTIES	31/12/2022	31/12/2021
	MVR	MVR
State Trading Organization PLC	1,963,722	3,984,800
Maldives National Defense Force	27,283	27,283
Kulhudhufushi Port Limited	17,963,538	14,336,908
Hithadhoo Port Limited	18,318,595	7,478,315
Maldives Transport & Contracting Company PLC	1,598,767	942,241
Maldives Road Development Company	1,530,181	1,530,181
Maldives Industrial Fisheries Company	1,872,133	2,818,669
Maldives Gas Private Limited	54,650	14,762
Male' Water & Sewerage Company	18,107	30,295
Maldives Airports Company Limited	5,426	16,213
Housing Development Corporation	20,829	19,980
Fenaka Corporation Limited	64,564	11,977
Maldives State Shipping Company Private Limited	10,287,671	8,578,453
Dhivehi Raajjeyge Gulhun PLC	-	15,000
Road Development Corporation Limited	76,447	17,630
Other Government Owned Organizations	<u>2,912,071</u>	<u>3,428,829</u>
	<u>56,713,983</u>	<u>43,251,536</u>

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.

20.5 Pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 01 July 2021 and its subsequent amendment, the Company has discontinued the operations of public transportation service provided in Male' City, Addu City, Fuvahmulah City and Laamu Atoll as at that date. Accordingly, the Company has transferred all its assets, resources, and liabilities of the transport operation to MTCC. The final amount to be received from MTCC as at 01 July 2021 was MVR 24,951,465 to pay in 120 instalments over 10 years and as at 31 December 2022 it was recorded as MVR 17,990,836/- after fair value adjustment. In order to assess the fair value of the amount due from MTCC, interest rate was considered at the market rate of 3% for government loans, and the loss applicable to the transaction was recognized in finance costs. Additionally, the Company will continue to unwind the loss recognized over the 10 years.

	2022	2021
	MVR	MVR
Balance as at 01 st January	3,446,493	-
Day one fair value loss	-	3,439,594
Unwinding interest during the year	(70,236)	(6,899)
Balance as at 31 st December	<u>3,376,257</u>	<u>3,446,493</u>



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21 OTHER FINANCIAL ASSETS	31/12/2022	31/12/2021
	MVR	MVR
Balance as at 01 st January	123,131,638	73,326,357
Investments made during the year	-	161,805,144
Withdrawals during the year	(51,190,334)	(111,999,863)
Interest income for the year	3,887,618	4,171,437
Interest income received	<u>(2,257,209)</u>	<u>(4,171,437)</u>
Balance as at 31 st December	<u>73,571,713</u>	<u>123,131,638</u>

21.1 The Company has invested in Treasury bills issued by the Government of Maldives. As at 31 December 2022, the Company held un-matured Treasury bills with a face value of MVR 75,000,000/- (As at 31 December 2021 : MVR 125,000,000/-) and interest receivable amount of MVR 1,630,409/- (As at 31 December 2021: MVR 1,783,347/-). The investment in Treasury bills issued by the Government of Maldives is measured at amortized cost as at the reporting date.

22 CASH AND CASH EQUIVALENTS	31/12/2022	31/12/2021
	MVR	MVR
Cash in hand	246,950	338,177
Cash at banks	<u>85,940,929</u>	<u>39,335,994</u>
Cash and cash equivalent in the Statement of Financial Position	<u>86,187,879</u>	<u>39,674,171</u>
Bank Overdraft	(25,510,536)	-
Cash and cash equivalent for the purpose of cash flows	<u>60,677,343</u>	<u>39,674,171</u>

23 SHARE CAPITAL	31/12/2022	31/12/2021
	MVR	MVR
Authorized share capital		
5,000,000 ordinary shares of MVR.100/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid		
4,250,000 ordinary shares of MVR.100/- each	<u>425,000,000</u>	<u>425,000,000</u>

23.1 Contribution Towards Capital

In 2017, the Company has received the ownership of the lands located in Fuvahmulah, Hulhumeedhoo, Feydhoo and Fonadhoo from the Government of Maldives (Being the shareholder of the Company). The value of the lands amounting to MVR 9,045,263/- have been recognized as contribution towards capital during the year ended 31 December 2017 (Note 12.3). However, pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021, the Company has transferred these lands to MTCC on 30 June 2021. Accordingly, value of these lands has been derecognized from contribution towards capital during the year ended 31 December 2021.

