

MALDIVES AIRPORTS COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 31st December 2022



Ernst & Young
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NJ/APM/KS

Independent auditor's report to the shareholders of Maldives Airports Company Limited

Report on the audit of the financial statements

We have audited the financial statements of Maldives Airports Company Limited (the "Company") and the consolidated financial statements of the Company and its Subsidiary (the "Group") which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p data-bbox="220 275 804 338">Carrying value of Property Plant and Equipment and Capital Work in Progress</p> <p data-bbox="220 371 804 524">As at 31 December 2022, Group's property plant and equipment and capital work in progress balances together amounted to MVR 15 Billion and represents 55% of the Group's total assets.</p> <p data-bbox="220 562 647 591">This was a key audit matter due to:</p> <ul data-bbox="272 629 804 1032" style="list-style-type: none"> • Capitalization of assets amounting to MVR 9.35 Billion to the relevant asset classes, which were held in capital work in progress until such assets are available for use. • Management's assessment of the eligibility and reasonableness of capitalization of expenditure incurred during the period of construction including borrowing costs. • Management's assessment of existence of impairment indicators. <p data-bbox="220 1070 804 1155">The Group's disclosures on property, plant and equipment are included in Notes 2.6.g, 9 and 10 to the Group's financial statement.</p>	<p data-bbox="852 275 1449 338">Our audit procedures included the following key procedures:</p> <ul data-bbox="904 371 1449 1070" style="list-style-type: none"> • Checked whether assets commissioned during the year have been appropriately transferred from capital work in progress to the relevant class of property plant and equipment upon completion of construction. • Evaluated the eligibility and reasonableness of expenditure capitalized including borrowing costs by inspecting project feasibility reports, interim progress certificates, relevant loan agreements and other supporting documents. • Assessed whether management has identified possible indicators of impairment including evaluating the reasonableness of management judgements applied and assumptions used. • Assessed the adequacy of related disclosures made in Notes 2.6.g, 9 and 10 to the financial statements.

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

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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.



For and on behalf of Ernst & Young
Partner: Krishna Rengaraj
Licensed Auditor: ICAM-IL-PKC

18 May 2023
Male'

Maldives Airports Company Limited

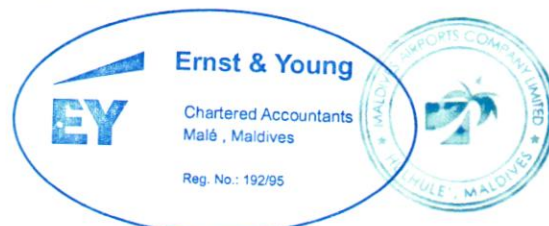
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Note	Group		Company	
		2022	2021	2022	2021
Revenue from contracts with customers	3	7,344,132	4,682,382	6,960,697	4,355,570
Cost of sales		(4,306,777)	(2,201,797)	(4,236,673)	(2,152,865)
Gross profit		3,037,355	2,480,585	2,724,024	2,202,705
Other income	4	212,529	198,816	200,073	198,523
Administrative expenses		(2,195,050)	(1,330,877)	(2,031,875)	(1,187,380)
Selling and marketing costs		(5,525)	(5,110)	(1,992)	(1,071)
Operating profit		1,049,309	1,343,414	890,230	1,212,777
Net finance cost	5	(152,608)	(79,429)	(130,112)	(58,715)
Profit before tax from operations		896,701	1,263,985	760,118	1,154,062
Income tax credit / (expense)	6	(178,629)	(157,787)	(153,407)	(141,443)
Profit After Tax		718,072	1,106,198	606,711	1,012,619
Profit attributable to:					
Equity holders of the parent		679,095	1,074,971	606,711	1,012,619
Non-controlling interest		38,977	31,227	-	-
		718,072	1,106,198	606,711	1,012,619
Other Comprehensive Income					
Other Comprehensive that will not be reclassified to profit or loss in subsequent					
Gain on Revaluation of Buildings		35,864	16,829	-	16,829
Deferred Tax - on Revaluation of building		(5,380)	(2,524)	-	(2,524)
Remeasurement of defined benefit liability	27	(23,460)	(23,123)	(23,460)	(23,123)
Deferred Tax - Remeasurement of defined benefit liability	26.1	3,519	3,468	3,519	3,468
Other comprehensive (loss)/income for the year net of tax		10,543	(5,350)	(19,941)	(5,350)
Total comprehensive income for the year		728,615	1,100,848	586,770	1,007,269
Total comprehensive income attributable to:					
Equity holders of the parent		678,969	1,069,621	586,770	1,007,269
Non-controlling interest		49,646	31,227	-	-
		728,615	1,100,848	586,770	1,007,269
Earnings per share (MVR)	7	453	717	404	675
Basic profit the year attributable to ordinary equity holders of the parent					
Total comprehensive income (MVR)					
Attributable to ordinary equity holders of the parent		453	713	391	672
Attributable to Non controlling interest		33	21	-	-
Dividend per share (MVR)	8	-	-	133	-

The accounting policies and notes on pages 8 to 50 form an integral part of the financial statements.



Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Note	Group		Company	
		2022	2021	2022	2021
Assets					
Non-current assets					
Property, plant and equipment	9	10,574,329	2,403,726	9,260,229	2,277,773
Capital work-in-progress and capital advances	10	4,628,783	12,434,059	4,621,425	11,459,152
Investment properties	11	583,215	132,770	583,215	132,770
Grant Asset-land use right	12	7,405,063	7,602,532	7,405,063	7,602,532
Right-of-use assets	12.2	116,513	116,911	17,992	15,542
Intangible assets	13	21,903	18,803	18,832	18,313
Investment in subsidiary	14	-	-	1,848	1,848
Deferred tax assets	26	76,167	87,819	68,711	69,828
		23,405,973	22,796,620	21,977,315	21,577,758
Current assets					
Inventories	18	570,376	334,914	549,724	316,427
Trade and other receivables	19	2,121,000	1,296,588	2,002,921	1,211,590
Assets held for sale	17	2,598	-	2,598	-
Financial assets at amortized cost	20	633,118	375,849	561,896	308,107
Cash and Bank balances	21	960,115	1,514,303	860,657	1,328,204
		4,287,207	3,521,654	3,977,796	3,164,328
Total assets		27,693,180	26,318,274	25,955,111	24,742,086
Equity and liabilities					
Equity					
Share capital	22	150,000	150,000	150,000	150,000
Revaluation reserve	23.1	554,972	491,458	535,157	491,458
Fair value reserve	23.2	10,386	10,386	-	-
Currency translation reserve	23.3	26,878	26,878	-	-
Retained earnings		6,888,072	6,839,678	5,977,668	6,001,658
		7,630,308	7,518,400	6,662,825	6,643,116
Non-controlling interest	24	515,938	466,292	-	-
Total equity		8,146,246	7,984,692	6,662,825	6,643,116
Non-current liabilities					
Loans and borrowings	25	8,225,138	8,424,438	8,225,138	8,424,438
Deferred income	12.1	7,405,063	7,602,532	7,405,063	7,602,532
Lease liabilities	12.3	192,534	177,429	8,042	6,191
Employee retirement benefits obligations	27	347,419	294,590	347,419	294,590
		16,170,154	16,498,989	15,985,662	16,327,751
Current liabilities					
Loans and borrowings	25	1,368,490	784,176	1,368,490	784,176
Trade and other payables	28	1,786,344	809,717	1,734,442	770,507
Contract liabilities	29	112,103	58,559	108,213	58,559
Lease liabilities	12.3	24,709	16,783	10,705	10,231
Business profit tax payable	6.2	85,134	165,358	84,774	147,746
		3,376,780	1,834,593	3,306,624	1,771,219
Total equity and liabilities		27,693,180	26,318,274	25,955,111	24,742,086

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

Name of the director

Designation

Signature

Mohamed Umar Manik

Chairman

Mahjoob Shujau

CEO & Managing Director

(Handwritten signatures)



The accounting policies and notes on pages 8 to 50 form an integral part of the financial statements.

Ernst & Young

EY Chartered Accountants
Male', Maldives

Reg. No.: 192/95

18 May 2023
Male'

Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022
All figures are in MVR '000 unless otherwise stated
Group

Note	Attribute to equity holders of the parent					Non Controlling interests	Total Equity
	Share capital	Revaluation reserve	Fair value reserve	Currency translation reserve	Retained earnings		
	150,000	497,265	10,386	26,878	5,818,541	435,065	6,938,135
Balance at 1 January 2021					6,503,070		1,106,198
Profit for the year	-	-	-	-	1,074,971	31,227	(6,294)
Other Comprehensive Income	-	16,829	-	-	(23,123)	-	3,468
Deferred Tax - Remeasurement of defined benefit liability	-	-	-	-	3,468	-	(2,524)
Deferred tax on valuation of building	-	(2,524)	-	-	-	-	1,008,848
Total Comprehensive Income	-	14,305	-	-	1,055,316	31,227	-
Realised revaluation surplus on usage	-	(23,661)	-	-	23,661	-	-
Deferred tax liability reversal on realised revaluation surplus on usage	-	3,549	-	-	-	3,549	(57,840)
Dividends	-	-	-	-	(57,840)	-	-
Balance at 31 December 2021	150,000	491,458	10,386	26,878	6,839,678	466,292	7,984,692
	150,000	491,458	10,386	26,878	6,839,678	466,292	7,984,692
Balance at 1 January 2022					7,518,400		718,072
Profit for the year	-	-	-	-	679,095	38,977	12,403
Other Comprehensive Income	-	23,311	-	-	(23,460)	12,552	3,519
Deferred Tax - Remeasurement of defined benefit liability	-	-	-	-	3,519	-	(1,883)
Deferred tax on valuation of building	-	(3,496)	-	-	(3,496)	-	728,615
Total Comprehensive Income	-	19,815	-	-	659,154	49,646	-
Realised revaluation surplus on usage	-	(28,110)	-	-	28,110	-	-
Deferred tax liability reversal on realised revaluation surplus on usage	-	4,216	-	-	-	4,216	48,211
Adjustments to Revaluation Reserve	-	79,521	-	-	(31,310)	-	(11,928)
Deferred tax liability on Adjustments to revaluation reserve	-	(11,928)	-	-	(607,560)	-	(607,560)
Dividends	-	-	-	-	-	-	-
Balance at 31 December 2022	150,000	554,972	10,386	26,878	6,888,972	515,938	8,146,246

The accounting policies and notes on pages 8 to 50 form an integral part of the financial statements.



Maldives Airports Company Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

Company

	Note	Share capital capital	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2021		150,000	497,265	5,042,873	5,690,138
Profit for the year		-	-	1,012,619	1,012,619
Other Comprehensive Income			16,829	(23,123)	(6,294)
Deferred Tax - Remeasurement of defined benefit liability				3,468	3,468
Deferred tax on valuation of building			(2,524)	-	(2,524)
Total Comprehensive Income			14,305	992,964	1,007,269
Realised revaluation surplus on usage	23	-	(23,661)	23,661	-
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	3,549	-	3,549
Dividends	8	-	-	(57,840)	(57,840)
Balance at 31 December 2021		150,000	491,458	6,001,658	6,643,116
Balance at 1 January 2022		150,000	491,458	6,001,658	6,643,116
Profit for the year		-	-	606,711	606,711
Other Comprehensive Income				(23,460)	(23,460)
Deferred Tax - Remeasurement of defined benefit liability				3,519	3,519
Total Comprehensive Income			-	586,770	586,770
Realised revaluation surplus on usage	23	-	(28,110)	28,110	-
Adjustments to Revaluation Reserve	23.1		79,521	(31,310)	48,211
Deferred tax liability reversal on realised revaluation surplus on usage	28	-	4,216	-	4,216
Deferred tax liability on Adjustments to revaluation reserve				(11,928)	(11,928)
Dividends	8	-	-	(607,560)	(607,560)
Balance at 31 December 2022		150,000	535,157	5,977,668	6,662,825

The accounting policies and notes on pages 8 to 50 form an integral part of the financial statements.

