Report No: FIN-2022-18(E)

13 March 2022

ISLAND AVIATION SERVICES LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

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بسم الله الرحمن الرحيم

AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF ISLAND AVIATION SERVICES LIMITED AND ITS SUBSIDIARIES

Opinion

We have audited the financial statements of Island Aviation Services Limited (the "Company"), the consolidated financial statements of the Company and its subsidiary ("the Group") which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2020 and of their 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' International 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.

Responsibilities of the Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with IFRSs, 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 the Board 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 the 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22nd February 2022

H. Niyazy

Hussain Niyazy
Auditor General

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2020

		Group		Company	
	Notes	2020 MVR	2019 MVR	2020 MVR	2019 MVR
Revenue	5	854,551,829	2,084,895,197	854,551,829	2,084,895,197
Expenditure					
Aircraft Fuel cost		(168,560,383)	(522,509,294)	(168,560,383)	(522,509,294)
Employee cost		(331,377,725)	(441,907,034)	(331,377,725)	(441,907,034)
Airport, Enrout and Passenger cost		(136,216,444)	(328,798,460)	(136,216,444)	(328,798,460)
Rentals on lease aircraft		(33,555,970)	(21,924,740)	(33,555,970)	(21,924,740)
Aircraft Maintenance and Overhaul cost		(162,436,833)	(179,416,436)	(162,436,833)	(179,416,436)
Depreciation and Amortisations		(335,717,218)	(329,354,062)	(335,717,218)	(329,354,062)
Selling, Marketing and Advertisings expense		(53,397,157)	(42,705,871)	(53,397,157)	(42,705,871)
Crew expense		(2,432,238)	(6,077,666)	(2,432,238)	(6,077,666)
Other Operating expense		(220,865,901)	(183,700,633)	(220,865,901)	(183,700,633)
Operating Profit		**(590,008,040)**	**28,501,001**	**(590,008,040)**	**28,501,001**
Other Income	6	7,691,631	114,725,991	7,691,631	116,669,324
Net Finance Cost	7	(70,460,771)	(64,230,935)	(70,460,771)	(64,230,935)
(Loss)/Profit Before Taxation		**(652,777,180)**	**78,996,057**	**(652,777,180)**	**80,939,390**
Business Profit Tax expense	10	80,314,065	(16,804,050)	80,314,065	(16,804,050)
(Loss)/Profit for the year from continuing operations		**(572,463,115)**	**62,192,007**	**(572,463,115)**	**64,135,340**
Profit after tax for the year from discontinuing operations	9	1,797,894	29,502,528	-	-
(Loss)/Profit for the year		**(570,665,221)**	**91,694,535**	**(572,463,115)**	**64,135,340**
Other Comprehensive Income					
Items that will not be subsequently reclassified to the income statement:					
Remeasurement of defined benefit liability	11	(886,702)	-	(886,702)	-
Related taxes	10.3	133,005	-	133,005	-
Other comprehensive (loss)/income for the year net of tax		**(753,697)**	-	**(753,697)**	-
Total comprehensive income for the year		**(571,418,918)**	**91,694,535**	**(573,216,812)**	**64,135,340**
Attributable to:					
Equity Holders of the Parent		(570,665,233)	93,637,671	(572,463,115)	64,135,340
Non-controlling Interest		12	197	-	-
		(570,665,221)	**93,637,868**	**(572,463,115)**	**64,135,340**
Basic Earnings per Share					
Earning/(loss) per share attributable to ordinary equity holders of the parent	12	**(568.87)**	**123.14**	**(572.46)**	**64.14**
Earning/(loss) per share - from continuing operations attributable to ordinary equity holders of the parent	12	**(570.67)**	**93.64**	**(572.46)**	**64.14**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 37. The Report of the Independent Auditors is given on pages 1 and 2.

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		Group	Company	
		2019	2020	2019
ASSETS	**Notes**	**MVR**	**MVR**	**MVR**
Non-Current Assets				
Property, Plant and Equipment	**13**	1,533,637,237	1,305,542,536	1,500,051,567
Investment Property		16,836,695	-	-
Intangible Assets	**14**	10,072,238	4,840,856	9,490,385
Rotable Spares	**15**	626,407,694	586,754,088	626,407,694
Deferred Tax Assets	**10.2**	24,385,714	104,832,784	24,385,714
Total Non-Current Assets		**2,211,339,578**	**2,001,970,264**	**2,160,335,360**
Current Assets				
Inventories	**17**	107,588,981	83,731,757	106,528,137
Trade and Other Receivables	**18**	574,822,031	470,332,383	460,979,229
Income tax recoverable		3,726,394	-	3,726,394
Amount Due from Related Party	**28.3**	112,173,265	115,918,918	112,173,265
Financial assets		14,185,647	-	-
Cash and Bank Balances	**19**	45,806,824	85,541,783	22,225,319
Total Current Assets		**858,303,142**	**755,524,841**	**705,632,344**
Total Assets		**3,069,642,720**	**2,757,495,105**	**2,865,967,704**
EQUITY AND LIABILITIES				
Equity				
Share Capital	**20.1**	100,000,000	100,000,000	100,000,000
Advance Towards Share Capital	**20.3**	-	276,283,884	-
General Reserve	**21**	293,530,566	312,771,168	293,530,566
Contributed Capital	**22**	28,383,482	28,383,482	28,383,482
Retained Earnings/ (Accumulated losses)		527,703,665	(188,814,902)	442,123,716
Attributable to the Parent company		949,617,713	528,623,632	864,037,764
Non-controlling Interest		610	-	-
Total Equity		**949,618,323**	**528,623,632**	**864,037,764**
Non-Current Liabilities				
Loan from Shareholder	**22.3**	310,618,552	237,443,906	245,276,302
Loans and Borrowings	**23.2**	156,704,516	212,352,177	156,704,516
Deferred Tax Liability	**10.2**	803,497	-	-
Employee Retirement benefits Obligation	**11**	896,830	1,910,850	896,830
Lease Liability	**25**	264,213,532	167,343,612	261,214,180
Total Non-Current Liabilities		**733,236,927**	**619,050,545**	**664,091,828**
Current Liabilities				
Loan from Shareholder	**22.3**	23,097,634	120,000,769	88,439,884
Loans and Borrowings	**23.3**	87,392,165	37,387,388	87,392,165
Trade and Other Payables	**24**	727,122,633	844,595,336	613,140,021
Amount Due to Related Party	**28**	312,185,598	384,274,760	313,076,958
Lease Liability	**25**	89,105,462	93,538,661	87,905,106
Forward Revenue		77,124,110	56,686,362	77,124,110
Income tax payable		-	2,080,557	-
Bank Overdraft	**26**	70,759,868	71,257,095	70,759,868
Total Current Liabilities		**1,386,787,470**	**1,609,820,928**	**1,337,838,112**
Total Liabilities		**2,120,024,397**	**2,228,871,473**	**2,001,929,940**
Total Equity and Liabilities		**3,069,642,720**	**2,757,495,105**	**2,865,967,704**

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 37. The Report of the Independent Auditors is given on pages 1 and 2.

These Financial Statements were approved by the Board of Directors and signed on its behalf by;

Name of the Director **Signature**

AHMED SHAMHEED

MOHAMED MIHAD

22-Feb-2022

Male'

Island Aviation Services Limited Rep. of Maldives

AUDITOR GENERAL'S OFFICE

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

Group	Notes	Share Capital MVR	Advance Towards Share Capital MVR	General Reserve MVR	Contributed Capital MVR	Retained Earnings MVR	Total MVR	Non Controlling Interest MVR	Total Equity MVR
		Attributable to the Owners of the Company							
As at 1st January 2019		100,000,000	-	266,767,903	25,147,691	514,353,984	906,269,578	413	906,269,991
Profit for the year		-	-	-	-	93,637,670	93,637,670	197	93,637,867
Transactions Directly Recognized in Equity									
Fair value adjustment of subsidised loan granted during the year	22	-	-	-	3,235,791	-	3,235,791	-	3,235,791
Transferred During the Year	21	-	-	26,762,663	-	(26,762,663)	-	-	-
Transactions with the Owners of the Company									
Dividend Declared during theyear	20.4	-	-	-	-	(53,525,326)	(53,525,326)	-	(53,525,326)
As at 31st December 2019		**100,000,000**	**-**	**293,530,566**	**28,383,482**	**527,703,665**	**949,617,713**	**610**	**949,618,323**
Loss for the year		-	-	-	-	(570,665,233)	(570,665,233)	12	(570,665,221)
Other Comprehensive income		-	-	-	-	(753,697)	(753,697)	-	(753,697)
Total Comprehensive Income		-	-	-	-	(571,418,930)	(571,418,930)	12	(571,418,918)
Transactions Directly Recognized in Equity									
Transferred During the Year	21	-	-	19,240,602	-	(19,240,602)	-	-	-
Transactions with the Owners of the Company									
Advance Towards Share Capital	20.3	-	276,283,884	-	-	-	276,283,884	-	276,283,884
Dividend Declared during the year	20.4	-	-	-	-	(38,481,204)	(38,481,204)	-	(38,481,204)
Effect of Disposal of Subsidiary`	9	-	-	-	-	(87,377,831)	(87,377,831)	(622)	(87,378,453)
As at 31st December 2020		**100,000,000**	**276,283,884**	**312,771,168**	**28,383,482**	**(188,814,902)**	**528,623,632**	**-**	**528,623,632**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 37. The Report of the Independent Auditors is given on pages 1 and 2.