23.2 Dividends and Voting Rights

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' meetings of the Company.

During the year ended 31 December 2022, the Board of Directors of the Company has declared a dividend of MVR 37,980,102/- (2021: MVR. 6,446,123/-)



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24 LOANS AND BORROWINGS	31/12/2022	31/12/2021
	MVR	MVR
Balance as at 01 st January	121,299,714	207,601,742
Borrowings during the year (Note 24.3)	31,403,100	40,000,000
Unwinding of moratorium gain	311,520	4,112,037
Assigned to related party (Note 24.5)	-	(50,844,135)
Repayments during the year	(71,840,365)	(79,569,930)
Interest for the year	10,036,042	14,545,616
Interest paid during the year	(10,036,042)	(14,545,616)
Balance as at 31 st December	<u>81,173,969</u>	<u>121,299,714</u>
Unamortized Facility Fee (Note 24.6)	<u>(1,025,641)</u>	<u>(2,167,142)</u>
	<u>80,148,328</u>	<u>119,132,572</u>
24.1 Sources of Finance	31/12/2022	31/12/2021
	MVR	MVR
Secured Loans		
Bank of Maldives PLC - Loan I (Note 24.2)	-	19,601,590
Bank of Maldives PLC - Loan II (Note 24.3)	54,592,538	67,203,610
Bank of Ceylon (Note 24.4)	<u>25,555,790</u>	<u>32,327,372</u>
	<u>80,148,328</u>	<u>119,132,572</u>

24.2 Bank of Maldives PLC - Loan I

The Company has obtained loan facility from the Bank of Maldives PLC, amounting to US\$ 9,105,000/- on 10 October 2016 for the purpose of purchasing heavy vehicles and machinery. The loan carries fixed interest rate of 7%. The loan has to repay over 60 monthly installments of US\$ 180,900/- each starting from 1 December 2016. The Company has secured the loan by: i) Lien against Treasury Bill investment. ii) Leasehold land located at Hulhumale 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. The total outstanding loan balance has settled during the year ended 31st December 2022.

24.3 Bank of Maldives PLC - Loan II

The Company has obtained loan facility from the Bank of Maldives PLC, amounting to MVR.178,000,000/- on 27 October 2019 for the purpose of working capital requirements and to purchase port machinery and equipment. The loan carries fixed interest rate of 10%. The loan has to repay over 60 monthly installments of MVR 4,531,000/- each starting from 4 July 2019.

The Company has secured the loan by:

- i) Lien against T-Bill portfolio of Borrower total amounting to MVR 75,000,000/- duly charged favor of the bank.
- ii) Mortgage of leasehold rights of the 05 plots under no 10005 at Hulhumale' Harbor leased to the borrower by Housing Development Corporation.
- iii) Mortgage of leasehold right of port complex leased to the borrower by the Government of Maldives & all building.



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24 LOANS AND BORROWINGS (CONTINUED)

24.3 Bank of Maldives PLC - Loan II (Continued)

The above loan facility of MVR 178,000,000/- has been amended with a moratorium period of six months starting from April 2020 to September 2020, after which payment is liable in installments as MVR 1,270,392/- on October 2020, MVR 3,624,800/- from November 2020 to March 2021, MVR 4,482,660/- from April 2021 to March 2025 and balance amount in full on April 2025. Interest accrued during the moratorium period will be capitalized to the loan at the end of the moratorium period. Further, the Company has borrowed MVR 31,403,100/- amount of loan during the year as at 31st December 2022 in order to fulfill working capital requirements.