EY
Ernst & Young
Chartered Accountants
Malé, Maldives

Reg. No.: 192/95

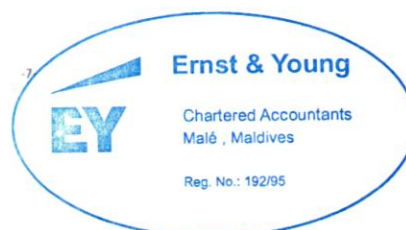


Maldives Airports Company Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Note	Group		Company	
		2022	2021	2022	2021
Operating activities					
Profit before tax from operations		896,701	1,263,985	760,118	1,154,062
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation on property, plant and equipment	9	361,735	240,741	332,389	210,375
Depreciation on investment properties	11	14,172	6,307	14,172	6,307
Depreciation of - right-of-use asset	12	21,219	20,160	11,630	10,665
Depreciation of Grant Asset		197,468	197,468	197,468	197,468
Amortisation of intangible assets	13	5,246	4,789	5,124	4,659
Interest income	5	(15,740)	(10,467)	(13,197)	(7,953)
Interest expenses	5.2	141,987	65,265	141,987	65,265
Interest expenses on lease liabilities	5.2	26,362	24,631	1,322	1,403
Loss of disposal of property, plant and equipment		56,849	341	56,849	441
Cost of Residential Apartments Sold		441,387	-	441,387	-
Provision for inventory write-off		12,437	-	12,437	-
Impairment loss		694	-	-	-
Gain on modification of leases	4	(41)	(43)	(41)	(43)
Grant income	4	(197,468)	(197,468)	(197,468)	(197,468)
Allowance for impairment loss on trade receivables	19	244,331	191,661	255,400	168,175
Interest and Current Service cost (Employee retirement benefits obligations)	26	35,717	30,273	35,717	30,273
Operating profit before working capital changes		2,243,055	1,837,642	2,055,294	1,643,629
Working capital adjustments:					
- Inventories		(247,899)	(16,760)	(245,735)	(5,900)
- Trade and other receivables		(1,062,995)	(686,448)	(1,048,123)	(622,708)
- Trade and other payables		561,927	(536,435)	556,375	(564,734)
- Contract liabilities		53,545	(4,566)	49,654	(4,566)
Cash flows from operating activities		1,547,633	593,433	1,367,465	445,721
Business profit tax paid		(256,773)	(27,001)	(219,454)	(24,908)
Retirements benefit paid		(6,348)	(5,725)	(6,348)	(5,725)
Interest paid	5.2	(134,334)	(64,007)	(134,334)	(64,007)
Net cash flows from operating activities		1,150,177	496,699	1,007,328	351,081
Investing activities					
Acquisition of property, plant and equipment	9	(66,046)	(46,242)	(64,516)	(38,293)
Acquisition of intangible assets	13	(7,824)	(4,526)	(5,122)	(4,503)
Acquisition of Investment properties	11	-	(89)	-	(89)
Cost incurred on construction of capital work-in-progress	10	(1,687,481)	(1,388,860)	(1,474,236)	(1,195,412)
Proceeds from disposal of property, plant and equipment		304	110	304	10
Net capital advance recovery	10.2	143,570	163,222	143,570	163,222
Investment/(withdrawn) on fixed deposit	20	73,620	14,929	77,100	(79,143)
Investment in treasury bills	20	(328,788)	(228,964)	(328,788)	(228,964)
Lease extension fee payments		-	(540)	-	-
Interest received		13,639	8,425	11,096	5,910
Net cash flows used in investing activities		(1,859,006)	(1,482,535)	(1,640,592)	(1,377,262)
Financing activities					
Proceeds from borrowings		699,081	1,641,385	699,081	1,641,385
Repayment of loans		(320,328)	(269,140)	(320,328)	(269,140)
Payment of principal portion of lease liability	12.2	(24,112)	(22,486)	(13,036)	(12,055)
Dividend paid	8	(200,000)	-	(200,000)	-
Net cash flows used in financing activities		154,641	1,349,759	165,717	1,360,190
Net increase in cash and cash equivalents		(54,188)	363,923	(467,547)	334,009
Cash and cash equivalents as at 1 January		1,514,303	1,150,380	1,328,204	994,195
Cash and cash equivalents as at 31 December	21	960,115	1,514,303	860,657	1,328,204

The accounting policies and notes on pages 8 to 50 form an integral part of the financial statements.



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

1 Corporate information

Maldives Airports Company Limited is a limited liability company incorporated on 1st August 2000 and domiciled in the Republic of Maldives. The registered office of the Company is located at Male' International Airport, Hulhule', Republic of Maldives. The principal activities of the company are maintaining and operating airports and all related activities.

The Government of Maldives (GoM) wholly owns shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking Maldives In-flight Catering Private Limited, a limited liability company incorporated and domiciled in the Republic of Maldives, operating a flight kitchen, tourist resort and a transit hotel in Maldives. The Company owns 65% of authorized and issued share capital of the subsidiary. Information on other related party relationships of the Group is provided in Note 30.

1.1 Date of authorization for issue

The consolidated financial statements of the Maldives Airport Company Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorized for issue on 18 May 2023.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Maldives Airports Company Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for Buildings classified under Property, Plant and Equipment.

2.2 Statement of compliance

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.3 New and amended standards and interpretations

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements.

Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the Group's financial statements.

Following amendments and interpretations apply for the first time in 2022, but do not have material impact on the company's financial statements.

- (i) Reference to the Conceptual Framework – Amendments to IFRS 3
- (ii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- (iii) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first time adopter
- (iv) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 December 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.4 Basis of consolidation

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

a) Subsidiaries

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.5 Accounting under separate financial statements continued

b) Joint arrangements

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method (refer (c) below), after initially being recognised at cost in the consolidated statement of financial position.

c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.6 (q).

d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2.6 Summary of significant accounting policies

a) Current versus non-current classification

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

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

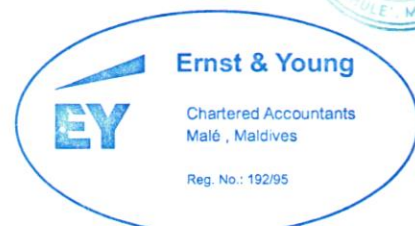
A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

b) Fair value measurement

The Group measures non-financial assets such as Buildings classified under Property, Plant and Equipment, at fair value at each Reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, *or*
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such Buildings classified under Property, plant and equipment. Involvement of external valuers is determined periodically by the company in accordance with the Group's procurement policy approved by the Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

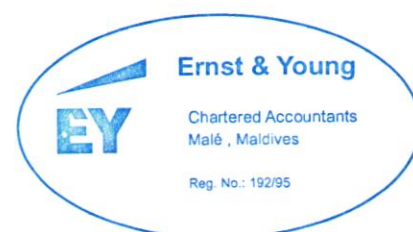
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Buildings - Note 9

c) Revenue from contracts with customers

Ramp, passenger, into-plane fuelling and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Cargo handling and cargo forwarding revenue is recognised at the point of departure for exports and at the point that the goods are ready for dispatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers.



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

c) Revenue from contracts with customers continued

The timing of customer billing in relation to the satisfaction of performance obligations results in amounts being recorded in the Statement of Financial Position for accrued and deferred income. Individual billing arrangements vary by customer and contract. Accrued income is recognised on contracts for which performance obligations have been satisfied but have not yet been billed to customers at the Statement of Financial Position date. When the recovery of such amounts becomes unconditional the customer is billed and the amounts are transferred to trade receivables. Deferred income is recognised in respect of payments received from customers in advance of the Group fulfilling its performance obligations under contracts.

In the distribution business, revenue has been recognised on the despatched value of goods sold, excluding Goods and Services Tax (GST). Product sold to retailers has been made on a sale or return basis. Revenue for goods supplied with a right of return has been stated net of the value of returns.

The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer. Revenue is recognized with reference to the time of services are rendered.

Traffic revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Navigation charges : On the basis of maximum take-off weight, when the aircraft entered into the Maldives air space.
- Landing charges : On the basis of the particular aircraft type, when the aircraft lands on the runway.
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight.
- Ground handling : On the basis of the particular aircraft type or basis of maximum take-off weight, when the service is consumed.

Departure control system charges : On the basis of the particular aircraft type, when the service is performed and consumed by customer.

Other non traffic revenue mainly consists of provision of Fuel Sales, cargo handling and terminal services, lounge operation charges, utility sales, rent and lease charges.

- Fuel Sales : On the basis of service is provided
- Lounge utilisation charges : On per passenger basis as they utilise.
- Cargo income : On the basis of volume handled.
- Utility charges : On the basis of volume consumed by the customer.

Other revenue source of the group mainly consists of proceeds from provision of food, catering, beverage, lodging and other hospitality industry related activities.

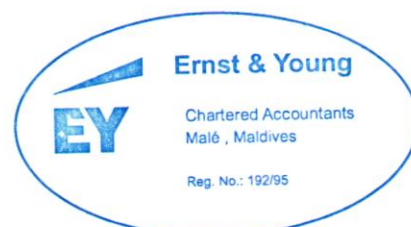
- Revenue from catering, cabin handling and aircraft interior cleaning is recognized at the time of services.
- Room revenue is recognized on rooms occupied on a daily basis net of tax. In relation to the sale of food, beverage and minibar sales, the revenue has been recognized by reference to the time of sales.
- In relation to the income from communication, rental, business center, gym membership revenue, boat operations, spa, shop rentals and laundry, the revenue has been recognized by reference to the time of service rendered.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Other revenues earned are recognized on the following basis.

Dividends - shareholders' right to receive the payment is established
Rental - as it accrues



Maldives Airports Company Limited

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued
2.6 Summary of significant accounting policies continued
c) Revenue from contracts with customers continued

Consignment commission

The Group sells souvenir items to the customers on behalf of two consigners. Consignment commission is recognised at the point in time of delivering the souvenir items to the customer, based on the rate agreed with the principals.

Income is recognized on an accrual basis in accordance with the substance of the relevant contracts.

Concession fees from retail and commercial concessionaires at the airport which are based upon reported revenue and/ or volumes by concessionaires, taking into account contracted minimum guarantees prices (variable consideration) only where applicable. The performance obligation for this revenue stream is the provision of retail unit space to a third party for the purposes of selling goods or providing services to the passengers, in return for a fee, based either on a fixed rental fee, or a concession fee based on turnover. The revenue is recognised in the period that the sales occurred, therefore at a point in time.

d) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded fair value of the asset and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset.

The Group holds a land use right received from the Government of Maldives via a 50 year lease agreement at a nominal value. The same was recognised as a government grant and recognised at fair value. The fair value of land use right is determined based on valuation performed by an accredited external independent valuer. Grant asset is depreciated on a straight-line basis over the lease term. Refer note 12 for detail disclosure.

f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Maldivian Rufiyaa ("MVR") which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.



Maldives Airports Company Limited

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

g) Property, plant and equipment

All property, plant and equipment, except buildings are recognised at historical cost less accumulated depreciation and accumulated impairment losses if any. Building is recognised at fair value based on periodic valuations by external independent valuers less subsequent depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leased land and buildings constructed therein, the shorter lease term as follows:

Buildings on leasehold land	20 -50 years
Island infrastructure including Jetties, roads, pavements, landscaping and other structures	50 years
Oil store tanks	17 years
Runway, taxiway and apron	25 years
Machinery and equipment	2-10 years
Furniture, fittings and fixtures	3-5 years
Heavy vehicles	10 years
Motor vehicles	10 years
Crockery, cutlery, linen and fabrics	3 years
Laundry, kitchen and housekeeping equipment	5-10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

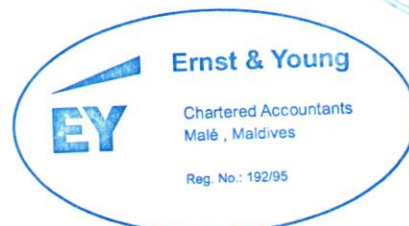
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

h) Investment properties

Investment property 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, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation.

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

Buildings on leasehold land	20 -50 years
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Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

h) Investment properties continued

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

i) Capital Work in Progress

Capital work-in-progress is stated at cost including all development expenditure and other direct costs attributable to such projects and borrowing costs capitalized less any accumulated impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

j) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment are not depreciated once classified as held for sale. Assets classified as held for sale are presented separately as current items in the statement of financial position.

k) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out method and weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses. Where necessary, provision is made in the financial statements for obsolete, slow-moving and defective inventory.