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Notes	Share Capital MVR	Advance Towards Share Capital MVR	General Reserve MVR	Contributed Capital MVR	Retained Earnings MVR	Total MVR
As at 31st December 2018		**100,000,000**		**266,767,903**	**25,147,691**	**458,276,365**	**850,191,959**
Profit for the year		-	-	-	-	64,135,340	64,135,340
Transactions Directly Recognized in Equity							
Fair value adjustment of subsidised loan granted during the year	22	-	-	-	3,235,791	-	3,235,791
Transferred During the Year	21	-	-	26,762,663	-	(26,762,663)	-
Transactions with the Owners of the Company							
Dividend Declared during the year	20	-	-	-	-	(53,525,326)	(53,525,326)
As at 31st December 2019		**100,000,000**	-	**293,530,566**	**28,383,482**	**442,123,716**	**864,037,764**
Loss for the year		-		-	-	(572,463,115)	(572,463,115)
Other Comprehensive income	22	-		-	-	(753,697)	(753,697)
Total Comprehensive Income		-	-	-	-	(573,216,812)	(573,216,812)
Transferred During the Year	21	-		19,240,602	-	(19,240,602)	-
Transactions with the Owners of the Company							
Advance Towards Share Capital	20.3	-	276,283,884	-	-		276,283,884
Dividend Declared during the year	20.4	-	-	-	-	(38,481,204)	(38,481,204)
As at 31st December 2020		**100,000,000**	**276,283,884**	**312,771,168**	**28,383,482**	**(188,814,902)**	**528,623,632**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 37. The Report of the Independent Auditors is given on pages 1 and 2.

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CASH FLOWS
Year ended 31 December 2020

		Group		Company	
	Note	2020 MVR	2019 MVR	2020 MVR	2019 MVR
Cash Flows from Operating Activities					
(Loss)/Profit before Tax from continuing operations		(652,777,180)	80,939,390	(652,777,180)	80,939,390
Profit before tax from discontinued operations		1,797,894	35,853,293	-	-
Adjustments for:					
Depreciation on Property, Plant and Equipment	13	212,566,199	237,804,761	211,068,673	234,673,060
Depreciation on Investment Property		-	808,856	-	-
Amortization of Intangible Assets	14	4,745,190	5,059,207	4,745,190	4,782,661
Depreciation on Rotable Spares	15.2	96,046,438	90,488,498	96,046,438	90,488,498
Provision of Impairment Loss on Trade Receivables	18.1	45,187,629	14,707,564	45,187,629	13,953,031
Provision of Impairment Loss on Other receivables	18.2	-	(2,521,731)	-	-
Provision for employee retirement benefit	11	127,318	896,830	127,318	896,830
Inventory Write-off during the year		4,800,879	-	4,800,879	-
Interest Expense	7	70,504,693	64,520,186	70,460,771	64,312,363
Interest Income	7	(256,785)	(620,911)	-	-
Operating Profit Before Working Capital Changes		(217,257,725)	527,935,943	(220,340,282)	490,045,833
Working Capital Changes					
Change in Inventories		18,378,597	(23,761,140)	17,995,501	(23,481,563)
Change in Amount Due from Related Party		(3,745,653)	(19,126,429)	(3,745,653)	(19,126,429)
Change in Trade and Other Receivables		(61,294,199)	(146,340,780)	(54,540,783)	(118,290,115)
Change in Trade and Other Payables		172,880,044	61,697,845	178,343,314	90,923,718
Change in Amount Due to Related Party		71,197,802	138,782,573	71,197,802	139,673,933
Cash from Operations		(19,841,134)	539,188,012	(11,090,101)	559,745,377
Interest Paid		(46,732,282)	(36,420,066)	(46,732,282)	(36,420,066)
Tax Paid		-	(25,666,597)	-	(15,884,865)
Net Cash from Operating Activities		(66,573,416)	477,101,349	(57,822,383)	507,440,446
Cash Flows from Investing Activities					
Purchase and Construction of Property, Plant and Equipment	13	(18,665,903)	(407,299,834)	(16,559,642)	(404,932,406)
Acquisition of Intangible Asset	14	(95,661)	(13,425,185)	(95,661)	(13,420,832)
Additions to Rotable Spares	15	(56,392,832)	(151,601,234)	(56,392,832)	(151,601,234)
Redemptions of Financial Assets		516,229	1,958,586	-	-
Interest Received	7	256,785	620,911	-	-
Net Cash Used in Investing Activities		(74,381,381)	(569,746,756)	(73,048,135)	(569,954,472)
Cash Flows from Financing Activities					
Loan Obtained During the Year	23	-	236,105,280	-	236,105,280
Interest Capitalisation on Loans		32,165,606	-	32,165,606	-
Repayments of Borrowings During the Year	23	(26,522,722)	(87,342,724)	(26,522,722)	(87,342,724)
Advance Towards Share Capital		276,283,884	-	276,283,884	-
Repayment of principal portion of lease liabilities		(88,237,013)	(119,931,298)	(88,237,013)	(118,581,704)
Net Cash from Financing Activities		193,689,755	28,831,258	193,689,755	30,180,852
Effect on cash and cash equivalents from disposal of subsidiary		(13,497,226)	-	-	-
Net Increase in Cash and Cash Equivalents		39,237,732	(63,814,150)	62,819,237	(32,333,174)
Cash and Cash Equivalents at Beginning of the Year		(24,953,044)	38,861,106	(48,534,549)	(16,201,375)
Cash and Cash Equivalents at End of the Year	19	14,284,688	(24,953,044)	14,284,688	(48,534,549)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 8 to 37. The Report of the Independent Auditors is given on pages 1 and 2.

Island Aviation Services Limited Rep. of Maldives

AUDITOR GENERAL'S OFFICE

1. Corporate information

1.1. Parent Company

Island Aviation Services Limited (the " Company") is a Company incorporated under the Presidential Decree bearing No: 2000/55 of 13th April 2000 as Limited Liability Company and presently governed under the Companies' Act No. 10 of 1996, with its registered office at M.Dhar-Al-Eiman Building, Majeedhee Magu, K.Male', Maldives.

The principal activity of the Company is to operating domestic, regional passenger and cargo services, ground handling, CIP lounge and departure control system at Male' International Airport.

1.2. Subsidiary Company

Maldives Post Limited ("Subsidiary") is a Company incorporated and domiciled in the Republic of Maldives as a limited liability company since 30th July 2008 and governed under the Companies Act No. 10 of 1996, with its registered office of the Subsidiary being located at No 26, Boduthakurufaanu Magu, 20026, Male', the Republic of Maldives. The Subsidiary is 100% owned by the Government of Maldives and domiciled in the Maldives.

The principal activity of the Subsidiary during the period was to provide postal service and related activities in the Republic of Maldives.

The Company disposed its controlling interest in Maldives Post Limited W.e.f. 23 February 2020 (refer note 9).

2. General Accounting policies

2.1. Basis of preparation

The Consolidated Financial Statements comprises the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows together with accounting policies and notes.

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

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are stated at fair values and presented in Maldivian Rufiyaa ('MVR').

2.2. Comparative information

The accounting policies and estimates adopted by the Group/Company are consistent with those of the previous financial year.

Certain prior year figures and phrases have been rearranged wherever necessary for better presentation purposes.