24.4 Bank of Ceylon

The Company has obtained loan facility from the Bank of Ceylon, amounting to MVR. 7,000,000/- and US\$ 2,000,000/- on 12 July 2018 and 28 June 2018 respectively for the purpose of developing and renovating Dhoogas guesthouse. The loan carries fixed interest rate of 8.50%. The loan has to repay over 84 months including 24 months grace period. The Company has secured the loan by; 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.

The Company has been granted a moratorium period of six months for the above loan facility commencing from 01 June 2020. Accordingly, the repayment of the outstanding capital amount as at the date of Debt Moratorium received should be settled from 01 December 2020, after the moratorium period until the capital outstanding is recovered full. Further, the Company is liable to pay funded interest of term loan facility of USD 90,000/- and MVR 300,000/- to Bank of Ceylon Male' branch within 24 months from the end of the moratorium to absorb the deferred interest for the moratorium period of above aforesaid term loans.

24.5 Ministry of Finance and Treasury

The Company has obtained loan facilities from the Ministry of Finance and Treasury, amounting to MVR 30,328,046/- on 25 March 2019 and MVR 29,535,442/- on 20 June 2019 for the purpose of importing buses for the Greater Male' Transport Link. The loans carry fixed interest rate of 3%. The loans have to be repaid over within 5 years of equal bi-annual instalments amounting to MVR 3,032,805/- and MVR 2,953,544/- respectively. The loans are not secured.

The above loan facilities of MVR 30,328,046/- and MVR 29,535,442/- have been amended with a moratorium period of 2 years starting from April 2020 and June 2020, after which payment is liable in installments of MVR 4,852,487/- and MVR 4,430,316/- respectively. Interest accrued during the moratorium period will be capitalized to the loans at the end of the moratorium period.

However, as per the novation agreement between Maldives Port Limited, Ministry of Finance and Maldives Transport and Contracting Company PLC (MTCC) dated 1 July 2021 to novate the Subsidiary Loan Agreements dated 25 March 2019 and 20 June 2019, the Company has transferred all of the obligations and rights accorded to the Company under the Subsidiary Loan Agreements to MTCC. Accordingly, the Company has derecognized MVR 50,844,335/- on 30 June 2021.



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24 LOANS AND BORROWINGS (CONTINUED)

24.6 Unamortized Facility Fee	31/12/2022	31/12/2021
	MVR	MVR
Balance as at 01 st January	2,167,142	3,633,950
Amortization during the Year	<u>(1,141,501)</u>	<u>(1,466,809)</u>
Balance as at 31 st December	<u>1,025,641</u>	<u>2,167,142</u>
Maturity Analysis		
Current	776,602	1,141,501
Non-Current	<u>249,039</u>	<u>1,025,641</u>
	<u>1,025,641</u>	<u>2,167,142</u>
24.7 Maturity Analysis of Term Loans		
	31/12/2022	31/12/2021
	MVR	MVR
Current		
Bank of Maldives PLC - Loan I	-	19,601,591
Bank of Maldives PLC - Loan II	50,774,813	50,193,837
Bank of Ceylon	<u>8,176,575</u>	<u>7,131,480</u>
	<u>58,951,387</u>	<u>76,926,907</u>
Non-Current		
Bank of Maldives PLC - Loan II	3,817,727	17,009,773
Bank of Ceylon	<u>17,379,214</u>	<u>25,195,892</u>
	<u>21,196,941</u>	<u>42,205,666</u>
24.8 Repayment of outstanding loan capital are as follows;		
	31/12/2022	31/12/2021
	MVR	MVR
Less than One Year	61,519,392	78,068,408
More than One Year, Less than Two Years	12,737,571	27,354,806
More than Two Year, Less than Three Years	6,917,005	9,319,392
More than Three Year, Less than Four Years	-	6,557,108
	<u>81,173,969</u>	<u>121,299,714</u>
25 LEASE LIABILITIES		
	31/12/2022	31/12/2021
	MVR	MVR
Balance as at 01 st January	202,026,835	201,124,664
Additions during the year	21,295,828	13,202,279
Impact on lease Modification (Note 16.1)	4,956,184	-
Interest for the year	7,347,713	6,975,721
Repayment during the year	<u>(28,710,711)</u>	<u>(19,275,829)</u>
Balance as at 31 st December	<u>206,915,849</u>	<u>202,026,835</u>



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25 LEASE LIABILITIES (CONTINUED)

The Company has recognized right of asset in relation to the leasehold rights obtained for industrial purposes at Male' Commercial Harbor, Port Complex, Thilafushi land and Hulhumalé International Terminal.