Group value its inventory as below:

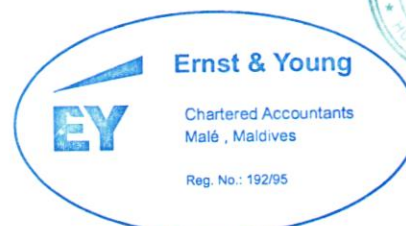
Cost formulae used	Inventory type
FIFO	Fuel, spare parts and consumables
Weighted average	Duty-free

l) Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



Maldives Airports Company Limited

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

i) Leases continued

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land 30-50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (q) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

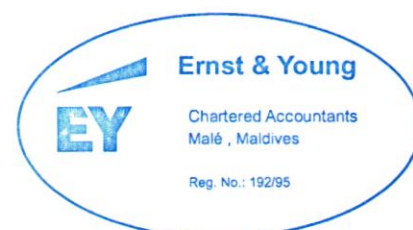
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term lease are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



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2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

m) Intangible assets

Computer software

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

Costs associated with maintaining computer software programmed are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the required criteria are met.

Other development expenditures that do not meet the required criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortisation is recognized in Statement of Profit or Loss on a straight line basis over the estimated useful lives of Intangible Assets, from the date on which they are available for use. The estimated useful lives for the current and comparative period are as follows:

Computer software	10 years
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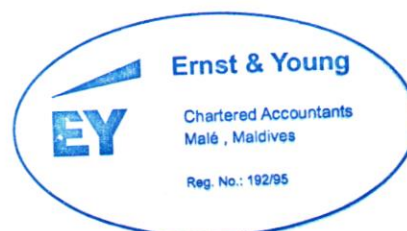
An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

n) Contract Liabilities

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

o) Impairment of non-financial assets

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



Maldives Airports Company Limited

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All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

o) Impairment of non-financial assets continued

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

p) Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

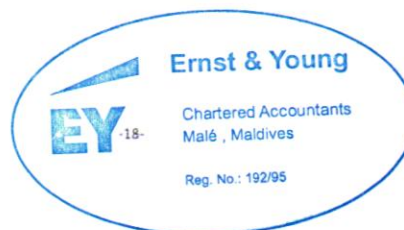
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

p) Financial instruments – initial recognition and subsequent measurement continued

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's financial assets at amortised cost includes trade receivables, investments in fixed deposits and treasury bills included under Financial assets at amortized cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

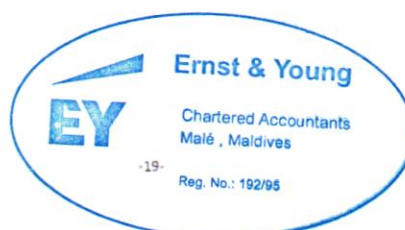
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards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

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

Impairment of financial assets

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

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



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

p) Financial instruments – initial recognition and subsequent measurement continued

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to interest-bearing loans and borrowings.

De-recognition

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

q) Cash and cash equivalents

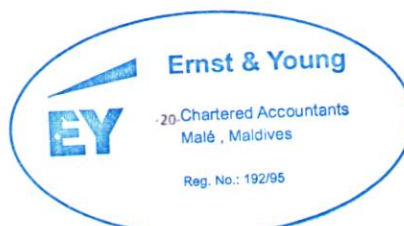
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

r) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

r) Provisions continued

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

s) Current and deferred business profit tax

The tax expenses for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognized directly in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Group is liable to Income Tax at rate of 15% (2021 - 15%), if the taxable profit of the year exceeds MVR 500,000.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

t) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the Statement of Financial Position.

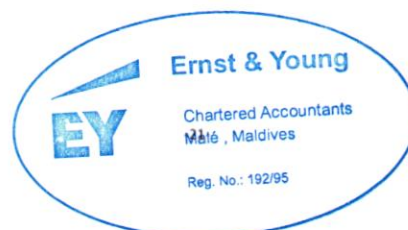
Deferred remuneration

The Maldives Airport Company Limited has constructed the apartments and sold to employees with a payment plan for 20 years and retains the legal title as protection against employees' failure to pay. The difference between the discounted cash receipts of the asset and the cost of the apartment is deferred and amortized over a lower period of:

- (i) deferred payment plan
- (ii) employee retirement, resignation and fully settlement;

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to Maldives Government pension scheme and will have no legal or constructive obligation to pay further amounts. Both employer and employee contribute 7% to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees. All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives.



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.6 Summary of significant accounting policies continued

t) Employee benefits continued

Defined benefit plans

Defined benefit plans is an amount of benefit that an employee receive on retirement, usually dependent on one or more factors such as age, completed years of service and compensation. The Group's net obligation in respect of defined benefit plans are 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. Discounting was done by using the Maldives Government treasury bills interest rate as there is no deep corporate bond market in Maldives.

The interest cost is calculated by applying discounting rate to the opening balance of the defined benefit obligations. This cost is included in employee benefit expense in the statement of statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

u) Dividend distribution

Dividend distribution to the Group's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

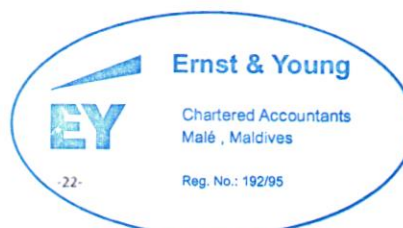
v) Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

w) Comparatives

Accounting policies and comparative figures are consistent with the previous year except for the reclassification as shown below.

Reclassification - Company	As previously presented		As reclassified
	MVR'000	MVR'000	MVR'000
Grant Asset-land use right	-	7,602,532	7,602,532
Right-of-use assets	7,719,442	(7,602,532)	116,911
Trade and Other Receivables (Note 19)			
- Advances and Prepayments	422,955	(6,184)	416,771
Trade and Other Payables (Note 28)			
- Other payables	479,919	(105,680)	374,239
Loans and Borrowings (Note 25)			
- Current	680,021	104,155	784,176
- Non- Current	8,429,097	(4,660)	8,424,438



Maldives Airports Company Limited**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued**2.6 Summary of significant accounting policies continued****w) Comparatives continued**

Reclassification - Group	As previously presented	Reclassification	As reclassified
	MVR'000	MVR'000	MVR'000
Grant Asset-land use right	-	7,602,532	7,602,532
Right-of-use assets	7,719,442	(7,602,532)	116,911
Trade and Other Receivables (Note 19)			
- Advances and Prepayments	692,759	(6,184)	686,575
Trade and Other Payables (Note 28)			
- Other payables	992,159	(105,680)	886,479
Loans and Borrowings (Note 25)			
- Current	680,021	104,155	784,176
- Non- Current	8,429,097	(4,660)	8,424,438

*The transaction costs for certain loans incurred by the company which have been recognised under trade and other receivables in 2021 have been reclassified and included within the carrying amount of the respective loans. Further, the interest payable which have been recognised under trade and other payables in 2021 have been reclassified and included within the carrying amount of the respective loans.

2.7 Standards issued but not yet effective

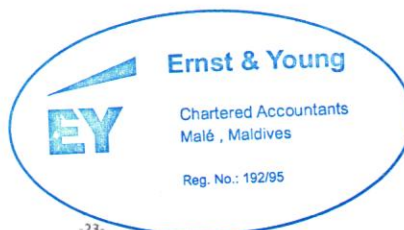
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.



Maldives Airports Company Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

2 Significant accounting policies continued

2.7 Standards issued but not yet effective continued

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after 01 January 2023. The Group does not expect this will result in a material impact on its Financial Statement.

2.8 Use of estimates and judgements

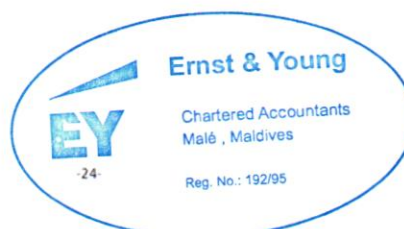
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving significant estimates or judgements are:

- Loss allowance for expected credit losses - note 2.6(r), 19.1 and 19.2
- Estimated useful life of property plant and equipment - note 2.6(g) and 9
- Estimation uncertainties and judgements made in employee retirement benefits - note 2.6(t) and 27
- Estimation uncertainties and judgements made in relation to lease accounting - note 2.6(l) and 12.2
- Estimation of fair values of buildings - note 2.4(h) and note 9
- Estimation uncertainties and judgements made in deferred staff cost 2.6 (t)

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial risk factors and policies - note 32.1
- Capital risk management 32.2



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
3 Revenue from contract with customers				
3.1 Disaggregated Revenue Information				
(a) Types of Goods or Services				
Traffic revenue				
Landing fee	298,167	228,976	298,167	228,976
Parking fee	80,229	92,171	80,229	92,171
Navigation fee	87,743	63,906	87,743	63,906
Ground handling charges	608,859	461,315	608,859	461,315
Departing charges	62,607	47,459	62,607	47,459
	<u>1,137,604</u>	<u>893,827</u>	<u>1,137,604</u>	<u>893,827</u>
Non traffic revenue				
Fuel sales	4,160,746	2,238,872	4,161,699	2,239,431
Sale of residential apartments	315,522	-	315,522	-
Duty-free sales	465,400	384,248	465,400	384,248
Rent and lease charges	179,338	94,859	189,779	105,556
Cargo income	194,910	181,025	196,557	182,395
Utility sales	48,259	55,943	86,221	91,492
Lounge income	219,297	183,086	219,297	183,086
Consignment commission	128,432	198,457	128,432	198,457
Revenue share	24,201	48,959	24,201	48,959
Miscellaneous income	26,848	21,696	26,875	21,735
Passenger related charges	9,109	6,383	9,109	6,383
	<u>5,772,063</u>	<u>3,413,530</u>	<u>5,823,093</u>	<u>3,461,743</u>
Other revenue sources				
Room revenue	78,812	61,254	-	-
Cabin handling	61,129	47,847	-	-
Catering	254,251	239,756	-	-
Food and beverages	38,795	24,600	-	-
Miscellaneous income	1,478	1,567	-	-
	<u>434,465</u>	<u>375,025</u>	<u>-</u>	<u>-</u>
Total revenue	7,344,132	4,682,382	6,960,697	4,355,570
(b) Timing of the revenue recognition				
Transferred at point in time	5,753,467	3,451,416	5,436,757	3,173,793
Transferred at point over the time	1,590,665	1,230,966	1,523,940	1,181,777
Total Revenue	<u>7,344,132</u>	<u>4,682,382</u>	<u>6,960,697</u>	<u>4,355,570</u>
3.2 Contract balances				
Trade Receivable (Note 19)	1,126,163	551,062	1,083,710	517,539
Contract Liabilities (Note 29)	112,103	58,559	108,213	58,559
4 Other income				
Exchange gain	1,461	762	1,515	877
Sundry income	13,558	544	1,049	136
Gain on lease modifications	41	43	41	43
Grant income	197,468	197,468	197,468	197,468
	<u>212,529</u>	<u>198,816</u>	<u>200,073</u>	<u>198,523</u>
5 Net finance cost				
5.1 Finance income				
Interest income from investment on treasury bills	(11,486)	(3,875)	(11,486)	(3,875)
Interest income from fixed deposits	(4,255)	(6,592)	(1,711)	(4,078)
	<u>(15,740)</u>	<u>(10,467)</u>	<u>(13,197)</u>	<u>(7,953)</u>
5.2 Finance cost				
Bank loan interest	141,987	65,265	141,987	65,265
Interest Expense on Lease Liabilities	26,361	24,631	1,322	1,403
	<u>168,348</u>	<u>89,896</u>	<u>143,308</u>	<u>66,668</u>
Net finance cost	152,608	79,429	130,112	58,715



Maldives Airports Company Limited
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Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
6 Business profit tax expense				
Current tax	176,549	170,821	156,483	170,821
Deferred tax recognized during the year (Note 26.1)	2,080	(13,034)	(3,075)	(29,378)
Business profit tax expenses reported in the Statement of Profit or Loss	178,629	157,787	153,407	141,443

6.1 Business profit tax on profit

Government of Maldives has enacted the Income Tax Act on 04 December 2019 and income tax has been calculated at 15% (2021-15%) on the taxable profit for the year ended in accordance with the Income Tax Act No. 25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended 31 December is as follows:

	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Profit before tax	896,701	1,263,985	760,118	1,154,062
Loss of subsidiary which is not subject to tax	-	(109,924)	-	-
Add: Tax effect on expenses not allowed for tax purpose	280,793	(15,006)	283,349	(15,006)
Taxable profit	1,177,494	1,139,056	1,043,467	1,139,056
Less: utilized tax free allowance	(500)	(250)	(250)	(250)
Taxable profit for the year	1,176,994	1,138,806	1,043,217	1,138,806
Business profit tax on taxable profit @ 15%	176,549	170,821	156,483	170,821
Tax charged to Profit or Loss	176,549	170,821	156,483	170,821

6.2 Business profit tax payable / (recoverable)

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 1 January	165,358	1,833	147,746	1,833
Tax charge for the year	176,549	188,433	156,483	170,821
Tax paid during the year	(256,773)	(24,908)	(219,454)	(24,908)
As at 31 December	85,134	165,358	84,774	147,746

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Profit attributable to equity holders of the group/company	679,095	1,074,971	606,711	1,012,619
Weighted average number of ordinary shares in issue	1,500	1,500	1,500	1,500
Basic earnings per share (MVR)	453	717	404	675

8 Dividends

At the annual general meeting held on 30 June 2022, a final dividend of MVR 405.04 per share amounting to MVR 607,560,000/- (2021: MVR 57,840,000/-) was declared in respect of 2021 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

The company paid MVR 200,000,000/- as dividends from the declared amount to the Government of the Maldives. As at 31 December 2022, unpaid balance of MVR 537,508,709 is recorded as a payable to the Government.

