



Report No: FIN-2021-67(E)

30th August 2021

MALDIVES PORTS LIMITED FINANCIAL YEAR 2020



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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES PORTS LIMITED

Qualified Opinion

We have audited the accompanying separate financial statements of Maldives Ports Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2020, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 5 to 32.

In our opinion, except for the possible effect on the matters described in the Basis for Qualified Opinion paragraphs, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2020, and of its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for opinion

1. As per Note 12.1 to the separate financial statements, capital work in progress includes cost incurred for construction of tugboat amount of MVR 24,783,732/- as at 31 December 2020. However, the construction of this tugboat has been suspended in 2010 due to a dispute between the contractor and the Company. As a result of that the contractor has restricted the access for the Company to verify the existence, accuracy and the completeness of the asset. Therefore, we were unable to determine whether any adjustments might be necessary in respect of the profit for the year, non-current assets and cash flows from operating activities in the separate financial statements.
2. As per Note 12 to the separate financial statements, total capital work in progress includes amount of MVR 56,057,619/- in relation to cost incurred for construction of Dhoogas Guest House as at 31 December 2020. No active construction work with respect to Dhoogas Guest House had been carried out since 2018. However, the Company has not carried out any impairment assessment with respect to this asset as at 31 December 2020. Therefore, we were unable to determine whether any adjustments might have been found necessary in respect of above element to the separate statement of comprehensive income, cash flows, and separate statement of financial position in the separate financial statements. Furthermore, the Company has capitalized revenue nature expenses to this project amounting to MVR 3,347,738/- and MVR 2,472,473/- during the year ended 31 December 2019 and 31 December 2020 respectively. Therefore, capital work in progress has been overstated as at 31 December 2020 by total of MVR 5,820,211/- and net profit has been overstated by MVR 2,472,473/- for the year ended 31 December 2020.
3. As per Note 12 to the separate financial statements, total land value includes amount of MVR 956,150/- in relation to Fuvahmulah land located in Gnaviyani Atoll. However, we were unable to verify the ownership of this land due to sufficient and appropriate audit evidence. Therefore, we

were unable to determine whether any adjustments might be necessary in respect of the total assets and retained earnings in the separate financial statements.

4. As per Note 19.4 to the separate financial statements, amounts due from related parties includes receivable from National Shipping Pte Limited (NSP) amount of MVR 13,073,636/- as at 31 December 2020. This amount has been overdue for more than 9 years. However, as per the letter dated 14 February 2021 issued by Ministry of Finance, NSP has settled an amount of MVR 6,000,000/- out of total outstanding of MVR 13,073,636/-. Furthermore, parties have agreed to write off the remaining balance amount of MVR 7,073,636/-. As per IAS 10 - Events after the reporting period, financial statements should be adjusted to reflect events that occur after the reporting date, but before the financial statements are authorized for issue, if they provide the evidence of conditions that existed at the reporting date. However, the Company has not made a provision for the amount of MVR 7,073,636/- as at 31 December 2020. As a result, net profit has been overstated by MVR 7,073,636/- during the year ended 31 December 2020 and amount due from related parties' balances has been overstated by same amount as at 31 December 2020.
5. As per Note 8 to the separate financial statements, other operating expenses include fuel expenses of MVR 31,047,271/- for the year ended 31 December 2020. The Company has discovered asset misappropriation in respect of fuel purchases during the year ended 31 December 2020. However, the Company was unable to quantify the cost of fuel purchases in connection to asset misappropriation for the year ended 31 December 2020. Therefore, we were unable to determine whether any adjustments might have been necessary in respect of above event to the separate statement of comprehensive income, cash flows, and separate statement of financial position for the year ended 31 December 2020.
6. As per Note 19 to the separate financial statements, trade receivables include an amount of MVR 6,117,222/- receivable from HC Line Private Limited (HC Line) as at 31 December 2020. This outstanding balance consists of unpaid invoices of MVR 5,059,222/- and interest receivable for late payments of MVR 1,058,000/-. The Company has filed a case against the HC Line due to return cheques issued by them as amount of MVR 750,000/- as per the agreement dated 18 October 2017. The Court has ruled in favour of the Company on 31 August 2020 and ordered to pay the unpaid invoices amount of MVR 750,000/- as well as interest on the outstanding amount of MVR 1,058,000/-. Furthermore, on 19 April 2021, the Company has filed another case against HC Line to recover the remaining outstanding balance of MVR 4,227,400/- and the case is in progress. The Company has not assessed the recoverability of this total outstanding balance of MVR 6,117,222/- considering the outcome of the above cases and the time value of money as at 31 December 2020. Therefore, we were unable to determine whether any adjustments might be necessary in respect of the profit for the year, total assets and cash flows from operating activities in the separate financial statements.
7. As per Note 26 to the separate financial statements, the Company shall pay to Housing Development Corporation Limited (HDC) an amount of MVR 47,456,638/- as consideration for development and sale rights upon the completion of the project as well as any penalties of 0.05% of the net amount payable to HDC per day, if the Company is unable to complete the project within the given period (the project has to be completed within 24 months from 15 December 2017). The Company has not been able to complete the project as per the agreed timeline and therefore it is subject to penalty of MVR 1,091,503/- and MVR 8,660,836/- for the year ended 31 December 2019 and 2020, respectively. However, these penalties have not been recognized in the separate financial statements for the year ended 31 December 2020.