2.3. Going concern

The Company recorded a net loss for the year amounting to MVR 572,463,118/- (2019: profit MVR 64,135,340/-) and the accumulated losses as at reporting date amounted to MVR 188,814,905/- (2019: retained earnings MVR 442,123,716/-). Further, current liabilities of the Company exceeded the current assets by MVR 854,296,087/- (2019: MVR 632,205,768/-). Management believe that the losses were increased during the year primarily due to the impact of COVID 19 outbreak.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future. When making that assessment, Directors have taken into consideration the existing and anticipated effects of the Covid-19 outbreak on the entity's business activities. Considering the entity's long history of profitable operations, the temporary in nature of the adverse impact on COVID 19 outbreak and the capital infusions made by the shareholder during the year, the Directors have concluded that the going concern basis of accounting is appropriate for the year 2020.

2.4. Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary. 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. 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

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 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 (OCI) 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 into 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.

The consolidated financial statements of the Group include:

Company Name	Country of Incorporation	% of equity interest 31/12/2020	% of equity interest 31/12/2019
Maldives Post Limited	Maldives	-	99.99%

Disposal of Subsidiary

Consequent to the decision made by the Government of Maldives, the Company disposed its shareholding in Maldives Post Limited in full during the year. As the above transaction was under common control, the resultant effect of such derecognition has been accounted within Equity. The operational results of Maldives Post Limited and its subsidiaries are reflected as relevant in the consolidated financial statements as discontinued operations up to the date of disposal (23/02/2020). Detailed notes for the Group have not been presented in these financial statements following the disposal of the subsidiary detailed in Note 9.

2.5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense and the disclosure of contingent liabilities at the reporting date. The key judgements, estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following key judgements estimates and assumptions addresses, amongst others, require subjective and complex judgement.

a) Depreciation/Amortisation of Property, Plant and equipment and intangible Assets

Management assigns useful lives and residual values to property, plant and equipment and Intangible Assets based on the intended use of assets and the economic lives of these assets. Management reviews the residual values, useful lives and depreciation/amortisation method at each reporting date and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies in these assets. Changes in useful lives and residual values of these assets may result in revision of future depreciation or amortisation charges.

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b) impairment of non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Management uses judgment in estimating such impairment considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

c) impairment of Financial Assets

The Group assesses at each Reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Management uses judgement in estimating such impairment considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

d) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. Summary of significant accounting policies

a) Foreign currency translations

The financial statements are presented in Maldivian Rufiyaa ('MVR'), which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are accounted for in the statement of comprehensive income.

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

Trade payable and employee accruals, should there be any, are considered as current.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Revenue Recognition

The Group recognises revenue based on a five-step model on revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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(i) Airline revenue

Revenue is generated principally from the carriage of passengers, cargo, excess baggage and mail, rendering of airport terminal services, engineering services, air charters and related activities.

- Passenger, cargo, excess baggage sales and other related fees are recognised as operating revenue when the transportation/ facility is provided.
- The value of unused tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unused tickets and airway bills are recognised as revenue if they remain unutilised and expire after one year.
- Revenue from the provision of airport terminal services is recognised upon rendering of services.
- Revenue from the provision of flight operation services is recognised upon rendering of services.

(ii) Dividend income

Dividend income is accounted for when the shareholders' right to receive the payment is established.

(iii) Rental income

Rental income is recognised on an accrual basis.

(iv) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest method.

(v) Other income

Other income is recognised on an accrual basis.

d) Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the 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.

e) Expenditure recognition

Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the ordinary course of business and in maintaining the property, plant and equipment in a state of efficiency has been charged to statement of comprehensive income in arriving at the profit for the year.

f) Taxes

Current income tax

Current income tax asset and liability for the current year is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Goods and Service tax

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

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

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

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

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g) Cash dividend

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

h) Property, plant and equipment

Cost

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation

Depreciation is charged to the statement of comprehensive income which is calculated on straight line basis over the estimated useful life of the assets as follows:

	Company	Subsidiary
• Aircraft	- Over 14 years	-
• Engine Overhauls	- Flying Hours	-
• Leasehold Building	- Over 25 years	- Over 50 years
• Seaplane Infrastructure	- Over 5 years	-
• Plant and Equipment	- Over 5 years	- Over 4 years
• Furniture and Fixers	- Over 10 years	- Over 5 years
• Computer and Accessories	- Over 5 years	- Over 3 years
• Motor Vehicles	- Over 5 years	- Over 5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

De- recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from such de-recognition or disposal 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 comprehensive income when the asset is derecognized or disposed, whichever is earlier.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

The Group's policy applied to the amortisation of Computer software is as follows:

• Useful life	- Over 3 years
• Amortisation	- Straight-line basis

j) Borrowing costs

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

k) Leases

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

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019

Right of use (ROU) Assets

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

When the lease liability is remeasured, a corresponding adjustment made to the carrying amount of the right-of-use asset or is recorded in profit loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

l) 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.

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i. Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 (c) 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 of the Group are classified into the following:

Financial assets at amortised cost

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, and loan to an associate and loan to a director included under other non-current financial assets.

De-recognition

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

- The rights to receive cash flows from the asset have expired; or

- The 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 the

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

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and amount due from related parties, the Group applies a simplified approach in calculating ECLs. 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.

The Group considers a financial asset in default when contractual payments are 90 -120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial liabilities

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

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

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings. Please refer note 17 for more information.

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 comprehensive income.

m) Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The value of each category of Inventory is determined on weighted average basis.

n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

p) Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risk specific to the liability. Where discounting is used any change in the provision resulting from the unwinding effect is dealt in the statement of comprehensive income.

q) Defined contribution plans

Maldivian employees are eligible for retirement pension in line with the respective statutes and regulations. The Group contributes 7% of basic salary of such employees to Maldives Retirement Pension Scheme.

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a) **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 classification is unaffected by the likelihood that an entity will exercise its deferral right
• 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.

b) **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 Bank is currently assessing the impact of the amendments to determine the impact they will have on the Bank's accounting policy disclosures.

c) **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations* - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

d) **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

e) **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

f) **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Group.

g) **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. The amendments are not expected to have a material impact on the Bank.

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5 REVENUE

	Group / Company	
	2020	2019
	MVR	MVR
Passenger Income - Domestic Services	428,106,650	1,071,058,037
Passenger Income - Regional Services	238,634,642	607,514,887
Commercially Important Passengers Revenue	25,290,802	71,772,717
Ground Handling Revenue	34,404,744	69,395,052
Cargo Handling Income	30,805,986	31,762,659
Seaplane Operation Revenue	97,309,005	233,391,845
	854,551,829	**2,084,895,197**

6 OTHER INCOME

	Group / Company	
	2020	2019
	MVR	MVR
Sundry Income	3,325,611	96,698,944
Rental Income	116,020	18,027,047
Management Fee	4,250,000	1,943,333
	7,691,631	**116,669,324**

7 NET FINANCE COSTS

	Group / Company	
	2020	2019
	MVR	MVR
Finance Income (Note 7.1)	141,214	81,428
Finance Cost (Note 7.2)	(70,601,985)	(64,312,363)
	(70,460,771)	**(64,230,935)**
7.1 Finance Income		
Foreign Exchange Gain	141,214	81,428
	141,214	**81,428**
7.2 Finance Costs		
Interest on Loans and Borrowings	19,050,687	20,159,732
Interest on Loan from Shareholder	23,728,489	10,860,419
Interest on Bank Overdraft	6,298,358	5,399,915
Lease Interest	21,524,451	27,892,297
	70,601,985	**64,312,363**

8 PROFIT BEFORE TAX

	Group / Company	
	2020	2019
	MVR	MVR
Profit before tax is stated after charging all the expenses including the following;		
Personnel Costs (Note)	332,092,828	441,907,034
Rentals on lease aircraft	10,805,791	21,924,740
Directors' Remuneration	627,202	535,334
Amortization of Intangible Assets (Note 14)	4,745,190	5,269
Depreciation on Property, Plant and Equipment (Including Depreciation on Rotables) (Note 13 and 15)	307,115,111	325,161,558
Provision for Impairment Loss on Trade Receivables (Note 18.1)	45,187,629	13,953,031
8.1 Personnel Costs		
Staff Salaries and Allowances	314,048,031	396,048,486
Uniform, Tailoring and Laundry Costs	513,744	2,200,120
Training Costs	5,474,016	30,059,463
Traveling Expenses	1,853,277	3,697,187
Pension Fund	5,106,988	5,137,278
Staff Recreation Expenses	182,792	1,336,655
Staff Medical Expenses	236,850	172,962
Staff Insurance	3,663,110	2,358,053
Provision for Retirement Benefit Obligations	1,014,020	896,830
	332,092,828	**441,907,034**

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9 DISPOSAL OF SUBSIDIARY

The Company disposed its controlling interest in Maldives Post Limited W.e.f. 23 February 2020. The disposal was made without any consideration based on the decision made by the shareholder of the Company. The disposal was accounted as a transaction carried out between entities under common control and consequential effect of disposal amounting to MVR 87,378,453 was directly accounted in equity.