Dividend per share is MVR 133/- (2021-Nil)

Maldive Airports Company Limited
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9.1 Property, plant and equipment - Group

	Building	Island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Cookery linen and fabric	Kitchen and house keeping equipment	Total
Balance as at 1 January 2022									
Opening net book amount	1,053,302	989,570	174,745	15,503	131,987	31,852	3,828	2,939	2,403,726
Adjustment to revaluation reserve	48,211	-	-	-	-	-	-	-	48,211
Reclassification	(113,608)	(23,500)	132,679	29	-	4,400	-	-	-
Cost	73,945	-	(73,941)	(4)	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Reclassification to Investment Property	(9,798)	-	-	-	-	-	-	-	(9,798)
Cost	7,348	-	-	-	-	-	-	-	7,348
Accumulated depreciation	129	626	32,221	4,796	7,099	22,657	34	721	68,284
Additions/Adjustments	35,864	-	-	-	-	-	-	-	35,864
Revaluation Surplus	1,781,031	5,947,293	612,453	47,787	2,179	12,926	5,756	30,157	8,439,582
Transfer from CWIP (Note 10)	(377,916)	-	(8,302)	(367)	(6,508)	(4,846)	-	(818)	(398,757)
Disposals - cost	377,916	-	8,279	359	-	4,677	-	818	398,156
Disposals - accumulated depreciation	(56,552)	-	-	-	-	-	-	-	(56,552)
Provision for Retirement (Carrying Value)	(92,434)	(94,331)	(118,766)	(9,177)	(32,703)	(13,220)	(387)	(717)	(361,735)
Depreciation charge	2,783,990	6,763,106	759,370	58,926	108,160	58,446	9,231	33,100	10,574,329
Balance as at 31 December 2022									
Summary of balances for 2022									
Cost or valuation	3,209,817	7,318,721	1,548,734	146,583	531,399	178,030	19,194	71,170	13,023,649
Accumulated depreciation	(425,827)	(555,615)	(789,365)	(87,657)	(423,240)	(119,585)	(9,963)	(38,069)	(2,449,320)
Balance as at 31 December 2022	2,783,990	6,763,106	759,370	58,926	108,160	58,446	9,231	33,100	10,574,329
Balance as at 1 January 2021									
Opening net book amount	1,102,697	985,521	217,196	16,012	158,066	21,710	3,713	389	2,505,303
Additions/Adjustments	1,082	589	13,122	5,253	9,388	11,434	809	4,565	46,242
Revaluation Surplus	16,829	-	-	-	-	-	-	-	16,829
Transfer from CWIP (Note 10)	437	64,248	4,277	553	-	7,339	-	-	76,854
Disposals - cost	-	-	(15,250)	(124)	(3,775)	-	(312)	-	(19,460)
Disposals - accumulated depreciation	-	-	15,250	107	3,341	-	-	-	18,697
Depreciation charge	(67,744)	(60,788)	(59,850)	(6,298)	(35,034)	(8,630)	(382)	(2,014)	(240,741)
Balance as at 31 December 2021	1,053,302	989,570	174,745	15,503	131,987	31,852	3,828	2,939	2,403,726
Summary of balances for 2021									
Cost or valuation	1,845,905	1,450,854	779,683	94,337	528,629	142,894	13,404	41,110	4,896,815
Accumulated depreciation	(792,603)	(461,284)	(604,938)	(78,834)	(396,642)	(111,042)	(9,575)	(38,171)	(2,493,089)
Balance as at 31 December 2021	1,053,302	989,570	174,745	15,503	131,987	31,852	3,828	2,939	2,403,726



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9.1.1 Revaluation of buildings

Leasehold buildings of the subsidiary were revalued on 31 December 2022 by KPMG Maldives, an independent valuer with recognised and relevant qualifications, in reference to Contractor's method by analyzing information provided by the client. The results of such revaluation were incorporated in these financial statements company recognized revaluation gain amounting MVR 35,863,577/- as at 31 December 2022.

The buildings belonging to Maldives Airports Company Limited were revalued by Kanti Karamsey & Co. Advisors LLP, Chartered Valuer as at 31 December 2021. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 December 2021. Such assets were valued based depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

9.1.2 Fair-value technique, inputs and relationship with fair value

Property	Revaluation Technique	Effect Due	Fair Value measurement using Significant unobservable inputs(Level 3)	Sensitivity
Building - MACL	Depreciated Replacement cost	31-Dec-21	Rate per square metre of Building: MVR5,000 -MVR225,000	Estimated fair value would increase/decrease if rate per sq feet increase/decrease
Building - MIC	Depreciated Replacement cost	31-Dec-22	Rate per square metre of Building: MVR 600 - MVR 1,810	Estimated fair value would increase/decrease if rate per sq feet increase/decrease

9.1.3 If buildings were measured using the cost model, the carrying amounts would be as follows.

Buildings		
Cost	2,074,307	2021
Accumulated depreciation	(853,370)	MVR
Net carrying value	1,220,937	1,381,324
		(769,807)
		611,517

9.1.4 Summary description of valuation methodology

Depreciated Replacement Cost (DRC)

Depreciated replacement cost method uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.



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9.2 Property, plant and equipment - Company

	Building	Island infrastructures	Machinery and equipment	Furniture, fittings and fixtures	Vehicles and ground handling equipment	Office and other equipment	Total
Balance as at 1 January 2022	955,081	989,570	168,733	10,229	122,618	31,543	2,277,773
Adjustment to Revaluation Reserve	48,211						48,211
Reclassification							
Cost	(113,608)	(23,500)	132,679	29		4,400	-
Accumulated depreciation	73,945		(73,941)	(4)			-
Reclassification to Investment Property	(9,798)						(9,798)
Cost	7,348						7,348
Accumulated depreciation	129	626	32,041	2,980	6,434	22,305	64,516
Additions			580,693	29,671		11,795	7,261,720
Transfer from CWIP (Note 10)	692,267	5,947,293	(7,580)	(243)	(6,508)	(4,846)	(19,177)
Disposals - cost	-	-	7,558	235	6,106	4,677	18,576
Disposals - accumulated depreciation	-	(56,552)	-	-	-	-	(56,552)
Provision for Retirement (Carrying Value)	(70,320)	(94,331)	(116,796)	(7,075)	(30,950)	(12,917)	(332,389)
Depreciation charge							
Balance as at 31 December 2022	1,583,256	6,763,106	723,387	35,822	97,701	56,957	9,260,229
Summary of balances for 2022							
Cost or valuation	1,657,238	7,318,721	1,494,208	100,095	483,193	169,144	11,222,599
Accumulated depreciation	(73,983)	(555,615)	(770,821)	(64,273)	(385,492)	(112,187)	(1,962,371)
Balance as at 31 December 2022	1,583,256	6,763,106	723,387	35,822	97,701	56,957	9,260,229
Balance as at 1 January 2021							
Additions	983,539	985,521	209,388	9,636	147,196	21,341	2,356,622
Revaluation Surplus	78	589	12,586	5,086	8,784	11,170	38,293
Transfer from CWIP (Note 10)	16,829	-	-	-	-	-	16,829
Disposals - cost	437	64,248	4,277	553	-	7,339	76,854
Disposals - accumulated depreciation	-	-	(15,250)	(124)	(2,091)	-	(17,465)
Depreciation charge	(45,803)	(60,788)	(57,519)	(5,029)	(32,929)	(8,306)	(210,375)
Balance as at 31 December 2021	955,081	989,570	168,733	10,229	122,618	31,543	2,277,773
Summary of balances for 2021							
Cost or valuation	1,223,669	1,450,854	756,396	67,531	483,275	135,595	4,117,320
Accumulated depreciation	(268,588)	(461,284)	(587,663)	(57,303)	(360,657)	(104,052)	(1,839,547)
Balance as at 31 December 2021	955,081	989,570	168,733	10,229	122,618	31,543	2,277,773



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9.2.1 Revaluation of buildings

The buildings belonging to Maldives Airports Company Limited were revalued by Kanti Karamsey & Co. Advisors LLP, Chartered Valuer as at 31 December 2021. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 December 2021. Such assets were valued based on depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

9.2.2 Fairvalue technique, inputs and relationship with fair value

Property	Revaluation Technique	Effect Due	Fair Value measurement using Significant unobservable inputs (Level 3)	Sensitivity
Building	Depreciated Replacement cost	31-Dec-21	Rate per square metre of Building: MVR5,000 - MVR225,000	Estimated fair value would increase/decrease if rate per sq feet increase/decrease

9.1.3 If buildings were measured using the cost model, the carrying amounts would be as follows.

	2022	2021
Buildings		
Cost	MVR 1,615,214	MVR 922,705
Accumulated depreciation	(475,454)	(414,004)
Net carrying value	1,139,760	508,701

9.1.4 Summary description of valuation methodology

Depreciated Replacement Cost (DRC)
 Depreciated replacement cost method uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization



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10 Capital work in progress and Capital advances
10.1 Capital work in progress

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
As at 01 January	12,118,790	10,807,584	11,143,882	10,026,124
Additions during the year	1,687,481	1,388,860	1,474,236	1,195,412
Transfer to property, plant and equipment (Note 9)	(8,439,582)	(76,854)	(7,261,720)	(76,854)
Transfer to investment properties (Note 11)	(462,167)	-	(462,167)	-
Transfer to intangible assets (Note 13)	(2,760)	(800)	(522)	(800)
Residential apartments sold	(441,387)	-	(441,387)	-
Residential apartments transferred to held for sale	(2,598)	-	(2,598)	-
Impairment loss on capital work in progress	(694)	-	-	-
As at 31 December	4,457,083	12,118,790	4,449,725	11,143,882

Capital work-in-progress at the year-end comprises of:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
New runway, fuel farm and cargo terminal	1,302,976	7,086,805	1,302,976	7,086,805
New international passenger terminal	2,248,554	1,621,127	2,248,554	1,621,127
Fuel farm development	65,221	54,095	65,221	54,095
Provision of electricity to new development areas	293,239	291,659	293,239	291,659
New sea plane terminal	39,709	1,020,558	39,709	1,020,558
Auxiliary projects	-	350,375	-	350,375
Development of Madifushi resort project	-	970,119	-	-
Residential apartments - HIYA project	-	397,953	-	397,953
Other projects	507,383	326,099	500,026	321,311
	4,457,083	12,118,790	4,449,725	11,143,882

10.2 Capital advance

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
<i>Capital advance for development projects</i>				
New runway, fuel farm and cargo terminal	224	106,312	224	106,312
Auxiliary projects	13,043	14,505	13,043	14,505
New international passenger terminal	158,216	184,416	158,216	184,416
Residential apartments - HIYA project	77	9,897	77	9,897
Other projects	140	140	140	140
	171,700	315,270	171,700	315,270
Summary				
Capital work in progress	4,457,083	12,118,790	4,449,725	11,143,882
Capital advance	171,700	315,270	171,700	315,270
Total	4,628,783	12,434,059	4,621,425	11,459,152

Capitalised Borrowing Cost

During the year, the Group has capitalised borrowing costs amounting to MVR 223,295,028 (2021: MVR 246,135,877) on qualifying assets. The borrowings are meant to fund specific projects and the interest percentage and borrowing cost capitalised are as follows;

Project	Rate of interest	Group		Company	
		2022 MVR	2021 MVR	2022 MVR	2021 MVR
New runway, fuel farm and cargo terminal	3%	139,716	164,683	139,716	164,683
	5%	-	6,166	-	6,166
		139,716	170,848	139,716	170,848
New international passenger Terminal	3%	40,444	33,226	40,444	33,226
	5.7%	22,607	17,497	22,607	17,497
		63,051	50,723	63,051	50,723
New sea plane terminal	2.9%	20,528	24,564	20,528	24,564
		20,528	24,564	20,528	24,564
Total		223,295	246,136	223,295	246,136

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11 Investment properties

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Movement for the year				
Balance as at 1 January	132,770	138,988	132,770	138,988
Transfer from CWIP (Note 10.1)	462,167	89	462,167	89
Transfer from PPE (Note 9) - Carrying Value	2,449	-	2,449	-
Depreciation charge	(14,172)	(6,307)	(14,172)	(6,307)
Balance as at 31 December	583,215	132,770	583,215	132,770
Summary of balances				
Cost	632,405	160,440	632,405	160,440
Accumulated depreciation	(49,190)	(27,670)	(49,190)	(27,670)
Balance as at 31 December	583,215	132,770	583,215	132,770

Income earned from Investment Property

The rental income from and direct expenses in relation to investment properties are as follows;

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Rent income	95,045	72,205	95,045	72,205

There is no material direct expenses specifically attributable to the rental income since ancillary services related costs are being recovered through other revenue streams.