We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), together with the ethical requirements that are relevant to our audit of the separate financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters - Restatement of Comparative Balances

We draw attention to Note 35 to the separate financial statements, which describes the Company had not recognized payable for development and sale right in the separate financial statements as at 31 December 2018 and 31 December 2019. As a result, the inventories and trade and other payables had been understated. This is now corrected and disclosed as comparative in this separate financial statement. Our opinion is not modified in respect of this matter.

Responsibilities of management for the financial statements

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

30 August 2021



Hussain Niyazy
Auditor General



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

FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 MVR	2019 MVR
Revenue	6	537,128,249	758,185,644
Other income	7	32,690,920	38,309,022
Other operating expenses		(117,696,314)	(150,962,281)
Payroll related expenses		(357,141,648)	(402,560,925)
Depreciation and amortization expenses		(84,346,970)	(82,473,032)
Reversal of provision for impairment loss on trade receivables	19.1	1,330,292	46,256
Results from operating activities	8	<u>11,964,529</u>	<u>160,544,684</u>
Finance income	9	12,434,945	3,250,873
Finance costs	9	(21,557,105)	(17,426,378)
Net finance costs		<u>(9,122,160)</u>	<u>(14,175,505)</u>
Profit before tax		2,842,369	146,369,179
Tax credit / (expense)	10	8,574,872	(29,781,250)
Profit (total comprehensive income) for the year		<u><u>11,417,241</u></u>	<u><u>116,587,929</u></u>
Other comprehensive income			
Remeasurement of defined benefit liability - net of tax	25	(673,703)	-
Total other comprehensive income - net of tax		<u>(673,703)</u>	<u>-</u>
Total comprehensive income for the year		<u><u>10,743,538</u></u>	<u><u>116,587,929</u></u>
Earnings per share	11	2.69	27.43

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 44. The Report of the Independent Auditors is given on pages 1 and 4.



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

AS AT	Note	12/31/2020 MVR	12/31/2019 MVR (Restated)*	1/1/2019 (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	12	693,475,641	746,851,578	709,772,168
Investment property	13	6,381,107	6,940,036	7,498,965
Intangible asset	14	1,050,013	1,298,041	1,825,085
Leasehold right	15	-	-	6,865,331
Right of use asset	16	202,862,802	207,494,459	9,045,263
Investment in subsidiary	17	52,040,800	52,040,800	52,040,800
Deferred tax assets	10.2	13,686,324	3,686,098	9,211,785
Trade and other receivables	19	99,368,410	26,858,169	28,301,982
Total Non-Current Assets		1,068,865,097	1,045,169,181	824,561,379
Current assets				
Inventories	18	508,279,315	423,858,992	230,771,908
Contract assets	6.2	2,883,708	3,076,338	6,197,172
Other financial assets	20	71,762,829	83,533,744	84,283,278
Income tax receivable	10.3	16,364,855	-	-
Trade and other receivables	19	81,814,344	140,926,692	148,502,480
Cash and cash equivalents	21	28,739,722	50,723,842	131,274,457
Total Current Assets		709,844,773	702,119,608	601,029,295
Total Assets		1,778,709,870	1,747,288,789	1,425,590,674
EQUITY AND LIABILITIES				
Equity				
Share capital	22	425,000,000	425,000,000	425,000,000
Contribution towards capital	22.1	9,045,263	9,045,263	9,045,263
Retained earnings		529,058,618	588,267,837	608,931,799
Total Equity		963,103,881	1,022,313,100	1,042,977,062
Non-Current Liabilities				
Interest bearing loans and borrowings	23	120,277,713	156,925,739	119,763,247
Lease liabilities	24.2	188,410,223	193,031,043	-
Employee defined benefit liabilities	25	3,723,732	3,171,660	-
Total Non-Current Liabilities		312,411,668	353,128,442	119,763,247
Current Liabilities				
Employee defined benefit liabilities	25	874,402	949,631	-
Interest bearing loans and borrowings	23	83,690,079	36,811,315	63,281,818
Lease liabilities	24.1	12,714,441	7,902,086	-
Trade and other payables	26	405,075,310	323,556,004	172,620,620
Contract liabilities	6.2	840,089	960,078	270,077
Income tax payable	10.3	-	1,668,133	26,677,850
Total Current Liabilities		503,194,321	371,847,247	262,850,365
Total Liabilities		815,605,989	724,975,689	382,613,612
Total Equity and Liabilities		1,778,709,870	1,747,288,789	1,425,590,674

*Comparative information has been restated due to an error correction. See note 35.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 44. The Report of the Independent Auditors is given on pages 1 and 4.