25.1 Maturity Analysis	31/12/2022	31/12/2021
	MVR	MVR
Non - Current Liability	189,358,118	189,787,765
Current Liability	17,557,731	12,239,070
	<u>206,915,849</u>	<u>202,026,835</u>
25.2 Maturity Analysis of Future Contractual Undiscounted Cashflows		
Less than one Year	17,557,731	12,239,070
Between one and five Years	73,270,038	63,594,415
More than five Years	224,025,699	235,665,779
	<u>314,853,468</u>	<u>311,499,264</u>
25.3 Amounts Recognized in Profit or Loss		
Interest on Lease Liability	7,347,713	6,975,721
Amortization on Right of Use Asset	17,856,263	12,611,638
Depreciation of investment property	1,043,130	1,043,130
	<u>26,247,106</u>	<u>20,630,489</u>
25.4 Amounts Recognized in Statement of Cash Flows		
Payments of Lease Rentals during the Year	<u>28,710,711</u>	<u>19,275,829</u>
26 DEFINED BENEFIT OBLIGATION	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	4,522,200	4,598,134
Current service cost	894,013	263,915
Past service cost	9,175,817	-
Interest cost	208,021	229,907
Remeasurement of defined benefit obligation	4,265,626	1,615,404
Transfer during the year	-	(231,559)
Benefits paid during the year	(4,595,042)	(1,953,601)
Closing balance	<u>14,470,635</u>	<u>4,522,200</u>
Employee defined benefit liabilities - Current	3,876,336	686,994
Employee defined benefit liabilities - Non - Current	10,594,299	3,835,206
	<u>14,470,635</u>	<u>4,522,200</u>



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26 DEFINED BENEFIT OBLIGATION (CONTINUED)

Following amounts are recognized in profit or loss and Other comprehensive income

	2022	2021
	MVR	MVR
<i>Amounts Recognized in Profit or Loss</i>		
Current service cost	894,013	263,915
Past service cost	9,175,817	-
Interest cost	208,021	229,907
	<u>10,277,851</u>	<u>493,822</u>
<i>Amount Recognized in Other Comprehensive Income</i>		
Actuarial loss on obligation	(4,265,626)	(1,615,404)
Tax impact	639,844	242,311
Actuarial gain / loss on obligation net of tax	<u>3,625,782</u>	<u>(1,373,093)</u>

The actuarial valuation for the year ended at 31 December 2022 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

	2022	2021
Discounting rate	4.60%	4.60%
Future salary increase	5.00%	3.50%
Retirement age	65	65
Mortality rate inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)

* IALM - Indian Assured Lives Mortality

Sensitivity Analysis

Values appearing in the separate financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity was carried out as follows.

	2022	
	MVR	MVR
	+0.50%	-0.50%
<i>Impact of the change in salary increase</i>		
- Impact to present value of obligation at the end of the year	802,417	(849,857)
<i>Impact of the change in discount rate</i>		
- Impact to present value of obligation at the end of the year	(828,154)	850,301