9.1 Effect of disposal of subsidiary

	Group 2020 MVR
Total consideration	-
Less: Carrying amount of the net assets disposed	(87,378,453)
Effect of disposal of Subsidiary	**(87,378,453)**

9.2 Discontinued Operations
Summary of statement of profit and loss

	Group 2 Months 2020 MVR	Group 12 Months 2019 MVR
Revenue	10,731,677	80,644,970
Cost of sales	(826,068)	(26,034,143)
Gross profit	**9,905,609**	**54,610,828**
Other income	742,829	9,696,549
Administrative expenses	(8,816,278)	(28,357,900)
Distribution cost	(79,876)	(509,273)
Profit from operating activities	**1,752,285**	**35,440,205**
Finance income	256,785	620,911
Finance cost	(211,176)	(207,823)
Profit before tax	**1,797,894**	**35,853,293**
Tax expense	-	(6,350,765)
Profit for the year	**1,797,894**	**29,502,528**

9.3 Earnings per share from discontinued operations	**11.99**	**196.68**

9.4 The net cash flows generated from /(used in) Maldives Post Limited is as follows:

Operating	(8,751,033)	(30,546,920)
Investing	(1,333,246)	207,716
Financing	-	(1,141,771)
Net cash (outflow)	**(10,084,279)**	**(31,480,976)**

10 TAX EXPENSE

	Group/Company 2020 MVR	Group/Company 2019 MVR
Current Tax Expense (Note 10.1)	-	17,267,801
Under/ (Over) Provision in Respect of Previous Year	-	-
Deferred Tax Asset Recognized (Note 10.3)	(79,582,084)	27,147,234
Deferred Tax Liability Recognized (Note 10.4)	(731,981)	(27,610,985)
	(80,314,065)	**16,804,050**

10.1 Reconciliation Between Accounting Profit and Taxable Income:

Profit Before Tax	(652,777,180)	80,939,390
Aggregate Disallowable Items	338,693,343	418,383,112
Aggregate Allowable Items	(297,676,562)	(383,953,826)
Tax Free Allowance	-	(250,000)
Taxable Income	**(611,760,399)**	**115,118,676**
Income Tax @ 15%	**-**	**17,267,801**

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, relevant regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.

10 TAX EXPENSE (CONTINUED)

10.2 Net Deferred Tax Assets/ Liability

	Group	Company	
	2019	2020	2019
Net Deferred Tax Asset	MVR	MVR	MVR
Deferred Tax Asset (Note 10.3)	25,117,695	104,832,784	25,117,695
Deferred tax Liabilities (Note 10.4)	(731,981)	-	(731,981)
	24,385,714	104,832,784	24,385,714

	2019
Net Deferred Tax Liability	MVR
Deferred Tax Asset	341,590
Deferred tax Liabilities	461,907
	803,497

	Group		Company	
	2020	2019	2020	2019
10.3 Deferred Tax Asset	MVR	MVR	MVR	MVR
As at 1st January	25,117,695	52,692,982	25,117,695	52,264,929
Recognised during the year	79,715,089	(27,790,398)	79,715,089	(27,147,234)
As at 31st December	104,832,784	24,902,584	104,832,784	25,117,695
Recognised during the year				
-Recognised in Profit or Loss	79,582,084	(27,790,398)	79,582,084	(27,147,234)
-Recognised in other comprehensive income	133,005	-	133,005	-
	79,715,089	(27,790,398)	79,715,089	(27,147,234)

Deferred tax asset are attributable to the following;

	Group			
	2020		2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, Plant and Equipment	342,153,850	51,323,078	88,032,036	13,204,805
Intangible Assets	4,649,524	697,429	4,745,185	711,778
Trade receivables Impairment	45,187,629	6,778,144	71,574,500	10,736,175
Employee Retirement benefits Obligation-P&L	127,318	19,098	1,665,503	249,826
Employee Retirement benefits Obligation-OCI	886,702	133,005	-	-
Tax Loss	305,880,200	45,882,030	-	-
	698,885,223	104,832,784	166,017,225	24,902,584

Deferred tax asset amounting to MVR 45,882,030/-(2019; Nil) arising on carried forward tax losses were not recognised as of the reporting date due to uncertainty of the recoverability.

	Company			
	2020		2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, Plant and Equipment	342,153,850	51,323,078	90,309,303	13,546,395
Intangible Assets	4,649,524	697,429	4,745,185	711,778
Trade receivables Impairment	45,187,629	6,778,144	71,499,980	10,724,997
Employee Retirement benefits Obligation-P&L	127,318	19,098	896,830	134,525
Employee Retirement benefits Obligation-OCI	886,702	133,005	-	-
Tax Loss	305,880,200	45,882,030	-	-
	698,885,223	104,832,784	167,451,298	25,117,695

Deferred tax asset amounting to MVR 45,882,030/-(2019; Nil) arising on carried forward tax losses were not recognised as of the reporting date due to uncertainty of the recoverability.

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10 TAX EXPENSE (CONTINUED)

10.4 Deferred Tax Liabilities

	Group		Company	
	2020 MVR	2019 MVR	2020 MVR	2019 MVR
As at 1st January	731,981	29,033,448	731,981	28,342,966
Recognised During the Year	(731,981)	(27,713,080)	(731,981)	(27,610,985)
As at 31st December	-	**1,320,368**	-	**731,981**

Deferred tax liabilities are attributable to the following;

	Group			
	2020		2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Investment property	-	-	(4,209,173)	(631,376)
Stock General Provision	-	-	286,593	42,989
ROU Asset	-	-	(4,879,874)	(731,981)
	-	-	**(8,802,454)**	**(1,320,368)**

	Company			
	2020		2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
ROU Asset	-	-	(4,879,874)	(731,981)
	-	-	**(4,879,874)**	**(731,981)**

11 RETIREMENT BENEFITS OBLIGATIONS

	Company 2020 MVR	Company/ Group 2019 MVR
At 1 January	896,830	-
Interest charge	41,240	-
Current service cost	86,078	34,308
Past service cost	-	862,522
Actuarial loss on obligation	886,702	-
	1,910,850	896,830
Less: payment during the year	-	-
Closing balance	**1,910,850**	**896,830**

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

Amount recognized in statement of profit or loss		
Total service cost	86,078	896,830
Net interest cost	41,240	-
Expense recognised in the Income statement	**127,318**	**896,830**
Amount recognized in other comprehensive income		
Actuarial loss on obligation	886,702	-

The retirement benefit obligation of the Company is estimated based on the calculation performed by the actuarial valuer. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows:

	2020	2019
Discount rate	4.60%	4.60%
Expected salary increment	2.50%	2.50%
Retirement Age (Years)	65	65
	Withdrawal rate%	**Withdrawal rate%**
iii) Attrition at Ages		
Up to 30 Years	8	13
From 31 to 44 years	8	13
Above 44 years	8	13

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11 RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

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

		Impact on defined benefit obligation	
	Change in assumption (%)	Increase in assumption	Decrease in assumption
		2020 MVR	2020 MVR
Discount rate	0.50%	(94,113)	134,704
Salary growth rate	0.50%	102,785	(96,158)

The liability for defined benefit obligations is not externally funded.

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.

12 EARNINGS PER SHARE

Basic (Loss)/Earnings per Share

The basic EPS is calculated by dividing the profit for the year attributable to ordinary equity hoders of the parent by weighted average nuber of ordinary shares outstanding during the year.