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

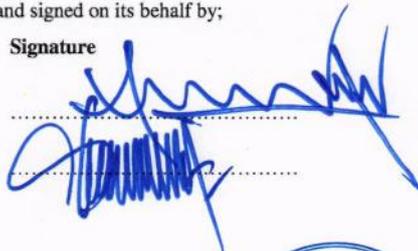
Name of the Director

Signature

Mr. Mohamed Shareef

Mr. Shahid Ali

26 . 08 . 2021




**MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
SEPARATE STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Contribution towards capital	Retained earnings	Total
	MVR	MVR	MVR	MVR
As at 1 January 2019	425,000,000	9,045,263	608,931,799	1,042,977,062
<i>Comprehensive income for the Year</i>				
Profit for the year	-	-	116,587,929	116,587,929
<i>Transactions with owners of the Company</i>				
Dividends paid (Note 22.2)	-	-	(137,251,891)	(137,251,891)
As at 31 December 2019	<u>425,000,000</u>	<u>9,045,263</u>	<u>588,267,837</u>	<u>1,022,313,100</u>
As at 1 January 2020	425,000,000	9,045,263	588,267,837	1,022,313,100
<i>Comprehensive income for the Year</i>				
Profit for the year	-	-	11,417,241	11,417,241
<i>Other comprehensive income</i>				
Remeasurement of defined benefit liability - net of tax	-	-	(673,703)	(673,703)
<i>Transactions with owners of the Company</i>				
Dividends paid (Note 22.2)	-	-	(69,952,757)	(69,952,757)
As at 31 December 2020	<u>425,000,000</u>	<u>9,045,263</u>	<u>529,058,618</u>	<u>963,103,881</u>

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 44. The Report of the Independent Auditors is given on pages 1 and 4.



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

FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 MVR	2019 MVR
Cash Flows from Operating Activities			
Profit before tax		2,842,369	146,369,179
<i>Adjustments for:</i>			
Depreciation on property plant and equipments	12	74,089,480	72,113,694
Depreciation on investment property	13	558,929	558,929
Amortization of intangible assets	14	248,028	527,044
Depreciation on right of use assets	16	9,450,532	9,196,675
Amortization of loan arrangement fee	9	1,056,709	2,115,468
Interest income	9	(7,076,611)	(3,250,873)
Interest on interest bearing loans and borrowings	9	13,552,104	8,108,760
Gain from remeasurement of loans and borrowings	9	(5,358,334)	-
Interest expense on lease liabilities	9	6,948,292	7,202,150
Reversal of provision for impairment loss of trade receivables	19.1	(1,330,292)	(46,256)
Reversal of provision for inventories	18.1	(875,041)	-
Current service cost and interest expense of retirement benefit obligation	25	424,215	4,121,291
Loss on disposal of fixed assets	8	341,663	47,560
Operating profit before working capital changes		<u>94,872,043</u>	<u>247,063,621</u>
Changes in working capital;			
Inventories		(83,545,282)	(193,087,084)
Trade and other receivables		(8,127,490)	9,133,728
Trade and other payables		11,566,552	17,716,061
Contract assets		192,630	3,120,833
Contract liabilities		(119,989)	690,002
Cash flows from operating activities		<u>14,838,464</u>	<u>84,637,161</u>
Business profit tax paid	10.3	(19,339,454)	(49,265,280)
Interest paid		(4,733,578)	(12,091,952)
Interest received		3,136,498	3,318,743
Gratuity paid	25	(739,964)	-
Net cash flows (Used in) / from operating activities		<u>(6,838,034)</u>	<u>26,598,672</u>
Investing activities			
Acquisition of property, plant and equipment	12	(7,662,986)	(67,230,501)
Proceeds from disposal of property, plant and equipment		-	146,911
Cost incurred on construction of capital work-in-progress	12.1	(13,392,220)	(33,111,809)
Investment on fixed deposits	20	-	(350,000)
Withdrawal of fixed deposits	20	10,350,000	-
Net proceeds from treasury bills investments	20	1,420,915	1,099,534
Net cash flows used in investing activities		<u>(9,284,291)</u>	<u>(99,445,865)</u>
Financing activities			
Proceeds from borrowings	23	18,220,000	47,884,532
Repayment of loans	23	(12,506,163)	(39,493,131)
Lease payments	24	(11,575,632)	(16,094,823)
Net cash flows used in financing activities		<u>(5,861,795)</u>	<u>(7,703,422)</u>
Net Decrease in Cash and Cash Equivalents		<u>(21,984,120)</u>	<u>(80,550,615)</u>
Cash and Cash Equivalents at Beginning of the Year		<u>50,723,842</u>	<u>131,274,457</u>
Cash and Cash Equivalents at end of the Year	21	<u><u>28,739,722</u></u>	<u><u>50,723,842</u></u>

The figures in bracket indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 9 to 44. The Report of the Independent Auditors is given on pages 1 and 4.



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

1. REPORTING ENTITY

Maldives Ports Limited (the “Company”) is a limited liability Company, which is fully owned by the Government of Maldives. The Company was incorporated in the Republic of Maldives on 31 July 2008 under the Companies’ Act No. 10 of 1996. The registered office of the Company is situated at Bodhuthakurufaanu Magu, Male’, Republic of Maldives.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Company’s separate financial statements is included in the respective notes.



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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements and have been applied consistently by the Company.