12 Grant Asset- Land use right

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cost				
At 1st January	7,800,000	7,800,000	7,800,000	7,800,000
Additions during the year	-	-	-	-
At 31st December	7,800,000	7,800,000	7,800,000	7,800,000
Accumulated Depreciation				
At 1st January	(197,468)	-	(197,468)	-
Charge during the year	(197,468)	(197,468)	(197,468)	(197,468)
At 31st December	(394,937)	(197,468)	(394,937)	(197,468)
Net carrying value at 31 December	7,405,063	7,602,532	7,405,063	7,602,532

12.1 Deferred income

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
At 1st January	7,602,532	7,800,000	7,602,532	7,800,000
Recognition of Grant income on initial valuation of the leasehold rights	-	-	-	-
Transfer to profit and loss during the year	(197,468)	(197,468)	(197,468)	(197,468)
At 31st December	7,405,063	7,602,532	7,405,063	7,602,532

The fair value estimation of the leasehold rights of the land of MVR 7,800,000,000 recognized at 31 December 2020. Fair value was determined by using residual valuation basis. The valuation has been performed by the valuer and are based on present use is arrived on the net free cash flow based on profits method. As at the date of valuation on 31 December 2020, the properties' fair values are based on valuations performed by Maldives Valuers Pvt Ltd., a chartered independent valuer. The gain from valuation of the lease has been recorded as grant income.

12.2 Right of use asset

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cost				
At 1st January	171,548	137,812	48,918	39,569
Modifications during the year	5,066	30,166	5,066	6,319
Additions during the year	9,015	3,570	9,015	3,030
At 31st December	185,629	171,548	62,999	48,918
Accumulated Depreciation				
At 1st January	(54,638)	(34,477)	(33,376)	(22,711)
Charge during the year	(14,478)	(20,160)	(11,630)	(10,665)
At 31st December	(69,116)	(54,638)	(45,007)	(33,376)
Net carrying value at 31 December	116,513	116,911	17,992	15,542

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12.3 Lease liabilities

	Group		Company			
	2022 MVR	2021 MVR	2022 MVR	2021 MVR		
At 1st January	194,213	158,914	16,423	17,768		
Recognitions during the year	9,015	3,030	9,015	3,030		
Modification during the Year	5,024	30,124	5,024	6,276		
Interest charge during the year	22,662	24,631	1,322	1,403		
Payments made during the year	(13,672)	(22,486)	(13,036)	(12,055)		
Balance as at 31 December	217,243	194,213	18,747	16,423		
Maturity analysis						
Current	24,709	16,783	10,705	10,231		
Non-current	192,534	177,429	8,042	6,191		
	217,243	194,213	18,747	16,423		
	Less than 3 months	Between 3 months and 1 Year	Between 1 to 2 Years	Between 2 to 5 Years	More than 5 Years	
Maturity analysis						
	2022	3,865	11,595	12,325	8,596	-
	2021	3,081	9,243	5,666	2,930	-

13 Intangible assets

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Movement for the year				
Balance as at 1 January	18,803	18,266	18,313	17,670
Additions during the year	5,586	4,526	5,122	4,503
Transfer from CWIP (Note 10.1)	2,760	800	522	800
Amortization charge	(5,246)	(4,789)	(5,124)	(4,659)
Balance as at 31 December	21,903	18,803	18,832	18,313
Summary of balances				
Cost	61,347	53,001	56,307	50,664
Accumulated amortisation	(39,444)	(34,198)	(37,475)	(32,351)
Balance as at 31 December	21,903	18,803	18,832	18,313

14 Investment in subsidiary

	Company	
	2022 MVR	2021 MVR
At 31 December	1,848	1,848

The details of the subsidiary at 31 December 2022 is set out below. The share capital of the subsidiary consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group 2022	Ownership interest held by the group 2021	Principal activity
Maldives In-flight Catering Private Limited	Maldives	65%	65%	Operating a flight kitchen, tourist resort and transit hotel

Set out below is summarised financial information of the Company's investment in Maldives In-flight Catering Private Limited. The amounts disclosed are before inter-company eliminations.

	2022 MVR	2021 MVR
Summarised statement of financial position		
Current assets	337,276	392,332
Current liabilities	(98,022)	(98,380)
Net current assets	239,255	293,952
Non-current assets	1,457,112	1,254,057
Non-current liabilities	(222,259)	(215,746)
Net non-current net assets	1,234,853	1,038,312
Total net assets	1,474,108	1,332,263
Accumulated NCI	515,938	466,292
Summarised statement of comprehensive income		
Revenue	434,465	375,025
Profit / total comprehensive income for the year	35,864	-
Profit allocated to NCI	49,646	31,227
Summarised cash flows		
Cash flows from operating activities	143,048	141,259
Cash flows used in investing activities	(218,414)	(100,914)
Cash flows used in financing activities	(11,076)	(10,431)
Net decrease in cash flows	(86,442)	29,914

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15 Investment in joint venture

	Group/Company	
	2022 MVR	2021 MVR
Airport Investments Maldives Private Limited	5,000	5,000
Allowance for written off	(5,000)	(5,000)
At 31 December	-	-

The Company hold 33.33% interest in Airport Investments Maldives Private Limited, a jointly controlled entity which was mandated to develop airports, lease, operate or manage tourist resorts and carry on all aspects of business connected with airport and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties.

Currently there is no operation in the Company and remains dormant.

The Board of Directors has decided to impair the investments in Airport Investments Maldives Private Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern.

16 Financial assets at fair value through other comprehensive income (FVOCI)

	Group/Company	
	2022 MVR	2021 MVR
Addu International Airport Private Limited	32,000	32,000
Allowance for written off	(32,000)	(32,000)
	-	-

The Company initially acquired 20,000 shares which represented 32.26% of the issued share capital of Addu International Airport Private Limited, an entity involved in the development of airports, tourist resorts, and carry on all aspects of business connected with airports and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties. On 1 January 2013, the investee Company issued 118,000 shares to other shareholders diluting the shareholding of MACL to 10%. The Company has recognised the investment at cost in consolidated financial statements resulting from the loss of control.

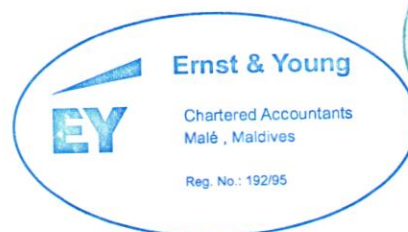
During the year ended 31 December 2017, MACL has invested MVR 12,000,000 as the call up equity according to the shareholdings of the Company.

These investments in equity instruments are not held for trading and therefore the group has made an irrevocable election at the date of initial implementation of IFRS-9 to account for these equity investments at fair value through other comprehensive income (FVOCI).

The Board of Directors has decided to impair the Addu International Airports Company Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern after an impairment assessment based on the future cash flows.

17 Assets held for sale

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Movement for the year				
Transfer from CWIP (Note 10.1)	2,598	-	2,598	-
Balance as at 31 December	2,598	-	2,598	-



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18 Inventories	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Fuel Inventory	236,837	61,466	236,837	61,466
Duty-free goods	129,294	119,368	129,294	119,368
Spare parts	197,644	137,206	197,644	137,206
Food and beverage	14,178	13,845	-	-
Housekeeping	6,474	4,643	-	-
	584,427	336,528	563,775	318,041
Less: Provision for slow moving inventories	(1,614)	(1,614)	(1,614)	(1,614)
Less: Provision for write-off	(12,437)	-	(12,437)	-
	570,376	334,914	549,724	316,427

19 Trade and other receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Trade receivables	904,743	517,550	811,733	424,196
Provision for Impairment of trade receivables	(201,719)	(208,290)	(151,162)	(146,664)
Trade receivables from related parties (Note 30)	844,121	412,253	844,121	410,458
Provision for impairment of receivables from related parties	(420,982)	(170,451)	(420,982)	(170,451)
	1,126,163	551,062	1,083,710	517,539
Other receivables	111,200	98,349	61,006	59,166
Advances and prepayments	686,575	429,064	661,142	416,771
Tax receivables	241,908	262,588	241,908	262,588
Less: provision for impairment of other receivables (note 19.2)	(44,846)	(44,475)	(44,846)	(44,475)
	2,121,000	1,296,588	2,002,921	1,211,590

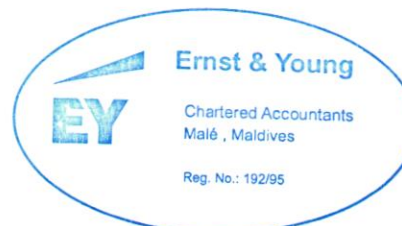
19.1 Provision for impairment of trade receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Movement for the year				
Balance at 1 January	377,526	228,651	317,115	191,725
Provision made during the year				
As previously stated	243,960	193,112	255,029	169,627
Reclassificatio (Note 19.3)	-	(44,237)	-	(44,237)
Balance at 31 December	621,487	377,526	572,144	317,115
Breakdown of provision for trade receivables				
Provision for trade receivables - related parties	420,982	170,451	420,982	170,451
Provision for trade receivables - third party customers				
As previously stated	201,719	252,527	151,162	190,901
Reclassificatio (Note 19.3)	-	(44,237)	-	(44,237)
Balance at 31 December	621,487	377,526	572,144	317,115

19.2 Provision for impairment of other receivables	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Movement for the year				
Balance at 1 January	44,475	1,690	44,475	1,690
Reversal of provision/Provisions made during the year				
As previously stated	371	(1,452)	371	(1,452)
Reclassificatio (Note 19.3)	-	44,237	-	44,237
Written-off as uncollectable	-	-	-	-
Balance at 31 December	44,846	44,475	44,846	44,475

19.3 Provision for impairment incorrectly classified under other receivables in previous year have been reclassified under trade receivables.

19.4 Provision Matrix and Impairment of Debtors

- Management has carried out an impairment provision based on the simplified approach of ECL method and considered 100% ECL for debtors aged more than 90 days in determining the provision matrix for ECL.



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20 Financial assets at amortised cost	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Short term:				
Investments in treasury bills	561,896	228,964	561,896	228,964
Fixed deposits	71,222	146,885	-	79,143
	633,118	375,849	561,896	308,107

Deposits are made for varying periods between three months to one year, depending on the immediate cash requirements of the Group, and earn interest ranging from 3.4% to 4.5% per annum (2021 : 3.4% to 4.5% per annum).

21 Cash and Bank balances

For the purpose of Statement of Cashflow, Cash and Bank balances comprises the following:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Cash in hand	227,048	24,297	224,479	22,430
Cash at bank	733,067	1,490,006	636,178	1,305,775
	960,115	1,514,303	860,657	1,328,204

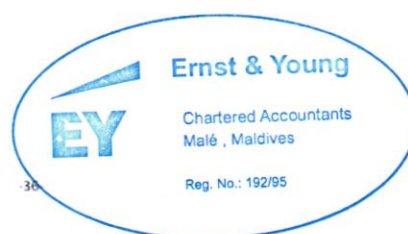
22 Share capital

	Group / Company	
	Number of shares	Ordinary shares MVR
	At 1 January 2021	1,500
At 31 December 2021	1,500	150,000
At 31 December 2022	1,500	150,000

The total authorised number of ordinary shares is 5,000,000 shares (2021: 5,000,000 shares) with a par value of MVR 100 per share (2021: MVR 100 per share). Of the above, 1,500,000 shares are issued and fully paid.