	Group		Company	
	2020 MVR	2019 MVR	2020 MVR	2019 MVR
(Loss)/Profit attributable to ordinary equity holders of the parent:				
Continuing operations	(570,665,233)	93,637,671	(572,463,115)	64,135,340
Discontinued operations	1,797,882	29,502,331	-	-
	(568,867,351)	**123,140,002**	**(572,463,115)**	**64,135,340**
Weighted average number of ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
Profit attributable to ordinary equity holders of the parent from discontinued operations for the basic earning per share calculation (Note 9.3)	**1,797,894**	**29,502,528**		

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13 PROPERTY, PLANT AND EQUIPMENT

13.1 Group / Company

	Fleet and Engines	Leasehold Buildings and Seaplane Infrastructure	Plant and Equipment	Furniture and Fixtures	Computers and Accessories	Motor Vehicles	Total 2020	Total 2019	Total 2019 (Group)
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost									
As at 1st January	2,025,982,470	99,763,653	63,998,031	27,185,352	28,065,793	21,852,192	2,266,847,491	1,785,330,509	1,839,145,096
Additions during the year	12,625,456	-	4,610,073	47,907	819,787	528,135	18,631,358	844,741,099	852,450,009
Disposals during the year	(59,208,461)	(207,899)	-	-	-	-	(59,416,360)	(363,224,119)	(363,224,119)
As at 31st December	**1,979,399,465**	**99,555,754**	**68,608,104**	**27,233,259**	**28,885,580**	**22,380,327**	**2,226,062,489**	**2,266,847,491**	**2,328,370,986**
Accumulated Depreciation									
As at 1st January	638,417,888	35,298,309	28,719,334	23,202,880	24,036,866	17,120,647	766,795,924	895,346,983	920,153,107
Charge for the year	193,880,796	4,178,346	8,280,262	1,047,137	1,363,269	2,318,863	211,068,673	234,673,060	237,804,761
Disposals during the year	(57,344,644)	-	-	-	-	-	(57,344,644)	(363,224,119)	(363,224,119)
As at 31st December	**774,954,040**	**39,476,655**	**36,999,596**	**24,250,017**	**25,400,135**	**19,439,510**	**920,519,953**	**766,795,924**	**794,733,749**
Net Carrying Value									
As at 31st December 2020	**1,204,445,425**	**60,079,099**	**31,608,508**	**2,983,242**	**3,485,445**	**2,940,817**	**1,305,542,536**		
As at 31st December 2019	**1,387,564,582**	**64,465,344**	**35,278,697**	**3,982,472**	**4,028,927**	**4,731,545**		**1,500,051,567**	**1,533,637,237**
Analysis as at 31 December 2020									
Owned	962,148,607	55,802,436	31,608,508	2,983,242	3,485,445	2,940,817	1,058,969,055	1,143,587,653	1,173,081,860
Capital work-in-progress (note 13.2)	-	68,660	-	-	-	-	68,660	2,464,754	2,464,754
Right of use assets (note 13.5)	242,296,818	4,208,003	-	-	-	-	246,504,821	353,999,160	358,090,623
As at 31st December	**1,204,445,425**	**60,079,099**	**31,608,508**	**2,983,242**	**3,485,445**	**2,940,817**	**1,305,542,536**	**1,500,051,567**	**1,533,637,237**

13.2 The Capital Work-in- Progress at end of the reporting period comprises of following projects;
Asset under constructions included in property, plant and equipment at the year-end comprises of:

	Group / Company	
	2020	2019
	MVR	MVR
Buildings	-	208,980
Seaplane Platforms	68,660	2 255 774
	68,660	**2,464,754**

13.3 Aircrafts which are mortgaged to obtain loans and borrowings by the Company are disclosed under Note 23 and 26 to the Financial Statements.

13.4 Group

	2020	2019
	MVR	MVR
Net book value	1,119,927,254	1,175,546,614
NBV of PPE assets derecognized upon disposal of Subsidiary (note [illegible]	(60,889,539)	-
	1,059,037,715	**1,175,546,614**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13.5 RIGHT-TO-USE ASSETS (GROUP / COMPANY)

	Leased Aircrafts MVR	Leasehold Buildings MVR	Total 2020 MVR	Total 2019 MVR	Group 2019 MVR
Cost					
As at 1st January	435,410,159	4,398,553	439,808,692	-	-
Additions	-	-	-	-	-
Disposals	(24,094,252)	-	(24,094,252)	-	-
As at 31st December	**411,315,907**	**4,398,553**	**415,714,440**	**439,808,692**	**445,150,171**
Accumulated Amortization					
As at 1st January	85,714,257	95,275	85,809,532	-	-
Charge for the Year	107,399,084	95,275	107,494,359	85,809,532	87,059,548
Disposals	(24,094,252)	-	(24,094,252)		
As at 31st December	**169,019,089**	**190,550**	**169,209,639**	**85,809,532**	**87,059,548**
Net Carrying Value	**242,296,818**	**4,208,003**	**246,504,801**	**353,999,160**	**358,090,623**

13.6 The company applied the short term lease recognition to its short-term leases of assets including engines and aircrafts. It also applies low value asset recognition exemption for asset that is considered low of value. Lease payments on short term leases and leases of low value assets are recognised as an expense in the Statement of comprehensive income

13.7 GROUP

	2020 MVR	2019 MVR
Net book value	251,114,304	358,090,623
NBV of ROU assets derecognized upon disposal of Subsidiary (note 9)	(4,609,503)	-
	246,504,801	**358,090,623**

14 INTANGIBLE ASSETS

	Company 2020 MVR	Company 2019 MVR	Group 2019 MVR
Cost			
As at 1st January	28,598,154	15,177,322	16,799,838
Additions During the Year	95,661	13,420,832	13,425,185
As at 31st December	**28,693,815**	**28,598,154**	**30,225,023**
Accumulated Amortization			
As at 1st January	19,107,769	14,325,108	15,093,579
Charge for the Year	4,745,190	4,782,661	5,059,206
As at 31st December	**23,852,959**	**19,107,769**	**20,152,785**
Net Carrying Value	**4,840,856**	**9,490,385**	**10,072,238**

At the reporting date, the company's intangible assets are solely computer software.

14.1 The amount paid by the Company to acquire the Software Module for Inventory, Acctrack Accounting Software and Software for flight scheduling and reservations have been recognized as intangible assets and amortized over the period of 3 years commencing from the date of acquisition.

14.2 GROUP

	2020 MVR	2019 MVR
Net book value	5,096,492	10,072,238
NBV of Intangible assets derecognized upon disposal of Subsidiary (note 9)	(255,636)	-
	4,840,856	**10,072,238**

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15 ROTABLE SPARES

	Group / Company	
	2020	**2019**
	MVR	**MVR**
Rotable Spares (Note 15.1)	1,149,259,747	1,092,866,915
Less: Provision for Depreciation on Rotable Spares (Note 15.2)	(562,505,659)	(466,459,221)
	586,754,088	**626,407,694**

15.1 Movement of Rotable Spares

As at 1st January	1,092,866,915	941,265,681
Additions During the Year	56,392,832	151,601,234
Written off During the Year	-	-
As at 31st December	**1,149,259,747**	**1,092,866,915**

15.2 Accumulated Depreciation on Rotable Spares

As at 1st January	466,459,221	375,970,723
Charge for the Year	96,046,438	90,488,498
As at 31st December	**562,505,659**	**466,459,221**

16 OTHER INVESTMENT

16.1 Madivaru Holdings Private Limited

The Company has acquired 25,200 and 14,400 ordinary shares of Madivaru Holdings Private Limited at a costs of MVR. 100/- per share costing MVR 3,960,000/- during the year ended 31st December 2006 and 2007 respectively. The Management of the Company has taken a decision to make a full provision for the above investment since the recoverability is doubtful.

16.1 Airport Investment Maldives Private Limited

The Company has agreed to acquire 50,000 shares at a price of MVR. 100/- each, which represents 33.33% of the share capital of Airport Investment Maldives Private Limited in which the Company has acquired 15,000 ordinary shares at a price of MVR. 100/- per share costing MVR 1,500,000/- during the year 2009. The Management of the Company has taken a decision to make a full provision for the above investment since the recoverability is doubtful, as the investee has not commenced its operations yet.