3.1 Transactions in foreign currencies

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

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

3.2 Financial instruments

(i) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit and loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets- Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;



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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets- Business model assessment (Continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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



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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial Assets- Business model assessment (Continued)

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

(ii) De-recognition

Financial assets

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

Financial liabilities

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

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

3.3 Impairment

(i) Financial assets (Including receivables)

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

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

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

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

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

(ii) Non-financial assets

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

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Share capital

Ordinary shares

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

3.5 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories

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

3.10 Employee benefits

(a) Defined contribution plans

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

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

(b) Defined benefit plans

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

(c) Short-term benefits

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

3.11 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.12 Cash and cash equivalents

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

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Borrowing costs

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

3.14 Dividends

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

3.15 Provisions

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

3.16 Revenue

Performance obligations and revenue recognition policies

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

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

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

Rendering of services

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

Sale of goods

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue (Continued)

Other income

Other income is recognized on an accrual basis.

Interest

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

3.17 Leases

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

(i) As a lessee

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (Continued)

(i) As a lessee (Continued)

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

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

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

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

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

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

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (Continued)

Short-term leases and leases of low-value assets

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

3.18 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the separate financial statements wherever necessary.

3.19 Finance income and finance costs

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

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

3.20 Tax expense

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

• Current tax

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

• Deferred tax

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

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

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

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



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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Tax expense (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

• **Sales tax**

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales tax included

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

4. DETERMINATION OF FAIR VALUES

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

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

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

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

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

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



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5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these separate financial statements.

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Reference to the Contractual Framework (Amendment to IFRS 3)
- Annual improvement for the IFRS 2018 to 2020



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FOR THE YEAR ENDED 31 DECEMBER 2020

6 REVENUE	2020	2019
	MVR	MVR
Ship arrival and pilotage services	58,785,455	78,003,424
Unloading the cargo (Handling, Wharfage, Lashing and unlashng, etc.)	143,866,379	194,718,144
Clearing the goods (Note 6.1)	34,588,085	68,669,754
Loading/Unloading the cargo (Stevedoring, Storage, Quaywall, etc.)	208,112,626	298,382,764
Empty containers and vessel departure	27,298,663	42,676,995
Vessel and other equipment hiring charges	6,200,870	6,792,080
Rent income (Note 6.1)	41,881,332	39,964,277
Revenue from transport	13,272,464	24,349,723
Revenue from ferry transport	3,122,375	4,628,483
	<u>537,128,249</u>	<u>758,185,644</u>
6.1	The Company has given total discounts amounting to MVR 2,251,853/- and MVR 4,802,405/- for storage chargers and bond license fees respectively to its customers on account of Covid 19 pandemic.	
6.2 CONTRACT BALANCES	31/12/2020	31/12/2019
	MVR	MVR
Contract assets	2,883,708	3,076,338
Contract liabilities	840,089	960,079
	<u>3,723,797</u>	<u>4,036,417</u>
7 OTHER OPERATING INCOME	2020	2019
	MVR	MVR
Lorry subscription fee	257,319	251,123
Staff fines	152,654	428,936
Miscellaneous income	1,087,365	800,592
Salvage charges	41,055	446,775
Reversal of inventory provision	875,041	-
Other income	30,277,486	36,381,596
	<u>32,690,920</u>	<u>38,309,022</u>
8 PROFIT BEFORE TAX	2020	2019
	MVR	MVR
<i>Is stated after charging all the expenses including the following:</i>		
Depreciation of property, plant and equipment	74,089,480	72,672,624
Amortization of intangible assets	248,028	527,044
Loss on disposal of fixed assets	341,663	47,560
Depreciation of right of use assets	9,450,533	9,196,675
Personnel costs (Note 8.1)	357,141,648	402,560,925
8.1 Personnel Costs	2020	2019
	MVR	MVR
Salaries and wages	129,297,783	120,685,845
Overtime	9,383,091	27,999,211
Staff allowances	190,703,823	205,470,985
Boat laari	-	3,150,127
Bonus	2,090,045	7,547,500
Contribution to MRPS	8,784,562	8,310,070
Staff training expenses	623,472	6,688,405
Staff compensation	579,663	3,941,513
Medical expenses	73,656	55,042
Uniform expenses	715,594	623,777
Directors allowance	86,500	110,312
Gratuity expense	424,215	4,121,291
Other expenses and allowances	14,379,244	13,856,847
	<u>357,141,648</u>	<u>402,560,925</u>



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9	NET FINANCE COSTS	2020	2019
		MVR	MVR
	Finance Income		
	Interest income from investment on treasury bills	3,227,777	2,889,194
	Interest income from fixed deposits	16,872	361,679
	Interest income from promissory notes	3,831,962	-
	Gain from remeasurement of loans and borrowings	5,358,334	-
		<u>12,434,945</u>	<u>3,250,873</u>
	Finance Costs		
	Interest on interest bearing loans and borrowings	(13,552,104)	(8,108,760)
	Amortization of loan arrangement fee	(1,056,709)	(2,115,468)
	Interest expense on lease liabilities	(6,948,292)	(7,202,150)
		<u>(21,557,105)</u>	<u>(17,426,378)</u>
	Net Finance Costs	<u>(9,122,160)</u>	<u>(14,175,505)</u>

10	TAX EXPENSE	2020	2019
		MVR	MVR
	Current tax expense (Note 10.1)	2,392,545	24,255,563
	Over provision in respect of prior year	(1,086,080)	-
	Deferred tax (revised) / recognized during the year (Note 10.2)	(9,881,337)	5,525,687
		<u>(8,574,872)</u>	<u>29,781,250</u>