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27 TRADE AND OTHER PAYABLES	31/12/2022	31/12/2021
	MVR	MVR
Trade payables	22,129,776	46,700,499
Accrued expenses	5,259,380	3,594,843
Refundable deposits	14,869,256	14,393,921
Other payables	7,674,741	2,213,708
	<u>49,933,153</u>	<u>66,902,971</u>
Payable for development and sale right (Note 27.1)	49,837,162	49,837,162
Amount due to related parties (Note 27.2)	43,536,366	44,706,358
Payable to Contractors	22,832,419	22,659,312
Advances received on Sale of Apartments - Hiyaa Flats	44,106,564	-
	<u>210,245,664</u>	<u>161,446,491</u>
27.1	According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 November 2017, the Company shall pay within 24 months from 15 November 2017, an amount at a rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Accordingly, the Company has recognized an amount of MVR 49,837,162/- as payable to HDC for the development and sale right as at 31 December 2022 (2021: MVR 49,837,162/-).	
27.2	31/12/2022	31/12/2021
	MVR	MVR
State Trading Organization PLC	44,439	598,053
Male' Water and Sewerage Company Limited	-	320,970
Fuel Supplies Maldives Pte Limited	1,828,620	693,329
Maldives Transport & Contracting Company PLC	1,399,149	-
Maldives Customs Service	192,652	73,438
Island Aviation Services Limited	-	111,087
Maldives Airports Company Limited	8,173	8,173
Kulhudhufushi Port Limited	23,289,131	23,289,131
State Electric Company Limited	-	1,421,349
Waste Management Corporation Limited	-	3,510
Ministry of Finance and Treasury	14,925,952	18,187,318
Road Development Corporation Limited	476,411	-
Ministry of Economic Development	48,000	-
Ministry of Islamic affairs	8,750	-
Housing Development Corporation	1,315,089	-
	<u>43,536,366</u>	<u>44,706,358</u>
27.3	31/12/2022	31/12/2021
	MVR	MVR
Opening balance	269,621,405	273,175,282
Dividend declared during the year	37,980,102	6,446,123
Dividend payments during the year	(16,324,208)	(10,000,000)
Closing balance	<u>291,277,299</u>	<u>269,621,405</u>

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Overview

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

- Credit risk
- Liquidity risk
- Market risk



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28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

Risk management framework

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

(i) Credit Risk

Exposure to 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	
	31/12/2022	31/12/2021
	MVR	MVR
Trade and other receivables	113,133,205	105,101,663
Amounts due from related parties	56,713,983	43,251,536
Balances with banks	85,940,929	39,335,994
Other financial assets	123,131,638	73,326,357
	<u>378,919,755</u>	<u>261,015,550</u>

Expected credit loss assessment

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

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

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.



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28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Expected credit loss assessment (Continued)

(i) Credit Risk (Continued)

Impairment Losses	31/12/2022			31/12/2021		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR		MVR	MVR
<i>The aging of trade receivables at the reporting date was:</i>						
0-30 days past due	0%	16,784,535	8,565	0%	21,541,095	2,411
31-60 days past due	0%	739,918	3,037	0%	482,895	467
61-90 days past due	1%	93,077	1,164	0%	136,083	543
91-120 days past due	3%	33,351	912	1%	38,043	384
121-150 days past due	4%	16,046	655	2%	2,261	37
151-180 days past due	7%	20,077	1,353	4%	21,010	745
181-365 days past due	28%	335,852	93,528	36%	174,772	62,570
Over 365 days	82%	9,329,722	7,688,333	94%	7,599,087	7,142,951
Total		<u>27,352,579</u>	<u>7,797,548</u>		<u>29,995,246</u>	<u>7,217,497</u>

The Company believes that the unimpaired amounts that are outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no additional provision is required.

Long Term Loans Given to Related Parties

Management believes that there is no credit risk from the term loans recoverable from related parties, because these counterparties are under the common control of the Company's ultimate shareholders who are considered to be financially healthy.

Amounts Due from Related Parties

Management believes that there is no credit risk from the recoverable from related parties, because these counterparties are under the common control of the Company's ultimate shareholders who are considered to be financially healthy.