17 INVENTORIES

	Group	Company	
	2019	**2020**	**2019**
	MVR	**MVR**	**MVR**
Consumables	37,892,363	24,484,869	37,892,363
Expendables	61,617,834	57,029,827	61,617,834
Tools and Equipment	7,017,940	2,217,061	7,017,940
Other Inventories	1,060,844	-	-
	107,588,981	**83,731,757**	**106,528,137**

18 TRADE AND OTHER RECEIVABLES

	Group	Company	
	2019	**2020**	**2019**
	MVR	**MVR**	**MVR**
Trade Receivables	428,953,536	355,410,416	313,558,716
Less: Provision for Impairment Loss on Trade Receivables (Note 18.1)	(74,017,708)	(116,687,609)	(71,499,980)
	354,935,828	**238,722,807**	**242,058,736**
Pre-Payments	7,435,946	13,700,321	7,435,946
Advance Payments	53,107,279	43,770,709	53,107,279
Security Deposits	54,104,745	55,222,432	54,104,745
Other Receivables	111,830,758	118,916,114	104,272,523
Air Maldives Receivable	3,527,165	3,527,165	3,527,165
Less: Provision for Impairment Loss (Note 18.2)	(10,119,690)	(3,527,165)	(3,527,165)
	574,822,031	**470,332,383**	**460,979,229**

18.1 Provision for Impairment Loss on Trade Receivables

As at 1st January	59,310,144	71,499,980	57,546,949
Provision / Reversal of provision during the year	14,707,564	45,187,629	13,953,031
As at 31st December	**74,017,708**	**116,687,609**	**71,499,980**

18 TRADE AND OTHER RECEIVABLES (CONINUED)

18.2 Provision for Impairment Loss on Other Receivables

	Group	Company	
	2019	2020	2019
	MVR	MVR	MVR
As at 1st January	12,641,421	3,527,165	3,527,165
Reversed during the year	(2,521,731)	-	-
As at 31st December	**10,119,690**	**3,527,165**	**3,527,165**

19 CASH AND BANK BALANCES

	Group	Company	
	2019	2020	2019
	MVR	MVR	MVR
Cash in Hand	2,214,700	941,154	889,320
Balances with Banks	43,592,124	84,600,629	21,335,999
Cash and Bank balances	**45,806,824**	**85,541,783**	**22,225,319**
Bank Overdraft (Note 26)	**(70,759,868)**	**(71,257,095)**	**(70,759,868)**
Cash and Cash Equivalents for the Purpose of Cash flows	**(24,953,044)**	**14,284,688**	**(48,534,549)**

20 SHARE CAPITAL

20.1 Authorized Share Capital

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

20.2 Issued and Fully Paid Share Capital

The issued and fully paid share capital comprises of 1,000,000 (2019: 1,000,000) ordinary shares of MVR. 100/- each.

20.3 Advance Towards Share Capital

During the year the Government of Maldives infused funds amounting to MVR 276,283,884/-. Shares in respect of such funds are yet to be issued by the Company.

20.4 Dividends and Voting Rights

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

The Company has declared dividend a amount of MVR 38,481,204/- during the year ended 31st December 2020 (2019 : MVR 53,525,326/-). The Subsidiary has not declared dividend for the year ended 2020. (2019: nil).

21 GENERAL RESERVE

The Company transfers 30% of its net profit of the previous year to general reserve in each financial year with the approval of the Board of Directors.

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22 LOAN FROM SHAREHOLDER

	Group / Company	
	2020	2019
	MVR	MVR
Gross Loan		
As at 1st January	342,219,353	140,594,741
Borrowings Obtained During the Year	-	196,605,000
Accrued Interest During the Year	15,225,322	5,019,612
As at 31st December	**357,444,675**	**342,219,353**
Accounting for fair valuation of loan		
As at 1st January	8,503,167	11,108,183
Effect of new loan obtained during the year (Note 22.2)	-	3,235,791
Unwinding effect recognised during the year	(8,503,167)	(5,840,807)
As at 31st December	-	**8,503,167**
Net Loan		
As at 1st January	333,716,186	129,486,558
Borrowings Obtained During the Year	-	193,369,209
Accrued Interest During the Year	23,728,489	10,860,419
As at 31st December	**357,444,675**	**333,716,186**

22.1 In accordance with the loan agreement dated 22nd July 2015, the Company has obtained a loan facility amounting to MVR. 130,684,500/- from the Ministry of Finance and Treasury at an interest rate of 3%, for the purpose of purchasing the DHC-8-300 Q series MSN 591/DHC 8-314 Aircraft. As per the agreement the loan capital is repayable in 16 semi annual instalments of MVR. 8,167,781/- each, with the repayment starting from 15th November 2016. However the Company has not made any repayments during the year. As the loan received from Government of Maldives (Shareholder) is subjected to a concessionary rate of interest of 3% per annual, the effect of the fair valuation of such loan is recognized as a contributed capital and recorded in equity. The yearly unwinding effect of such loan is recognised through Statement of Profit or Loss.

22.2 The company has obtained an additional load faculty amounting MVR 196,605,000/- from the Government of the Maldives at an interest rate of 5.5% to acquire 4 DCH-6-300 Twin Otter Aircraft. As per the agreement the loan is payable in 12 semi-annual instalment of MVR 5,554,091 each with the repayment starting from 25th May 2020. However, the Company did not make any repayments during the year. As the loan received from Government of Maldives (Shareholder) is subjected to a concessionary rate of interest of 5.5% per annual, the effect of the fair valuation of such loan is recognized as a contributed capital and recorded in equity. The yearly unwinding effect of such loan is recognised through Statement of Profit or Loss.

22.3 Net Loan

	Group / Company	
	2020	2019
	MVR	MVR
Non- Current Liabilities	237,443,906	245,276,302
Current Liabilities	120,000,769	88,439,884
	357,444,675	**333,716,186**

22.4 Repayments of Gross Loan are scheduled as follows:

	Group / Company	
Within one year	120,000,769	88,439,884
More than one year but less than two years	16,335,563	16,335,563
More than two years but less than three years	16,335,563	16,335,563
More than three years but less than four years	8,167,781	16,335,563
More than four years but less than five years	-	8,167,781
More than five years	196,605,000	196,605,000
	357,444,675	**342,219,353**

23 LOANS AND BORROWINGS

	Group / Company	
	2020	2019
	MVR	MVR
As at 1st January	244,096,681	302,799,544
Add: Loans Obtained During the Year	-	28,639,861
Less: Loan Repayments During the Year	(26,522,722)	(87,342,724)
Add: Interest Capitalisation on Loans	32,165,606	-
As at 31st December	**249,739,565**	**244,096,681**

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23 LOANS AND BORROWINGS (CONTINUED)

23.1 Sources of Finance

	Group / Company	
	2020 MVR	2019 MVR
State Bank of India- Male' Branch - Term Loan I (Note 23.4)	87,994,490	91,078,489
Maldives Islamic Bank- Male' Branch - Term Loan II (Note 23.5)	17,472,704	33,818,227
State Bank of India- Male' Branch - Term Loan III (Note 23.6)	10,489,120	12,339,520
State Bank of India- Male' Branch - Term Loan IV (Note 23.7)	63,376,045	66,460,045
State bank of India - Male' branch - Term loan V (Note 23.8)	38,241,600	40,400,400
Maldives Islamic Bank- Male' Branch - Term Loan VI (Note 23.9)	14,814,311	-
State bank of India - Male' Branch - Term Loan VII (Note 23.10)	17,351,295	-
	249,739,565	**244,096,681**

23.2 Non-Current Liabilities

	2020 MVR	2019 MVR
State Bank of India- Male' Branch - Term Loan I	81,826,490	71,032,489
Maldives Islamic Bank- Male' Branch - Term Loan II	13,137,490	7,918,480
State Bank of India- Male' Branch - Term Loan III	6,788,320	311,920
State Bank of India- Male' Branch - Term Loan IV	57,208,045	46,414,045
State Bank of India - Male' Branch - Term Loan V	33,924,000	27,447,600
Maldives Islamic Bank- Male' Branch - Term Loan VI	7,554,787	3,579,982
State bank of India - Male' Branch - Term Loan VII	11,913,045	-
	212,352,177	**156,704,516**

Repayments of non current debts are scheduled as follows;

	2020 MVR	2019 MVR
More than one year but less than two years	81,821,357	46,570,132
More than two years but less than three years	56,534,409	42,678,230
More than three years but less than four years	45,982,347	38,718,991
More than four years but less than five years	28,014,064	23,247,642
More than five years	-	5,489,520
	212,352,177	**156,704,515**

23.3 Current Liabilities

	2020 MVR	2019 MVR
State Bank of India- Male' Branch - Term Loan I	6,168,000	20,046,000
Maldives Islamic Bank- Male' Branch - Term Loan II	4,335,214	7,999,834
State Bank of India- Male' Branch - Term Loan III	3,700,800	12,027,600
State Bank of India- Male' Branch - Term Loan IV	6,168,000	20,046,000
State Bank of India - Male' Branch - Term Loan V	4,317,600	12,952,800
Maldives Islamic Bank- Male' Branch - Term Loan VI	7,259,524	14,319,931
State bank of India - Male' Branch - Term Loan VII	5,438,250	
	37,387,388	**87,392,165**

23.4 State Bank of India - Male' Branch - Term Loan 1

The Company obtained a loan of MVR. 133,383,000/- (US$ 8,650,000/-) from State Bank of India - Male' branch on 17th May 2017.

Facility	Term Loan Facility.
Facility Amount	MVR 133,383,000/- (US$ 8,650,000/-)
Purpose	To finance the acquisition of aircraft Dash 8-300, MSN 420 and MSN 582
Securities	Primary mortgage over the aircraft (DHC-6-300).
Interest	SBAR- US$, Minimum 7.25% per annum.
Repayments	84 equal quarterly installments of MVR 1,542,000/- each after a grace period of 6 months (May 2017 to November 2017).