10.1 Reconciliation between Accounting Profit and Taxable Income;

	Profit before tax	2,842,369	146,369,179
	Add: Depreciation charge for the year	74,896,437	73,803,402
	Other disallowable expenses	22,511,939	26,651,874
	Less: Capital allowances	(59,246,484)	(58,265,178)
	Other allowable expenses	(24,803,964)	(26,605,527)
	Less: Tax free allowance	(250,000)	(250,000)
	Total taxable income	<u>15,950,297</u>	<u>161,703,751</u>
	Income tax @ 15%	<u>2,392,545</u>	<u>24,255,563</u>

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

10.2	Deferred Tax Asset	31/12/2020	31/12/2019
		MVR	MVR
	Opening balance	3,686,098	9,211,785
	Items recognized in other comprehensive income		
	Charged during the year	118,889	-
	Items recognized in profit or loss		
	Charged / (reversal) during the year	9,881,337	(5,525,687)
	Closing balance	<u>13,686,324</u>	<u>3,686,098</u>

Deferred Tax Assets/ (Liability) is attributable to the following:

	31/12/2020		31/12/2019	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, plant and equipment, Investment property and Intangible assets	76,054,904	11,408,236	24,527,727	3,679,159
Provision for impairment on trade and other receivables	1,954,656	293,198	(6,157,093)	(923,564)
Provision for impairment of inventories	8,634,469	1,295,170	6,203,353	930,503
Employee defined benefit liabilities	4,598,134	689,720	-	-
	<u>91,242,163</u>	<u>13,686,324</u>	<u>24,573,987</u>	<u>3,686,098</u>

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



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10 TAX EXPENSE (CONTINUED)

10.3 INCOME TAX (RECEIVABLE) / PAYABLE	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	1,668,133	26,677,850
Business profit tax charge during the year	2,392,545	24,255,563
Over provision in respect of prior year	(1,086,079)	-
Payments during the year	(19,339,454)	(49,265,280)
Closing balance	<u>(16,364,855)</u>	<u>1,668,133</u>

11 Earnings per share

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

	2020	2019
Profit for the year (in MVR)	11,417,241	116,587,929
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	<u>2.69</u>	<u>27.43</u>

12 PROPERTY PLANT AND EQUIPMENT

Costs / Revalued Amount	Balance as at 1/1/2020	Additions	Disposals/ Transfers	Balance as at 31/12/2020
	MVR	MVR	MVR	MVR
Lands (Note 12.2)	9,045,263	-	-	9,045,263
Port infrastructure and buildings	318,047,891	2,811,451	-	320,859,342
Vehicles and vessels	632,894,777	4,188,001	-	637,082,778
Furniture and office equipment	51,859,264	2,672,770	-	54,532,034
Machinery, equipment and tools	46,648,035	362,109	-	47,010,144
Utensils and other assets	15,953,153	440,106	(732,134)	15,661,125
	<u>1,074,448,383</u>	<u>10,474,437</u>	<u>(732,134)</u>	<u>1,084,190,686</u>
Accumulated Depreciation	Balance as at 1/1/2020	Charge for the year	Disposals	Balance as at 31/12/2020
	MVR	MVR	MVR	MVR
Port infrastructure and buildings	117,835,249	13,676,063	-	131,511,312
Vehicles and vessels	249,254,393	43,453,419	-	292,707,812
Furniture and office equipment	36,229,636	6,894,889	-	43,124,525
Machinery, equipment and tools	25,687,238	8,021,819	-	33,709,057
Utensils and others assets	10,095,199	2,043,290	(390,471)	11,748,018
	<u>439,101,715</u>	<u>74,089,480</u>	<u>(390,471)</u>	<u>512,800,724</u>
Net book value	<u>635,346,668</u>			<u>571,389,962</u>
Capital work in progress (Note 12.1)	<u>111,504,910</u>			<u>122,085,679</u>
Total value of property, plant and equipment	<u>746,851,578</u>			<u>693,475,641</u>

12.1 Capital Work In Progress (CWIP)

	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	111,504,910	84,740,748
Additions during the year	13,392,220	33,111,809
Capitalized during the year	(2,811,451)	(6,347,647)
Closing balance	<u>122,085,679</u>	<u>111,504,910</u>

An amount of MVR 24,783,732/- has been incurred for the construction of a tug boat for harbor operation. The construction process had been discontinued since the year 2010 due to a dispute with the constructor.

In addition to the above, capital work in progress represents cost incurred for the construction of Dhoogas Guest House, MCH workshop and MCH ground levelling project.



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12 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

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

The Company has determined a value for the lands in Fuvahmulah, Hulumeedho, Feydhoo and Hadhumathi, based on market prices (per square feet) disclosed by the Government of Maldives. The results of such valuation was incorporated in the separate financial statements effective from 31 December 2017.