23 Other reserves

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
23.1 Revaluation reserve				
Balance as at 1 January	491,458	497,265	491,458	497,265
Revaluation Surplus	19,816	16,829	-	16,829
Adjustments to Revaluation Reserve	79,521	-	79,521	-
Realised on usage and disposal	(28,110)	(23,661)	(28,110)	(23,661)
Adjustments to Revaluation Reserve - Tax	(11,928)	(2,524)	(11,928)	(2,524)
Deferred tax liability reversal on realised revaluation surplus on usage	4,216	3,549	4,216	3,549
Balance as at 31 December	554,973	491,458	535,157	491,458
23.2 Fair value reserve				
Balance as at 31 December	10,386	10,386	-	-
23.3 Foreign currency translation reserve				
Balance as at 31 December	26,878	26,878	-	-



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24 Non-controlling interest

	Group	
	2022 MVR	2021 MVR
Balance as at 1 January	466,292	435,065
Share of net profit of subsidiary	49,646	31,227
Balance as at 31 December	515,938	466,292

25 Loans and borrowings

	Group / Company	
	2022 MVR	2021 MVR
Non-current		
Borrowing from Government through MOF 1	5,142,334	5,537,094
Borrowing from Government through MOF 2	738,675	658,947
Borrowing from Government through MOF 3	166,356	133,343
Borrowing from Government through MOF 4	429,637	337,948
Borrowing from Government through MOF 5	438,720	330,541
China Development Bank	545,365	621,633
Borrowing from Ministry of Finance	-	16,962
Bank of Maldives Plc - Demand Loan (USD)	202,445	246,500
Bank of Maldives Plc - Demand Loan (MVR) 1	155,973	236,505
Bank of Maldives Plc - Demand Loan (MVR) 2	225,031	309,624
Bank of Maldives Plc - Demand Loan (MVR) 4	185,953	-
	<u>8,230,489</u>	<u>8,429,097</u>
Less: Transaction cost	(5,352)	(4,660)
Total Non-Current	8,225,138	8,424,438
Current		
Borrowing from Government through MOF 1	779,066	384,306
Borrowing from Government through MOF 2	38,878	-
Borrowing from Government through MOF 3	15,143	-
Borrowing from Government through MOF 4	33,049	-
Borrowing from Government through MOF 5	14,403	-
China Development Bank	76,267	72,674
Borrowing from Ministry of Finance	-	-
Borrowing from Ministry of Finance	16,962	30,840
Bank of Maldives Plc - Demand Loan (USD)	44,055	40,477
Bank of Maldives Plc - Demand Loan (MVR) 1	80,532	73,992
Bank of Maldives Plc - Demand Loan (MVR) 2	84,602	77,731
Bank of Maldives Plc - Demand Loan (MVR) 4	74,425	-
	<u>1,257,382</u>	<u>680,021</u>
Add: Interest Payable	113,332	105,680
Less: Transaction cost	(2,225)	(1,525)
Total Current	1,368,490	784,176
Total borrowings	9,593,627	9,208,614

Note: The interest payable and transaction costs of loans, which have been previously (in 2021) recorded as trade and other payables and trade and other receivables respectively has been reclassified and included within the carrying amount of the loans (Refer Note 35 - Reclassification)

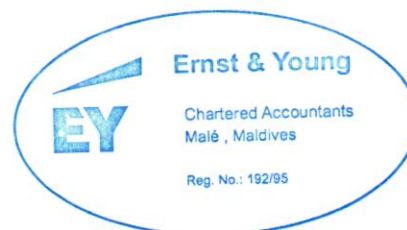


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The fair values of the loans are based on the cash flow discounted using the following rates.

Description	Provider of funds	Loan denominated currency	Interest rate %	2022	2021
Borrowing from Government through MOF 1	China Exim Bank	USD	3.0%	5,999,859	5,998,635
Borrowing from Government through MOF 2	Saudi Fund for Development	USD	3.0%	747,492	666,339
Borrowing from Government through MOF 3	Abu Dhabi Fund for Development	USD	4.0%	168,393	134,859
Borrowing from Government through MOF 4	OPEC Fund for Int'l Development	USD	5.7%	441,287	346,658
Borrowing from Government through MOF 5	Kuwait Fund for Arab Economic Development	USD	2.5%	438,720	335,382
China Development Bank	China Development Bank	USD	2.9%	634,003	700,293
Borrowing from Ministry of Finance	Ministry of Finance	USD	5.0%	-	-
Borrowing from Ministry of Finance	Ministry of Finance	USD	6.0%	16,962	47,802
Bank of Maldives Plc - Demand Loan (USD)	Bank of Maldives	USD	8.5%	246,500	286,978
Bank of Maldives Plc - Demand Loan (MVR) 1	Bank of Maldives	MVR	8.5%	234,512	307,779
Bank of Maldives Plc - Demand Loan (MVR) 2	Bank of Maldives	MVR	8.5%	306,966	383,888
Bank of Maldives Plc - Demand Loan (MVR) 4	Bank of Maldives	MVR	8.5%	257,461	-
				9,492,155	9,208,613



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25 Loans and borrowings (Continued)

The carrying amounts of borrowings denominated in foreign currencies as follows:

	2022	2021
USD	563,762	545,478
MVR	798,939	697,852

25.1 Details of loans and borrowings

25.1.1 Borrowing from Government through MOF 1 - China Exim Bank

On 12 May 2016, The Government of Maldives (GOM) represented by Ministry of Finance (MOF) entered into a Subsidiary Loan Agreement (SLA) with the company to on-lend USD 373,838,500 obtained through China Exim Bank for new runway, fuel farm and cargo project. The approved loan amount of USD 373,838,500 has been fully disbursed as at 31 December 2021. The loan has been guaranteed by the GOM and principal are to be paid in 30 equal semiannual installments, whereby first repayment will commence on the first available payment date falling 5 years after date of initial withdrawal. The interest charged for this facility is 3% p.a. payable on semiannual basis.-

25.1.2 Borrowing from Government through MOF 2 - Saudi Fund for Development (SFD)

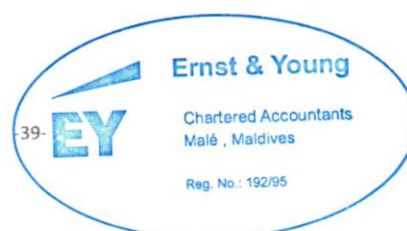
On 30 January 2017, The GOM represented by MOF entered into a SLA with the company for financing Velana International Airport upgrade project through Saudi Fund for Development for an amount of SAR 375,000,000 (USD 100,000,000). As at 31 December 2022, the on-lent amount by MOF at market prevailing rate is USD 50,424,947. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 40 equal semiannual instalments on 15 February and 15 August each year and will commence on the first available payment date falling five years after the initial withdrawal by the Company. The interest charged for this facility is 3% p.a.

25.1.3 Borrowing from Government through MOF 3 - Abu Dhabi Fund for Development (ADFD)

On 08 October 2018, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through Abu Dhabi Fund for Development for an amount of AED 183,650,000 (USD 50,000,000). As at 31 December 2022, the on-lent amount by MOF at market prevailing rate is USD 11,770,400. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 24 semi-annual instalments on 30 March and 30 September each year and will commence on the first available payment date falling three years after the initial withdrawal by the Company. The interest charged for this facility is 4% p.a.

25.1.4 Borrowing from Government through MOF 4 - OPEC Fund for Int'l Development (OFID)

On 12 July 2017, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through OPEC Fund for International Development for an amount of USD 50,000,000. As at 31 December 2022, the on-lent amount by MOF is USD 30,005,549. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 28 semi-annual instalments on 15 January and 15 July each year and will commence on the first available payment date falling 4 years after the initial withdrawal by the Company. The interest charged for this facility is 5.7% p.a.



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25.1.5 Borrowing from Government through MOF 5 - Kuwait Fund for Arab Economic Development (KFAED)

On 27 November 2017, The GOM represented by MOF entered into a SLA with the Company for financing expansion and upgrading of Velana International Airport development project through Kuwait Fund for Arab Economic Development for an amount of K.D 15,000,000 (USD 50,000,000). As at 31 December 2022, the on-lent amount by MOF is USD 29,385,388. This loan has been received on the guarantee from the GOM. Repayment of the loan shall be made in 32 semi-annual instalments on 1 January and 1 July each year and will commence on the first available payment date falling 4 years after the initial withdrawal by the Company. The interest charged for this facility is 2.5% p.a.

25.1.6 Term loan: China Development Bank (CDB)

On 03 July 2018, The Company had obtained a term facility from China Development Bank (CDB) for the purpose of financing the Seaplane facilities development project. The total facility of this loan is USD 47,170,000 and has been fully withdrawn as of 31 December 2020. The repayment of the loan shall be paid in twenty-one equal installments, paid semi-annually, starting from March 2021. The interest charged for this facility is base 2.9%+LIBOR p.a. As at the reporting date, the outstanding loan amount is USD 40,313,407.

25.1.7 Borrowing from Ministry of Finance

On 18 February 2021, The Company had obtained a loan from the Ministry of Finance for the purpose of financing extension of time claims in the upgrading of the Velana International Airport development project. The total facility of this loan is USD 3,100,000 which has been fully disbursed as of 31 December 2021. The interest charged for this facility is 6% p.a and is to be repaid in two installments on 30 June 2022 and 30 June 2023. At the reporting date the balance of the loan is USD 1,100,000.

25.1.8 Bank of Maldives Plc - Demand Loan (USD)

The Company has obtained a demand loan from the bank of Maldives for the purpose of development and renovation works of facilities in Velana International Airport. The total facility of this loan is USD 30,300,000 out of which has been fully disbursed as at 31 December 2020. This loan has been obtained on 14 March 2017 and is to be repaid in 120 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is USD 15,985,753.

25.1.9 Bank of Maldives Plc - Demand Loan (MVR) 1

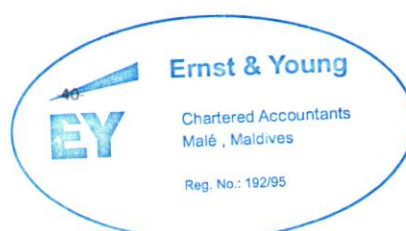
On 12 August 2020, a MVR demand loan was obtained from the bank of Maldives for working capital support during the outbreak of Covid 19. The total facility of this loan is MVR 362,370,000 and has been fully disbursed as of 31 December 2021. This loan has to be repaid in 60 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is MVR 236,504,842.

25.1.10 Bank of Maldives Plc - Demand Loan (MVR) 2

On 23 May 2021, a second MVR demand loan was obtained from the bank of Maldives for working capital support. The total facility of this loan is MVR 400,00,000 and has been fully disbursed as of 31 December 2021. This loan has to be repaid in 60 months in equal instalments. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is MVR 309,632,771.

25.1.11 Bank of Maldives Plc - Demand Loan (MVR) 4

On 17th February 2022, a MVR demand loan was obtained from the bank of Maldives for working capital support. The total facility of this loan is MVR 350,000,000. This loan has to be repaid in 60 months. The interest charged for this facility is 8.5% p.a. payable on monthly basis. As at the reporting date, the outstanding balance of the loan is MVR 260,377,839.