23.5 Maldives Islamic Bank- Male' Branch - Term Loan II (Moratorium Loan)

The Company obtained a loan of MVR. 17,472,703.92/- (US$ 1,133,119.58/-) from Maldives Islamic Bank - Male' branch on 4th October 2020

Facility	Term Loan Facility.
Facility Amount	MVR. 17,472,703.92/- (US$ 1,133,119.58/-)
Purpose	New loan created as with Covid-19 the IAS's share of the asset was sold and purchased back from MIB under an agreement. Intial loan was taken to to finance for the acquisition aircraft (DHC-6 300) MSN 658.
Securities	Mortgage charge over the aircraft DHC-6-300 (MSN 658)
Bank Profit	7%
Repayments	35 Months

23 LOANS AND BORROWINGS (CONTINUED)

23.6 State Bank of India - Male' Branch - Term Loan III

The Company obtained a term loan facility of MVR. 53,970,000/- (US$ 3,500,000/-) from State Bank of India - Male' branch during the year 2016.

Facility	Term Loan Facility.
Facility Amount	MVR. 53,970,000/-.
Purpose	To finance the acquisition of aircraft DHC-6-300, MSN 321
Securities	Primary mortgage over the aircraft (DHC-6-300 to be Purchased out of term loan and MSN 544 Dash 8-300 aircraft).
Interest	SBAR-US$, Minimum 8% per annum.
Repayments	53 equal monthly installments of MVR. 925,200/- each and 4 equal monthly installments of MVR. 1,233,600/-.

23.7 State Bank of India - Male' Branch - Term Loan IV

The Company obtained a term loan of MVR. 115,804,200/- (US$ 7,510,000/-) from State Bank of India - Male' branch during the year 2017.

Facility	Term Loan Facility.
Facility Amount	MVR 115,804,200/-
Purpose	For expansion of capital expenditure such as acquisition of two new aircrafts (DHC-6-300, MSN503 & DHC 6-300, MSN 613) and upgrade, repair and modification of assets and overhauling of no of 8 aircraft engines.
Securities	1) Mortgage charge over the aircraft DHC-6-300 (MSN 411) 2) Mortgage charge over the aircraft DHC-6-300 (MSN 382) 3) Mortgage charge over the aircraft DHC-6-300 (MSN 381)
Interest	0.75% below SBAR-US$, Min. 7.25% per annum.
Repayments	75 equal quarterly installments of MVR. 1,540,000/- each after a grace period of 6 months (December 2016 to May 2017).

23.8 State bank of India - Male' Branch - Term loan V

The Company obtained a term loan of MVR. 59,829,000/- (US$ 3,880,000/-) from State Bank of India - Male' branch during the year 2018.

Facility	Term Loan Facility.
Facility Amount	MVR 59,829,000/-
Purpose	For expansion of capital expenditure such as acquisition of two new aircrafts (MSN 382 and MSN 582)
Securities	1) Mortgage charge over the aircraft DHC-6-300 (MSN 411) 2) Mortgage charge over the aircraft DHC-6-300 (MSN 382)
Interest	0.75% below SBAR-US$, Min. 7.25% per annum.
Repayments	84 equal quarterly installments of MVR. 1,079,400/- each for first 5 years and MVR 1,542,000/- each for remaining 2 years after a grace period of 6 months (January 2018 to July 2018).

23.9 Maldives Islamic Bank- Male' Branch - Term Loan VI (Moratorium Loan)

The Company obtained a loan of MVR. 14,814,311/- (US$ 960,721/-) from Maldives Islamic Bank - Male' branch on 4th October 2020.

Facility	Term Loan Facility.
Facility Amount	MVR. 14,814,310.73/- (US$ 960,720.54/-)
Purpose	New loan created as with Covid-19 the IAS's share of the asset was sold and purchased back from MIB under an agreement. Initial loan is to finance for the acquisition aircraft (DHC-8 300) MSN 546.
Securities Bank Profit	Mortagage over the aircraft DHC-6-300 (MSN 546) 8%
Repayments	24 months

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23 LOANS AND BORROWINGS (CONTINUED)

23.10 State bank of India - Male' Branch - Term Loan VII (Moratorium Loan)

The Company obtained a loan of MVR. 17,351,286.69 - (US$ 1,125,246.00/-) from State Bank of India on April 2020

Facility	Term Loan Facility.
Facility Amount	MVR 26,376,495.96/- (US$ 1,710,538/-)
Purpose	Deffered term loans and OD interest because of Covid-19 created as a new term loan
Securities	-
Interest	8%
Repayments	34 months

24 TRADE AND OTHER PAYABLES

	Group	Company	
	2019	2020	2019
	MVR	MVR	MVR
Trade Payables	296,893,418	436,363,052	267,191,496
Accrued Expenses	127,200	17,090,149	127,200
Dividend Payable	55,961,095	94,442,299	55,961,095
GST Payable	11,135,473	5,603,716	11,135,473
Security Deposits Received	3,862,900	6,225,052	3,862,900
Advance Received from Customers	15,465,455	19,321,708	15,465,455
Other Payables	343,677,092	265,549,360	259,396,402
	727,122,633	**844,595,336**	**613,140,021**

25 LEASE LIABILITY

	Group / Company	
	2020	2019
	MVR	MVR
At 1st January	349,119,286	-
Recognition of lease liability on initial application of IFRS	-	439,808,692
Interest charge during the year	21,524,451	27,892,297
Payments made during the year	(109,761,464)	(118,581,704)
Balance as at 31 December	**260,882,273**	**349,119,286**
Maturity analysis		
Current	93,538,661	87,905,106
Non-current	167,343,612	261,214,180
	260,882,273	**349,119,286**

26 BANK OVERDRAFT

	Group / Company	
	2020	2019
	MVR	MVR
Bank Overdraft (Note 26.1)	**71,257,095**	**70,759,868**

26.1 Bank Overdraft (Note 26.1)

The Company has renewed the bank overdraft limit with enhancement from the existing level of MVR. 20,046,000/- (US$: 1.3Mn) to MVR. 46,260,000/- (US$: 3Mn) for working capital purpose from State Bank of India - Male' Branch at an interest rate of above 6 month US$ LIBOR, minimum of 8% per annum at monthly interests. The Company has mortgage three aircrafts namely, MSN 542 Dash-8-200, MSN 491 Dash-8-300 and MSN 544 Dash-8-300 to obtain this facility.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these company's financial statements.

(ii) Risk Management framework

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

(iii) Credit Risk

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

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

	Gross Carrying Amount	
	2020	2019
	MVR	MVR
Trade and Other Receivables	355,410,416	313,558,716
Amount Due from Related Parties	115,918,918	112,173,265
Balances with Banks	84,600,629	21,335,999
	555,929,963	**447,067,980**

(iv) Credit Loss

The Company applies the IFRS 9 simplified approach of measuring expected credit losses which uses a Lifetime Expected Credit Loss (ECL) Allowance.

Government & Government Entities

Ageing Bucket	As at 31st December 2020			As at 31 December 2019		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	17,157,192	8%	1,384,601	30,298,611	9%	2,688,433
31 - 60 days	13,063,911	11%	1,461,167	13,770,300	12%	1,639,992
61 - 90 days	5,347,886	16%	849,735	5,091,509	17%	842,628
> 90 days	80,349,929	39%	31,450,634	63,012,847	41%	25,763,705
Total	**115,918,918**		**35,146,137**	**112,173,265**		**30,934,758**

Maldives Corporate and Resort

	As at 31st December 2020			As at 31 December 2019		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	96,942,799	3%	2,442,916	109,644,318	2%	2,068,637
31 - 60 days	5,623,713	5%	266,966	44,058,601	4%	1,581,898
61 - 90 days	2,851,820	9%	258,480	11,566,426	7%	850,837
> 90 days	180,460,183	31%	56,115,890	71,718,916	24%	17,416,213
Total	**285,878,514**		**59,084,252**	**236,988,261**		**21,917,585**

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Credit Loss (Continued)

Foreign Corporate

Ageing Bucket	As at 31st December 2020 Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	As at 31st December 2019 Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	5,379,701	10%	528,898	8,125,412	8%	686,616
31 - 60 days	1,080,118	16%	169,712	9,048,926	13%	1,167,632
61 - 90 days	487,165	24%	114,485	3,862,829	20%	764,332
> 90 days	40,228,228	54%	21,644,114	35,639,462	45%	16,029,047
Total	**47,175,212**		**22,457,209**	**56,676,629**		**18,647,627**

Others

Ageing Bucket	As at 31st December 2020 Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	As at 31st December 2019 Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	2,560,938	0%	-	1,047,200	0%	-
31 - 60 days	735,534	0%	-	103,480	0%	-
61 - 90 days	314,318	0%	-	417,267	0%	-
> 90 days	18,740,030	0%	-	18,325,880	0%	-
Total	**22,350,820**		-	**19,893,827**		-

ECL has not been calcuated for Others Category. This includes the advance made to staff and inter-department receivable. It is assumed that there will be no default in recovery of these assets.