13 INVESTMENT PROPERTY	31/12/2020 MVR	31/12/2019 MVR
Opening balance	13,579,431	13,579,431
Closing balance	<u>13,579,431</u>	<u>13,579,431</u>
Accumulated Depreciation		
Opening balance	6,639,395	6,080,466
Charge for the year	558,929	558,929
Closing balance	<u>7,198,324</u>	<u>6,639,395</u>
Net Carrying Value	<u>6,381,107</u>	<u>6,940,036</u>

Investment property comprises port complex building which is located at Hilaalee Magu, Male'. This is a dual purpose property which significant portion has leased out to third parties. The Company has classified the portion of dual use property as an investment property since it can be leased out separately under a finance lease. The rental income recognized from this property is amounting to MVR 9,503,341/- during the year ended 31 December 2020. (2019 : MVR 9,565,266/-)

14 INTANGIBLE ASSETS	31/12/2020 MVR	31/12/2019 MVR
Cost		
Opening balance	5,481,344	5,481,344
Closing balance	<u>5,481,344</u>	<u>5,481,344</u>
Accumulated Amortization		
Opening balance	4,183,303	3,656,259
Amortization during the year	248,028	527,044
Closing balance	<u>4,431,331</u>	<u>4,183,303</u>
Net Book Value	<u>1,050,013</u>	<u>1,298,041</u>



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15 LEASEHOLD RIGHT	31/12/2020	31/12/2019
	MVR	MVR
Opening Balance	-	6,865,331
Transferred to Right-of-use Assets (Note 16)	-	(6,865,331)
Closing Balance	<u>-</u>	<u>-</u>

15.1 In 2016, Company has acquired the lease rights of a plot of land located at Thilafushi island belonging to Thilafushi Corporation from Sar Engineering & Construction. According to the Memorandum of understanding, lease period for this land is 25 years commencing from August 2016. Accordingly, the lease rights shall be amortized over the lease period. However as per initial application of IFRS 16, an amount of MVR. 6,865,331/- has transferred to right of use asset as at 1 January 2019.

16 RIGHT-OF-USE ASSETS	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	216,691,134	-
Adjustment due to initial application of IFRS 16	-	209,825,803
Additions during the year	4,818,875	-
Reclassification from lease prepayment (Note 15)	-	6,865,331
Closing balance	<u>221,510,009</u>	<u>216,691,134</u>
Accumulated Depreciation		
Opening balance	9,196,675	-
Charge for the year	9,450,532	9,196,675
Closing balance	<u>18,647,207</u>	<u>9,196,675</u>
Net Carrying Value	<u>202,862,802</u>	<u>207,494,459</u>

17 INVESTMENT IN SUBSIDIARY	Interest held	31/12/2020	31/12/2019
		MVR	MVR
Kulhudhufushi Port Limited	51%	<u>52,040,800</u>	<u>52,040,800</u>

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

18 INVENTORIES	31/12/2020	31/12/2019	1/1/2019
	MVR	MVR	MVR
		(Restated)	(Restated)
Spare parts	64,632,396	66,627,782	66,244,030
Less: Provision for slow moving inventories	(8,634,469)	(9,509,510)	(9,509,510)
	<u>55,997,927</u>	<u>57,118,272</u>	<u>56,734,520</u>
Work-in-Progress (Social Housing Project) (Note 18.2)	452,281,388	366,740,720	174,037,388
	<u>508,279,315</u>	<u>423,858,992</u>	<u>230,771,908</u>

18.1 Provision for slow moving inventories

Opening balance	9,509,510	9,509,510	7,663,879
Provision (reversal) / recognized during the year	(875,041)	-	1,845,631
Closing balance	<u>8,634,469</u>	<u>9,509,510</u>	<u>9,509,510</u>



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18 INVENTORIES (CONTINUED)

18.2 Social Housing Project

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

The developer shall proceed with construction and developments on the land by two parts. The part 1 of the development shall be completed within 240 calendar days from 15 November 2017 and part 2 of the development shall be completed within 730 calendar days from 15 November 2017.

According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 November 2017, the Company is required to sell 50% of the Part I constructed residential units to the Government of Maldives for US\$ 38,000/- each unit. The remaining 50% of residential units will be sold to Maldivian nationals employed by the Company. Furthermore, the Company has agreed to sell Part II residential units only to Maldivian nationals employed by the Company.

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

19 TRADE AND OTHER RECEIVABLES	31/12/2020	31/12/2019
	MVR	MVR
Trade receivables	25,180,670	32,385,771
Less: provision for impairment of trade receivables (Note 19.1)	<u>(1,699,393)</u>	<u>(3,050,898)</u>
	<u>23,481,277</u>	<u>29,334,873</u>
Amount due from related parties (Note 19.4)	47,551,762	31,034,619
Deposits	2,634,492	2,247,801
Prepayments and advances	14,395,547	15,620,420
Receivable from MMPRC (Note 19.3)	84,129,012	85,137,999
Other receivables	9,245,927	4,664,412
Less: provision for impairment of other receivables (Note 19.2)	<u>(255,263)</u>	<u>(255,263)</u>
	<u>181,182,754</u>	<u>167,784,861</u>

Maturity Analysis

Trade and other receivables - Current	81,814,344	140,926,692
Trade and other receivables - Non-current	<u>99,368,410</u>	<u>26,858,169</u>
	<u>181,182,754</u>	<u>167,784,861</u>

19.1 Provision for impairment of trade receivables	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	3,050,898	3,097,154
Provision revised during the year	(1,330,292)	(46,256)
Written off during the year	<u>(21,213)</u>	<u>-</u>
Closing balance	<u>1,699,393</u>	<u>3,050,898</u>