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26 Deferred tax liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

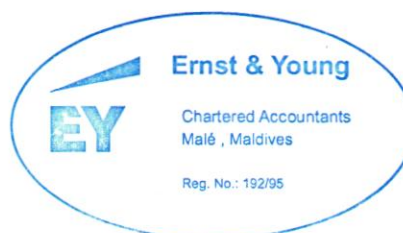
	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Deferred tax assets	(159,604)	(116,660)	(146,769)	(98,669)
Deferred tax liabilities	83,438	28,841	78,058	28,841
	(76,167)	(87,819)	(68,711)	(69,828)

26.1 Deferred taxes are calculated on all temporary differences under the liability method using the effective tax rate of 15%. The movement in deferred tax is as follows:

At 1 January	(87,819)	(50,586)	(69,828)	(35,957)
Charge to statement of Profit and Loss	2,080	(32,740)	(3,075)	(29,378)
Charge other comprehensive Income	1,861	(944)	(3,519)	(944)
Deferred tax liability on revaluation reserve adjustment	11,928		11,928	
Credit deferred tax liability reversal on realised revaluation surplus	(4,216)	(3,549)	(4,216)	(3,549)
At 31 December	(76,167)	(87,819)	(68,711)	(69,828)

The movement in deferred tax assets and liabilities of the Group and Company during the year, without taking into consideration the offsetting balances are as follows:

On property, plant and equipment	202,440	250,998	228,852	192,273
On right-of-use assets	-	(411)	-	-
On employee pension provision	-	-	-	-
On impairment of receivable	(681,598)	(301,578)	(631,041)	(363,204)
On defined benefits obligations	(347,419)	(294,590)	(347,419)	(294,590)
On revaluation gain	104,104	-	68,241	-
On interest capitalised in CWIP	223,295	-	223,295	-
On other provision	(8,600)	-	-	-
	(507,778)	(345,582)	(458,073)	(465,521)
Tax rate	15%	15%	15%	15%
Net deferred tax (asset) / liability	(76,167)	(51,837)	(68,711)	(69,828)



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27 Employee retirement benefits obligations

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
At 1 January	294,590	246,920	294,590	246,920
Current service cost	22,166	18,915	22,166	18,915
Interest charge	13,551	11,358	13,551	11,358
Actuarial loss/(gain) on obligation	23,460	23,123	23,460	23,123
	353,767	300,316	353,767	300,316
Less: payment during the year	(6,348)	(5,725)	(6,348)	(5,725)
Closing balance	347,419	294,590	347,419	294,590

27.1 Following amounts are recognized in profit or loss during the year in respect of retirement benefit obligation

Amount Recognized in Profit or Loss

Current service cost	22,166	18,915	22,166	18,915
Interest charge	13,551	11,358	13,551	11,358
	35,717	30,273	35,717	30,273

Amount recognized in Other Comprehensive Income

Actuarial loss/(gain) on obligation	23,460	23,123	23,460	23,123
	23,460	23,123	23,460	23,123

27.2 Assumptions used

	2022	2021
<i>Management level:</i>		
Discount rate	4.60%	4.60%
Expected salary increment	2.39%	2.39%
Staff turnover factor:		
Up to 30 years	6.27%	6.27%
From 31 to 44 years	2.07%	2.07%
Above 44 years	1.08%	1.08%
<i>Operational level:</i>		
Discount rate	4.60%	4.60%
Expected salary increment	3.54%	3.54%
Staff turnover factor:		
Up to 30 years	11.52%	11.52%
From 31 to 44 years	3.53%	3.53%
Above 44 years	2.50%	2.50%

27.3 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption (%)	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		2022 MVR	2022 MVR
Discount rate	0.50%	(19,591)	21,508
Salary growth rate	0.50%	21,938	(20,134)

The liability for defined benefit obligations is not externally funded.

The retirement benefit obligation of the Group/Company is estimated based on the calculation performed by the actuarial valuer (Charan Gupta Consultants Pvt Ltd.). The projected unit credit method is used to determine the maturity analysis, weighted average useful life and present value of the defined benefit obligation

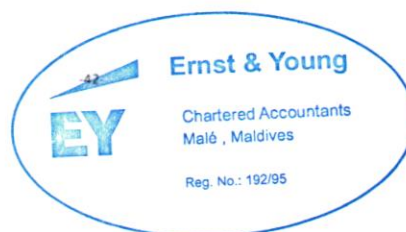
27.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

	Group/Company	
	2022 MVR	2022 MVR
0 to 01 Year	17,867	12,521
01 to 02 Year	15,551	13,187
02 to 03 Year	17,838	15,126
03 to 04 Year	15,098	12,803
04 to 05 Year	11,320	9,599
05 to 06 Year	11,963	10,144
06 Year onwards	257,782	221,212
	347,419	294,590

Weighted average duration of the projected benefit obligation (years)

17

18



Maldives Airports Company Limited
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27 Employee retirement benefits obligations (continued)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these were not calculated.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

28 Trade and other payables

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Trade payables	411,666	264,315	365,831	251,446
Amounts due to related parties (Note 29)	169,622	109,232	193,162	110,504
Accrued expenses	71,684	24,397	62,021	14,610
Accrued compensation payable	239,697	15,323	239,697	15,323
Other payables	886,479	392,065	866,535	374,239
Advance received	219	-	219	-
Passenger service fee payable	6,977	4,385	6,977	4,385
	1,786,344	809,717	1,734,442	770,507

The amount due to related parties are unsecured, interest free and has no fixed repayment period. Accordingly the entire amount due have been shown as falling due within one year.

Other payables of the Company mainly includes retention amounting to MVR 202,872,760 (2021: MVR 162,910,188), i advance received from customers amounting to MVR 96,512,737 (2021 : MVR 45,530,115) and dividend payable to shareholders amounting to MVR 537,508,708 (2021: MVR 129,948,709)

- 28.1** During the year 2022, the company has agreed to pay to Beijing Urban Construction Group a sum of MVR 371,591,160 for additional cost associated with Extension of Time granted for the Runway Project. Accordingly the amount has been accounted as an expenditure for the year ended 31st December 2022.

29 Contract liabilities

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Short-term advances from customers	112,103	58,559	108,213	58,559
	112,103	58,559	108,213	58,559
Current	112,103	58,559	108,213	58,559



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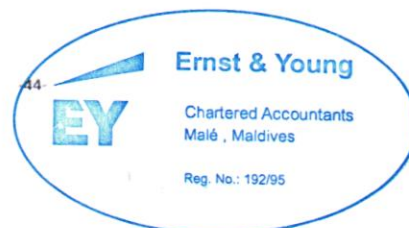
30 Related party transactions

The Group is controlled by the Government of Maldives which owns 100% of the Company's shares.

The Company holds a 33.33% interest and has a joint control over Airport Investments Maldives Private Limited. There were no transactions with the Airport Investments Maldives Private Limited during the year. Interests in joint venture is set out in note 15.

The following transactions were carried out with subsidiary and Government related entities. The transactions below were made in the ordinary course of business on substantially the same terms, including, aero and non aero transactions as for comparable transactions with unrelated counterparties.

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
i) Sales of goods and services				
Maldives Inflight Catering Pvt Ltd	-	-	51,030	48,213
Ministry of Foreign Affairs	5,017	3,212	5,017	3,212
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	3,027	3,068	3,027	3,068
Island Aviation Services Limited	541,392	281,504	541,392	281,504
Maldives National Defense Force	4,036	4,246	4,036	4,246
State Trading Organization Plc	16,702	15,786	16,702	15,786
Aviation Security Command	1,021	894	1,021	894
People's Majlis Secretariat	1,097	671	1,097	671
Maldives Meteorological Service	1,250	1,257	1,250	1,257
Business Centre Corporation Limited	2,739	2,002	2,739	2,002
Addu International Airport Pvt Ltd	995	1,162	995	1,162
Other Government undertakings	6,905	4,269	6,905	4,269
	584,183	318,071	635,213	366,284
ii) Purchases of goods and services				
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	98,568	10,198	98,568	10,198
Island Aviation Services Limited	125,463	607	125,463	607
Maldives Customs Service	195,411	94,880	195,411	94,880
Maldives Transport and Contracting Company	275,397	11,057	275,397	11,057
State Trading Organisation Plc	3,066,418	1,439,377	3,066,418	1,439,377
Male' Water & Sewerage Company Pvt. Ltd.	12,305	15,447	12,305	15,447
State Electric Company Limited	-	1,271	-	1,271
Maldives Civil Aviation Authority	-	740	-	740
Housing Development Corporation Limited	190,514	24,700	190,514	24,700
Maldives Islamic Bank Plc	25,198	21,038	25,198	21,038
Waste Management Corporation Limited	16,881	6,846	16,881	6,846
Maldives Inflight Catering Pvt Ltd	-	-	26,527	6,254
Maldives Inland Revenue Authority	447,804	-	447,804	-
Maldives Pension Administration Office	52,103	-	52,103	-
Other Government undertakings	183,319	1,240	183,319	1,240
	4,689,381	1,627,400	4,715,907	1,633,654
iii) Year-end outstanding balances				
Receivable from related parties:				
SATS Limited	-	1,795	-	-
Island Aviation Services Limited	769,694	351,605	769,694	351,605
Ministry of Finance	192	266	192	266
Ministry of Foreign Affairs	674	1,960	674	1,960
Maldives National Defense Force	1,678	1,492	1,678	1,492
Maldives Inflight Catering Pvt Ltd	51,405	36,277	51,405	36,277
Maldives Post Limited	2,767	2,766	2,767	2,766
State Trading Organization Plc	3,352	4,589	3,352	4,589
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	2,831	2,749	2,831	2,749
Addu International Airport Pvt Ltd	3,503	2,557	3,503	2,557
Ministry of Health	1,265	1,407	1,265	1,407
Business Centre Corporation Limited	903	868	903	868
Other Government undertakings	5,857	3,922	5,857	3,922
	844,121	412,253	844,121	410,458



Maldives Airports Company Limited
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30 Related party transactions (continued)

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
iv) Payable to related parties:				
Maldives Inflight Catering Pvt Ltd	-	-	23,539	1,272
State Trading Organisation Plc	75,321	53,704	75,321	53,704
Maldives Transport and Contracting Company Plc	20,384	895	20,384	895
Island Aviation Services Limited	1,254	2,905	1,254	2,905
Dhivchi Raajjgc Gulhun Pvt	1,518	857	1,518	857
Maldives Customs Service	56,370	17,519	56,370	17,519
Housing Development Corporation Limited	-	24,700	-	24,700
Maldives Islamic Bank Plc	-	1,935	-	1,935
Male' Water & Sewerage Company Pvt. Ltd.	5	5,635	5	5,635
Waste Management Corporation Limited	729	600	729	600
Maldives Inland Revenue Authority	7,855	-	7,855	-
Other Government undertakings	6,187	482	6,187	482
	169,622	109,232	193,162	110,504

v) Key management personnel compensation

The Board of Directors of the Group are members of the key management personnel.

	Group		Company	
	2022	2021	2022	2021
Emoluments and fees	1,038	980	1,038	771
	1,038	980	1,038	771

31 Capital commitments

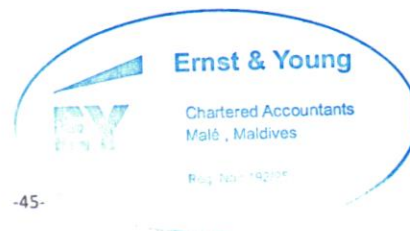
Development projects:

	2022	2021
Short-term commitments - less than 12 months	2,916,851	4,452,424
Long-term commitments - over 12 months	3,667,994	449,557
Total commitment towards Development Projects	6,584,845	4,901,980

The commitments are financed by Subsidiary loan agreements with Ministry of Finance which has been pre-approved.

32 Events after the reporting period

No other events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.



Maldives Airports Company Limited
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33 Financial risk management

33.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors on specific areas such as foreign exchange risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The company has a substantial portion of its revenue realised in United States Dollar. Currency exposure arising from the import of capital items and other materials are presently met out of revenue received in United States Dollars.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	31 December 2022		31 December 2021	
	US\$	SGD	US\$	SGD
Cash and cash equivalents	36,531	-	81,904	-
Trade and other receivables	18,291	-	6,249	-
Investments in fixed deposits	4,619	-	9,526	-
Trade and other payables	(115,846)	-	(59,364)	-
Borrowings	(563,762)	-	(545,478)	-
	(620,168)	-	(507,163)	-

Sensitivity analysis

5 percent strengthening/ weakening of Maldivian Rufiyaa against United States Dollars and Singapore Dollar as at 31 December 2022 and 31 December 2021, would have increased/ decreased profit by the amount shown below, based on the Group's monetary assets and liabilities. The analysis assumes that all other variables remain constant.