Balances With Bank

The Company held cash and equivalents (Cash at Bank) of MVR. 85,940,929/- as at 31 December 2022 (2021 : MVR 39,335,994/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

(ii) Liquidity Risk

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

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



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28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk (Continued)

31 December 2022

	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial Liabilities (Non- Derivative)						
Trade and other payables	210,245,664	210,245,664	210,245,664	-	-	-
Loans and borrowings	80,148,329	81,173,969	61,519,392	12,737,571	6,917,005	-
Amounts due to related parties	43,536,366	43,536,366	43,536,366	-	-	-
Lease Liabilities	206,915,849	314,853,469	24,115,586	17,425,876	49,286,308	224,025,699
	<u>540,846,208</u>	<u>649,809,468</u>	<u>339,417,009</u>	<u>30,163,447</u>	<u>56,203,313</u>	<u>224,025,699</u>

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

31 December 2021

	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial Liabilities (Non- Derivative)						
Trade and other payables	431,067,896	431,067,896	431,067,896	-	-	-
Loans and borrowings	119,132,573	119,132,573	76,926,908	24,722,983	17,482,682	-
Amounts due to related parties	44,706,358	44,706,358	44,706,358	-	-	-
Lease Liabilities	202,026,834	316,067,713	16,807,518	17,081,084	46,513,332	235,665,779
	<u>796,933,661</u>	<u>910,974,540</u>	<u>569,508,680</u>	<u>41,804,067</u>	<u>63,996,014</u>	<u>235,665,779</u>

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

(iii) Market Risk

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



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28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk (Continued)

(a) Interest Rate Risk

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	31/12/2022	31/12/2021
	MVR	MVR
Fixed Rate Instruments		
Receivable from MMPRC	74,664,426	76,876,475
Other financial assets	73,571,713	123,131,638
Loans and borrowings	(81,173,969)	(121,299,714)
	<u>67,062,170</u>	<u>78,708,399</u>

(b) Currency Risk

Exposure to currency risk

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

	31/12/2022		
	USD	EUR	SGD
Cash and cash equivalents	1,163,516	23,036	-
Trade and other receivables	155,833	-	-
Trade and other payables	(696,762)	(70,441)	-
Loans and borrowings	(1,371,677)	-	-
Gross Exposure	<u>(749,090)</u>	<u>(47,405)</u>	<u>-</u>
	31/12/2021		
	USD	EUR	SGD
Cash and cash equivalents	561,572	31,398	-
Trade and other receivables	141,602	-	-
Trade and other payables	(154,864)	(23,812)	(126,413)
Loans and borrowings	(3,001,719)	-	-
Gross Exposure	<u>(2,453,409)</u>	<u>7,586</u>	<u>(126,413)</u>

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2022	2021	31/12/2022	31/12/2021
1 EUR : MVR	16.75	17.61	16.52	18.55
1 SGD : MVR	11.45	11.19	11.49	11.18
1 US\$: MVR	15.42	15.42	15.42	15.42

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



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28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2022	2021
	MVR	MVR
Total liabilities	843,972,352	761,750,486
Less: Cash and cash equivalents	<u>(86,187,879)</u>	<u>(39,674,171)</u>
Net debt	757,784,473	722,076,315
Total equity	1,063,971,373	992,974,440
Debt to capital ratio	<u>0.71</u>	<u>0.73</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

29 EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Company has entered into an agreement with Housing Development Corporation Limited as of 15th January 2023 in relation to the land sale from upcoming Thilafushi Phase II for the purpose of development and operation of international, local and bulk port. The land plot consists of 20 hectares and the total land sale price agreed as per agreement is MVR 538,195,000/- which is exclusive of GST.

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

30 DIRECTORS' RESPONSIBILITY

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

31 CONTINGENT LIABILITIES

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

32 CAPITAL COMMITMENTS

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

33 COMPARATIVE INFORMATION

Certain reclassifications have been made to the comparative figures to enhance comparability and fair presentation of financial statements. As a result, the following balances have been amended in the statement of Financial Position and the related notes as shown below. These reclassifications have not resulted in changes to the profit for the year, total assets, total liabilities, or total net assets previously reported as at 31st December 2021.