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19 TRADE AND OTHER RECEIVABLES (CONTINUED)

19.2 Provision for impairment of other receivables	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	255,263	255,263
Closing balance	<u>255,263</u>	<u>255,263</u>

19.3 Receivable from Maldives Marketing and Public Relation Corporation (MMPRC) amounting to MVR. 85,137,999/- includes two promissory notes which originally matured on 31 March and 27 April 2015 had been rolled over until 30 December 2015 and 25 March 2018 respectively. These notes are yet to be settled as at reporting date. However, as per the agreement signed with the MMPRC dated 14 February 2020, the MMPRC has agreed to pay the receivable balance within 15 years with an interest rate of 4.6% per annum. The Company has received interest income of MVR. 1,008.987/- during the year ended 31 December 2020. (2019: Nil)

19.4 AMOUNTS DUE FROM RELATED PARTIES	31/12/2020	31/12/2019
	MVR	MVR
State Trading Organization PLC	3,768,997	2,956,794
Maldives National Shipping Pte Limited	13,073,636	13,073,636
Maldives National Defense Force	27,283	71,608
Kulhudhufushi Port Limited	11,880,577	8,659,037
Hithadhoo Port Limited	6,168,744	2,781,786
Maldives Transport & Contracting Company PLC	633,693	-
Maldives Road Development Company	1,530,181	1,530,181
Maldives Industrial Fisheries Company	97,685	-
Maldivian Gas Private Limited	18,602	17,122
Male' Water & Sewerage Company	16,268	-
Maldives Airports Company Limited	2,325	-
Housing Development Corporation	19,980	45,180
Fenaka Corporation Limited	30,416	73,225
Maldives State Shipping Company Private Limited	5,490,996	-
Other Government Owned Organizations	4,792,379	1,826,050
	<u>47,551,762</u>	<u>31,034,619</u>

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

20 OTHER FINANCIAL ASSETS	31/12/2020	31/12/2019
	MVR	MVR
Investments in treasury bills (Note 20.1)	71,762,829	73,183,744
Fixed deposit	-	10,350,000
	<u>71,762,829</u>	<u>83,533,744</u>



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20 OTHER FINANCIAL ASSETS (CONTINUED)

20.1 The Company has invested an amount of MVR 62,201,446/- and MVR 9,561,383/- on treasury bills issued by Maldives Monetary Authority at the interest rate of 4.60% and 4% respectively. Total investment has been collateralized against loan obtained from Bank of Maldives PLC.

21 CASH AND CASH EQUIVALENTS	31/12/2020	31/12/2019
	MVR	MVR
Cash in hand	465,921	5,650,868
Cash at banks	28,273,801	45,072,974
Cash and cash equivalent in the separate statement of cash flows	<u>28,739,722</u>	<u>50,723,842</u>

22 SHARE CAPITAL	31/12/2020	31/12/2019
	MVR	MVR
Authorized share capital		
5,000,000 ordinary shares of MVR.100/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid		
4,250,000 ordinary shares of MVR.100/- each	<u>425,000,000</u>	<u>425,000,000</u>

22.1 Contribution Towards Capital

In 2017, the Company has received the ownership of the lands located in Fuvahmulah, Hulumeedhoo, Feydhoo and Hadhumathi from the Government of Maldives (Being the shareholder of the Company). The value of the lands have been recognized as contribution towards capital during the year ended 31 December 2017.

22.2 Dividends and Voting Rights

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

During the year ended 31 December 2020, the Board of Directors of the Company has declared a dividend of MVR. 69,952,757/- (2019: MVR. 137,251,891/-).

23 LOANS AND BORROWINGS	31/12/2020	31/12/2019
	MVR	MVR
Opening balance	193,737,054	183,045,064
Borrowings during the year	18,220,000	47,884,532
Interest capitalized during the year	8,818,526	185,120
Remeasurement during the year	(5,358,334)	-
Repayments during the year	<u>(11,449,454)</u>	<u>(37,377,662)</u>
Closing balance	<u>203,967,792</u>	<u>193,737,054</u>



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23 LOANS AND BORROWINGS (CONTINUED)

23.1 Sources of Finance

	31/12/2020	31/12/2019
	MVR	MVR
Secured Loans		
Bank of Maldives PLC - Loan I (Note 23.3)	50,834,725	57,778,258
Bank of Maldives PLC - Loan II (Note 23.4)	65,548,001	47,089,341
Bank of Ceylon (Note 23.5)	38,811,307	37,840,000
Unsecured Loans		
Ministry of Finance and Treasury (Note 23.6)	48,773,759	51,029,455
Total Loans and Borrowings	<u>203,967,792</u>	<u>193,737,054</u>

Movement

	Balance as at	Obtained	Interest	Remeasureme	Repayments	Balance as at
	1/1/2020	during	capitalized	nt	during the year	31/12/2020
	MVR	the year	during the year	during the year	during the year	MVR
		MVR	MVR	MVR	MVR	MVR
Term loans	145,618,258	20,000,000	7,273,505	(1,557,617)	(12,506,163)	158,827,983
Loan arrangement fees	(2,910,659)	(1,780,000)	-	-	1,056,709	(3,633,950)
Ministry of Finance and Treasury	51,029,455	-	1,545,021	(3,800,717)	-	48,773,759
	<u>193,737,054</u>	<u>18,220,000</u>	<u>8,818,526</u>	<u>(5,358,334)</u>	<u>(11,449,454)</u>	<u>203,967,792</u>