(v) Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest bearing loans, bank overdrafts and related party borrowings. As a part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirement. Due to the Covid-19 outbreak the Company may experience liquidity constraints in the short term. The company is in the process of adjusting the ways to manage liquidity to respond to the current market turmoil by way of alternative funding through working capital, negotiating supplier payments, debt restructuring etc.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31st December 2020	Carrying Amount MVR	0-6 Months MVR	6-12 Months MVR	1-2 Years MVR	2-5 Years MVR
Financial Liabilities (Non- Derivative)					
Loans and Borrowings	296,543,335	-	44,276,579	99,726,751	152,540,005
Shareholder loan	425,118,317	117,758,203	17,252,169	31,364,280	258,743,665
Trade and Other Payables	844,595,336	844,595,336	-	-	-
Bank Overdraft	71,257,095	71,257,095	-	-	-
Total	**1,637,514,083**	**1,033,610,634**	**61,528,748**	**131,091,031**	**411,283,670**

Interest accrued based on the interest rates stated in the agreements.

31st December 2019	Carrying Amount MVR	0-6 Months MVR	6-12 Months MVR	1-2 Years MVR	2-5 Years MVR
Financial Liabilities (Non- Derivative)					
Loans and Borrowings	266,221,828	37,107,130	37,107,130	54,275,252	137,732,317
Shareholder loan	425,118,317	51,283,065	51,283,065	31,364,280	291,187,907
Trade and Other Payables	1,028,837,494	1,028,837,494	-	-	-
Bank Overdraft	70,759,868	70,759,868	-	-	-
Total	**1,790,937,507**	**1,187,987,557**	**88,390,195**	**85,639,532**	**428,920,224**

Interest accrued based on the interest rates stated in the agreements.

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vi) Market risk

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

(a) Interest rate risk

Profile

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

	Carrying Amount	
	2020	2019
	MVR	MVR
Variable Rate Instruments		
Financial Liabilities	217,573,959	244,096,681
Bank Overdraft	71,257,095	70,759,868
	288,831,054	314,856,549

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) the loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	2020	2019
	MVR	MVR
100 Basis points increase in interest rate	2,888,311	3,148,565
100 Basis points decrease in interest rate	(2,888,311)	(3,418,102)

(b) Currency Risk

Exposure to currency risk

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

	2020		
	USD	LKR	INR
Cash and Bank Balances	1,938,716	2,694,346	1,359,737
Trade and Other Receivables	13,781,390	12,034,320	111,040,720
Bank Overdraft	(4,615,333)	-	-
Loans and Borrowings	(16,197,114)	-	-
Trade and Other Payables	(12,172,454)	(145,569)	(12,603,509)
	(17,264,794)	14,583,098	99,796,948

	2019		
	USD	LKR	INR
Cash and Bank Balances	615,444	2,694,346	515,870
Trade and Other Receivables	15,349,162	6,759,266	105,166,846
Bank Overdraft	(2,509,637)	-	-
Loans and Borrowings	(16,134,062)	-	-
Trade and Other Payables	(12,894,089)	(175,211)	(17,022,032)
	(15,573,182)	9,278,401	88,660,684

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2020	2019	2020	2019
	MVR	MVR	MVR	MVR
1 USD: MVR.	15.42	15.42	15.42	15.42
1 LKR: MVR.	0.08	0.09	0.08	0.08
1 INR: MVR.	0.21	0.22	0.21	0.21

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28 RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with the Government and its 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.

28.1 Sales of goods and services

	Group / Company	
	2020	2019
Name of the related party	MVR	MVR
Aasandha	57,720,791	98,399,915
Government Ministries	81,092,147	47,988,400
Maldives Police Services	3,928,163	19,084,302
President's Office	1,359,083	12,778,055
Maldives National Defense Force	2,233,126	6,315,204
Maldives Airports Company Ltd.	644,772	4,779,761
State Trading Organisation	1,641,470	4,071,097
Fenaka Corporation Limited	1,990,497	2,989,646
Maldives Marketing & PR Cooperation	831,376	2,776,994
Ministry of Finance and Treasury	39,473	1,507,215
Others	57,192,811	35,932,801
	208,673,709	**236,623,391**

28.2 Purchases of goods and services

	Group / Company	
	2020	2019
Name of the related party	MVR	MVR
Maldives Airports Company Ltd	248,242,589	625,458,995
Addu International Airport Pvt Ltd	21,942,791	65,154,621
State Trading Organisation	17,811,390	33,115,427
Regional Airports	11,159,817	24,614,140
Kadhdhoo Airport Office	4,102,738	12,515,949
Allied Insurance Comp Of The Maldives Pvt Ltd	3,826,772	5,236,489
Dhiraagu	2,965,401	3,071,158
Maldives Customs Services	734,500	1,697,306
Maldives Civil Aviation Authority	748,350	1,586,361
State Electric Co. Ltd	1,736,493	1,453,206
Others	3,755,176	6,445,865
	317,026,017	**780,349,516**

28.3 Receivable from related parties:

	Group / Company	
	2020	2019
	MVR	MVR
Aasandha	18,607,265	28,498,059
Regional Airports	14,932,823	14,548,669
Ministry of Finance	-	12,302,527
Maldives Airports Company Ltd.	11,209,404	10,547,730
Football Association Of Maldives	7,426,688	7,426,688
Public Service Media	3,557,718	3,557,718
Ministry of Education	5,804,891	3,610,649
State Trading Organisation	5,823,708	3,167,382
Ministry of Youth, Sports and Empowerment	624,741	1,983,295
Fenaka Corporation Limited	1,391,059	1,913,993
Others	46,540,621	24,616,555
	115,918,918	**112,173,265**

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28 RELATED PARTY TRANSACTIONS (CONTINUED)

	Group / Company	
	2020	**2019**
28.4 Payable related parties:	**MVR**	**MVR**
Maldives Airports Company Ltd.	185,659,486	117,607,909
Regional Airports	130,534,267	119,454,050
Kadhdhoo Airport Office	35,253,935	35,754,980
Addu International Airport Pvt Ltd	9,836,721	20,874,016
State Trading Organisation	16,358,515	14,605,948
Fenaka Corporation Limited	1,250,215	978,708
Allied Insurance Comp Of The Maldives Pve Ltd	-	969,299
Maldives Post Limited	2,033,316	891,360
Dhiraagu	1,243,608	831,797
Maldives Transport & Contracting Plc	524,600	492,550
Others	1,580,097	616,341
	384,274,760	**313,076,958**

28.5 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of the key management personnel. The Company has paid MVR 627,202/- as fees to the directors during the year ended 31st December 2019 (2019: MVR 535,334/-).

29 CONTINGENT LIABILITIES

The Management estimates contingent liabilities based on claims made of MVR 24 Million as at 31st December 2020 (2019: MVR 24 Million). No provision has been made in these Financial Statements as the Directors do not anticipate liability in respect of any contingent liabilities arising in the course of business of the Company in respect of legal actions, other claims and potential claims being made against the Company by customers, suppliers and employees. The Company has no legal actions other than from its customers, suppliers and employees.

30 EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date judgements were issued by Supreme Court and Civil Court in connection with cases filed against the Company odering the Company to pay MVR 16.28 Million and MVR 1.45 Million respectively.

Other than the above, no other events taken place subsequent to the reporting date which require adjustments or disclosures in the financial statements.

31 DIRECTOR'S RESPONSIBILITY

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

32 RECLASSIFICATION

Other payables and other receivables relating to previous year have been reclassified to be consistence with the current period presentation.This reclassification had no effect on the reported result of the previous year.

	As Presented in the 2019 Financial Statements	**Reclassification**	**Reclassification in the 2020 Financial Statements**
	MVR	**MVR**	**MVR**
Other payables	1,028,837,494	(415,697,473)	613,140,021
Other receivables	876,676,702	(415,697,473)	460,979,229

Island Aviation Services Limited
Rep. of Maldives

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