	31/12/2021	
	As Previously Reported	Reclassified Amount
	MVR	MVR
Revenue	648,961,359	671,887,413
Other Income	37,386,404	14,460,350
Investment property	5,822,178	22,769,217
Right of use assets	<u>197,956,844</u>	<u>181,009,805</u>

The comparative balances of revenue and other income have been changed due to the reclassification of income gain from electricity and water sales. This reclassification has been made solely for the purpose of fair presentation.



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34 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 100% (2021: 100%) of the voting rights of the Company as at 31 December 2022 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31 December 2022, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions	2022	2021
	MVR	MVR
<i>Services Provided</i>		
State Trading Organization PLC	19,530,328	17,872,733
Hithadhoo Port Limited	1,790,432	1,309,571
Maldives Transport & Contracting Company PLC	8,672,682	6,077,071
Road Development Company	-	14,611
Maldives Industrial Fisheries Company	3,780,108	5,079,370
Maldives Gas Private Limited	832,146	331,860
Male' Water & Sewerage Company	4,068,100	293,491
Maldives Airports Company Limited	46,862,399	195,986
Housing Development Corporation	328,719	-
Fenaka Corporation Limited	10,444,392	94,145
Maldives State Shipping Company Private Limited	80,285,018	55,169,813
Fuel Supplies Maldives Pte Limited	82,224	-
Island Aviation Services Limited	352,585	-
State Electric Company Limited	586,085	-
Maldives National Defense Force	3,065	-
Waste Management Corporation Limited	90,667	-
	<u>177,708,949</u>	<u>86,438,652</u>

(i) Transactions (Continued)

Purchases	2022	2021
	MVR	MVR
State Trading Organization PLC	2,709,144	1,101,567
Hithadhoo Port Limited	-	5,741
Maldives Transport & Contracting Company PLC	6,263,165	15,866,473
Road Development Company	-	3,364,065
Maldives Industrial Fisheries Company	-	557,700
Maldives Gas Private Limited	233,320	224,800
Male' Water & Sewerage Company	3,170,715	2,884,359
Maldives Airports Company Limited	1,417,794	53,171
Housing Development Corporation	16,253,197	8,922,648
Fenaka Corporation Limited	417,515	522,067
Fuel Supplies Maldives Pte Limited	40,946,883	22,248,372
Maldives Customs Service	3,638,917	3,931,067
Island Aviation Services Limited	576,228	386,447
State Electric Company Limited	15,360,729	21,236,297
Maldives State Shipping Company Private Limited	312,650	-
Waste Management Corporation Limited	2,413,437	1,258,977
	<u>93,713,694</u>	<u>82,563,751</u>



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34 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Transactions with subsidiaries	Nature of the transactions	2022	2021
		MVR	MVR
Kulhudhufushi Port Limited	Service provided	2,796,716	2,456,331
	Purchases	1,568,915	2,961

(iii) Loans and borrowings	2022		2021	
	Loan MVR	Interest MVR	Loan MVR	Interest MVR
Bank of Maldives PLC	54,592,538	10,036,043	86,805,201	14,545,616
	<u>54,592,538</u>	<u>10,036,043</u>	<u>86,805,201</u>	<u>14,545,616</u>

(Refer Note 22.1 for the movement in the current year)

(iv) Collectively, but not individually significant transactions

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

(v) Transactions with the Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR 618,208/- as emoluments to key management personnel during the year ended 31 December 2022 (2021: MVR 630,842/-).

35 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 share's data used in the earnings per share computation.

	2022	2021
Profit for the year (in MVR)	112,602,817	63,300,170
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	<u>26.49</u>	<u>14.89</u>

36 PURPOSE OF THE SEPARATE FINANCIAL STATEMENTS

The financial statements are the separate financial statements of the Parent Company and the consolidated financial statements of the Group are prepared and presented separately. These separate financial statements are prepared based on the requirement of the management of the Company in order to submit the financial statements along with the tax return of the Company to the Maldives Inland Revenue Authority.