	Strengthening	Weakening
31 December 2022		
US\$ 5% movement	(478,149)	478,149
SGD 5% movement	-	-
31 December 2021		
US\$ 5% movement	(391,022)	391,022
SGD 5% movement	-	-

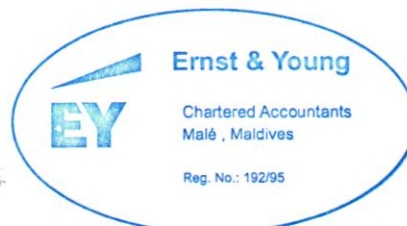
Financial risk factors

	Average rate		As at 31 December	
	2022	2021	2022	2021
1 MVR: SGD	0.0902	0.0902	0.0859	0.0859
1 MVR: USD	0.0649	0.0649	0.0649	0.0649

In respect of the monetary assets and liabilities denominated in US\$, the Group has a limited currency exposure on such balances since the Maldivian Rufiyaa is pegged to the US\$ within a band to fluctuate within +/- 20% of the mid-point of exchange rate.

(ii) Cash flow and fair value interest rate risk

The Group has short-term deposits with commercial banks and investments in Government treasury bills, which are the interest bearing assets. The Group also has fixed interest bearing borrowings. The Group does not have any control over interest rate or any hedge instrument to manage the risk arising out of fixed interest rate.



Maldives Airports Company Limited
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33 Financial risk management (continued)

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain liquidity by keeping adequate cash and short-term deposits in banks.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 3 months	Between 3 months and 1 Year	Between 1 to 2 Years	Between 2 to 5 Years	More than 5 Years
At 31 December 2022					
Trade and other payables	1,737,044	18,414	-	-	-
Borrowings	700,506	501,849	658,749	2,217,524	5,117,988
Lease Liability	9,478	28,433	77,705	134,927	505,091
At 31 December 2021					
Trade and other payables	915,397	-	-	-	-
Borrowings	273,500	406,520	748,450	1,879,677	5,800,971
Lease Liability	6,407	29,660	37,911	90,776	632,958

Company

	Less than 3 months	Between 3 months and 1 Year	Between 1 to 2 Years	Between 2 to 5 Years	More than 5 Years
At 31 December 2022					
Trade and other payables	1,734,442	-	-	-	-
Borrowings	700,506	501,849	658,749	2,217,524	5,117,988
Lease Liability	3,081	9,243	5,666	2,930	-
At 31 December 2021					
Trade and other payables	876,187	-	-	-	-
Borrowings	273,500	406,520	748,450	1,879,677	5,800,971
Lease Liability	3,865	11,595	12,325	8,596	-

(c) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), and deposits with banks and financial institutions, as well as credit exposures to ordinary customers, including outstanding receivables.

(i) Risk management

Most of the aero customers are reputed airlines with the global presence and non aero customer mainly includes government related SOEs. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Security

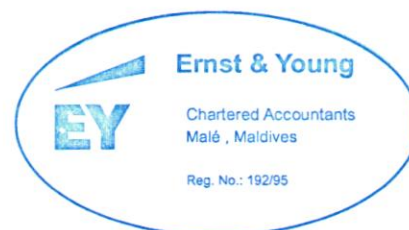
For some trade receivables the Group obtains security in the form of bank guarantees and cash deposits. i.e. bank guarantee vary for 1 to 3 months, which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The Group has following financial assets that are subject to IFRS 9's expected credit loss model:

- Trade receivables - others and related parties
- Other receivables
- Other financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investment in fixed deposits and treasury bills
- Cash and cash equivalents

While investment in financial assets at fair value through other comprehensive income (FVOCI), investment in fixed deposits, treasury bills, other financial assets at amortised cost and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses were immaterial.



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33 Financial risk management (continued)

- Trade receivables - others and related parties

The Group applies the IFRS 9 simplified approach of measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the past experience on recovery and default.

- Trade receivables - others and related parties (continued)

The expected loss rates are based on the payment profiles of sales over a period of 60 months and 48 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted by a loss allowance matrix developed by the Group considering the macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has selected GDP of the region/ country of the customer and/ or jet fuel price to be most relevant factors. Accordingly developed a loss allowance matrix based on expected changes in the GDP of the region/ country and/ or jet fuel price and applied to the historical loss rates.

On that basis, the loss allowance of the Company as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables that were subjected to expected credit loss calculation

Scheduled airlines

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2022						
Expected loss rate	0.6%	1.6%	4.4%	6.2%	8.9%	
Gross carrying amount – trade receivables	120,456	27,632	10,972	6,534	51,513	217,107
Loss allowance	736	429	480	406	4,585	6,636

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2021						
Expected loss rate	0.3%	0.8%	2.5%	3.7%	6.0%	
Gross carrying amount – trade receivables	33,782	30,288	10,547	9,449	21,717	105,783
Loss allowance	105	255	264	352	1,297	2,274

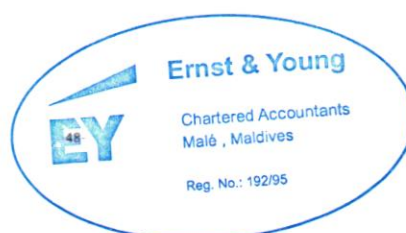
Non-scheduled airlines

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2022						
Expected loss rate	11%	44%	63%	85%	100%	
Gross carrying amount – trade receivables	25,104	282	48	51	65,503	90,988
Loss allowance	2,669	125	30	43	64,992	67,859

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2021						
Expected loss rate	17%	53%	74%	102%	100%	
Gross carrying amount – trade receivables	2,751	2,213	1,727	929	59,900	67,520
Loss allowance	453	1,170	1,270	939	59,358	63,190

Non-aero

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2022						
Expected loss rate	27%	32%	60%	84%	100%	
Gross carrying amount – trade receivables	84,323	51,687	9,383	6,632	90,448	242,474
Loss allowance	19,251	14,108	4,817	4,807	77,921	120,904



Maldives Airports Company Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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All figures are in MVR '000 unless otherwise stated

33 Financial risk management (continued)

Non-aero (continued)

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2021						
Expected loss rate	24%	31%	67%	96%	100%	
Gross carrying amount – trade receivables	6,061	25,152	18,214	12,724	57,040	119,191
Loss allowance	1,302	6,896	10,941	10,904	51,158	81,200

Related parties - state owned enterprises

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2022						
Expected loss rate	91%	92%	97%	102%	100%	
Gross carrying amount – trade receivables	22,562	39,221	46,423	47,291	614,196	769,694
Loss allowance	11,059	19,491	24,188	26,052	330,683	411,474

	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
31st December 2021						
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	4,234	39,755	37,629	18,627	253,480	353,725
Loss allowance	1,898	18,041	18,382	9,889	122,241	170,451

- Receivables from Government Ministries and Departments

Receivables from Government Ministries and Departments consist of other receivables and portion of trade receivables from related parties. The Company assesses the credit quality of its receivables Government Ministries and Departments taking into account their financial position, past experience and other factors. The Company is dealing with Government Ministries and Departments and has not experienced historical credit losses during the past years. Therefore, expected credit loss allowance for receivables Government Ministries and Departments were determined by considering the loss of time value of money. The Company management calculated the expected credit losses on these assets by discounting the future cash flows using the Company's weighted average cost of capital.

On that basis, the Company's the loss allowance for receivables from Government Ministries and Departments as at 31 December 2022 and 31 December 2021 were as follows:

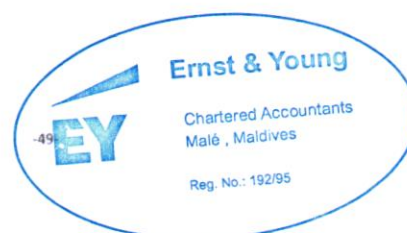
	31 December 2022	31 December 2021
Gross carrying amount	9,541	7,411
Loss allowance	336	238

33.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payable) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.



Maldives Airports Company Limited
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Year ended 31 December 2022

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33.2 Capital risk management (Continued)

The gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Total borrowings (Note 24)	9,593,627	9,208,614	9,593,627	9,208,614
Trade and other payables (Note 27)	1,786,344	809,717	1,734,442	770,507
Less: Cash and cash equivalents (Note 20)	(960,115)	(1,514,303)	(860,657)	(1,328,204)
Net debt	10,419,857	8,504,028	10,467,413	8,650,916
Total equity	8,146,246	7,984,692	6,662,825	6,643,116
Total capital	18,566,103	16,488,720	17,130,238	15,294,032
Gearing ratio	56%	52%	61%	57%

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

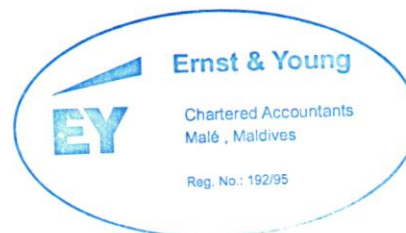
34 Contingencies

Contingent liabilities

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

Contingent assets

There are no material contingent assets recognized at the reporting date.



Maldives Airports Company Limited
DETAILED STATEMENT OF EXPENDITURES
Year ended 31 December 2022

All figures are in MVR '000 unless otherwise stated

	Group		Company	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
i Cost of sales				
Fuel cost	2,917,854	1,372,818	2,917,854	1,372,818
Duty-free cost of goods sold	299,377	293,640	299,377	293,640
Employee benefit expenses (iv)	533,880	396,981	517,561	381,254
Depreciation (iii)	180,742	100,048	180,742	100,048
Cost of residential apartments sold	314,897	-	314,897	-
Other operating supplies	60,027	38,310	6,242	5,105
	4,306,777	2,201,797	4,236,673	2,152,865
ii Administrative expenses				
Depreciation on property, plant and equipment (Note iii)	180,994	140,693	151,647	110,327
Depreciation on investment properties (Note 11)	14,172	6,307	14,172	6,307
Depreciation of - right-of-use asset	14,478	20,160	11,630	10,665
Depreciation of Grant Asset	197,468	197,468	197,468	197,468
Amortisation on Intangible asset (Note 13)	5,246	4,789	5,124	4,659
Employee benefit expense (Note iv)	578,975	408,368	512,875	379,673
Repair and maintenance	65,605	64,678	60,516	60,451
Insurance	29,411	34,223	27,905	33,250
Communication expenses	14,804	13,302	11,557	11,284
Fuel and consumables	148,517	103,251	148,222	103,251
Professional fees	7,575	8,839	7,246	8,482
Legal fees and expenses	2,099	1,357	1,596	871
Travelling expenses	2,135	1,284	2,023	1,284
Bank charges and commission	15,440	13,373	14,771	12,616
License charges	4,195	2,234	3,765	2,152
Import duty and freight charges	2,557	5,520	2,557	5,520
Subscription expense	20,143	21,401	19,314	21,401
Functions and celebration expense	1,866	648	1,866	648
Printing and stationaries	6,462	4,058	5,801	3,803
Garbage disposal charges	7,787	21,600	7,787	21,600
Loss on disposal of property, plant and equipment	56,849	789	56,849	789
EOT claim by contractors (Note 28.1)	411,683	-	411,683	-
Exchange loss	3,354	966	3,354	966
Expected credit losses of trade receivables	255,400	191,661	255,400	168,175
Health and safety expenses	2,480	6,271	2,480	6,271
Other administrative expenses	145,352	57,638	94,267	15,467
	2,195,050	1,330,877	2,031,875	1,187,380
iii Depreciation expenses classified as:				
Administrative expenses (ii)	180,994	140,693	151,647	110,327
Cost of sales and operating supplies (i)	180,742	100,048	180,742	100,048
	361,735	240,741	332,389	210,375
iv Employee benefit expense				
Salaries and wages	856,633	673,531	796,558	643,148
Staff welfare	20,923	3,780	2,606	3,521
Overtime	33,008	20,554	33,008	17,060
Pension fund contribution	26,416	21,464	26,416	20,815
Staff transportation expenses	15,299	18,105	15,299	16,753
Training and development	14,788	6,124	14,788	6,064
Employee health insurance	13,453	11,602	13,453	11,530
Amortisation of deferred staff benefit	5,609	-	5,609	-
Employee retirement benefits expenses	35,717	30,273	35,717	30,273
Other benefits	91,009	19,915	86,982	11,764
	1,112,855	805,349	1,030,436	760,927
Employee benefit expenses classified as:				
Administrative expenses (i)	578,975	408,368	512,875	379,673
Cost of sales and operating supplies (ii)	533,880	396,981	517,561	381,254
	1,112,855	805,349	1,030,436	760,927
v Selling and marketing costs				
Advertising costs	1,992	1,071	1,992	1,071
Other distribution costs	3,533	4,039	-	-
	5,525	5,110	1,992	1,071