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23 LOANS AND BORROWINGS (CONTINUED)

23.2 31 December 2020

Maturity Analysis

Term loans
 Loan arrangement fees
 Ministry of Finance and Treasury

0-12 Months MVR	1-5 Years MVR	More than 5 years MVR	Balance at 31/12/2020 MVR
84,346,444	74,481,539	-	158,827,983
(656,365)	(2,977,585)	-	(3,633,950)
-	48,773,759	-	48,773,759
<u>83,690,079</u>	<u>120,277,713</u>	<u>-</u>	<u>203,967,792</u>

31 December 2019

Maturity Analysis

Term loans
 Loan arrangement fees
 Ministry of Finance and Treasury

0-12 Months MVR	1-5 Years MVR	More than 5 years MVR	Balance at 31/12/2019 MVR
25,710,194	115,106,165	4,801,899	145,618,258
(1,056,697)	(1,853,962)	-	(2,910,659)
12,157,818	38,871,637	-	51,029,455
<u>36,811,315</u>	<u>152,123,840</u>	<u>4,801,899</u>	<u>193,737,054</u>

23.3 Bank of Maldives PLC - Loan I

The Company has obtained loan facility from the Bank of Maldives PLC, amounting to US\$ 9,105,000/- on 10 October 2016 for the purpose of purchasing heavy vehicles and machinery. The loan carries fixed interest rate of 7%. The loan has to repay over 60 monthly installments of US\$ 180,900/- each starting from 1 December 2016. The Company has secured the loan by; i) Lien against Treasury Bill investment. ii) Leasehold land located at Hulumale Harbor (Plot -A,B,C,D & E), Leasehold right of 214,115 sq.ft. of land at Male' Commercial Harbor, Ports Complex Leasehold rights of 150,000sq.ft of land at industrial site of K. Thilafushi and assets purchased under this facilities are mortgaged.

23.4 Bank of Maldives PLC - Loan II

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



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23 LOANS AND BORROWINGS (CONTINUED)

23.4 Bank of Maldives PLC - Loan II (Continued)

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

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

23.5 Bank of Ceylon

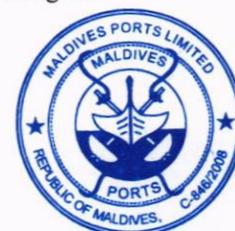
The Company has obtained loan facility from the Bank of Ceylon, amounting to MVR. 7,000,000/- and US\$ 2,000,000/- on 12 July 2018 and 28 June 2018 respectively for the purpose of developing and renovating Dhoogas guesthouse. The loan carries fixed interest rate of 8.50%. The loan has to repay over 84 months including 24 months grace period. The Company has secured the loan by; primary mortgage over head leasehold right of the plot of land known as "Dhoogas" including all movable and immovable structures located in the northwest corner of Gan in Seenu Atoll owned by Maldives Ports Limited.

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

23.6 Ministry of Finance and Treasury

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

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



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24	LEASE LIABILITIES		31/12/2020	31/12/2019
			MVR	MVR
	Opening balance		200,933,129	-
	Adjustment due to initial application of IFRS 16		-	209,825,803
	Additions during the year		4,818,875	-
	Interest expense for the year		6,948,292	7,202,149
	Repayment during the year		(11,575,632)	(16,094,823)
	Closing balance		<u>201,124,664</u>	<u>200,933,129</u>
24.1	Current	Maturity	31/12/2020	31/12/2019
			MVR	MVR
	Male commercial harbour	2057	6,315,309	1,734,430
	PA Complex	2057	345,459	333,594
	Thilafushi Tin 10489-81	2026	793,567	766,312
	Thilafushi /S4-29 (TCL/LA/2017/1008)	2022	478,019	410,499
	HML only TEMP51	2021	1,147,404	1,147,404
	HML with out TEMP51	2029	3,634,683	3,509,847
			<u>12,714,441</u>	<u>7,902,086</u>
24.2	Non Current			
	Male commercial harbour	2057	125,410,536	127,206,654
	PA Complex	2057	24,121,040	24,466,499
	Thilafushi Tin 10489-81	2026	4,411,828	5,205,395
	Thilafushi /S4-29 (TCL/LA/2017/1008)	2022	1,949,006	-
	HML with out TEMP51	2029	32,517,813	36,152,495
			<u>188,410,223</u>	<u>193,031,043</u>
25	DEFINED BENEFIT OBLIGATION		31/12/2020	31/12/2019
			MVR	MVR
	Opening balance		4,121,291	-
	Current service cost		279,970	4,121,291
	Interest cost		144,245	-
	Actuarial loss on obligation		792,592	-
	Benefits paid during the year		(739,964)	-
	Closing balance		<u>4,598,134</u>	<u>4,121,291</u>
	Employee defined benefit liabilities - Current		874,402	949,631
	Employee defined benefit liabilities - Non - current		<u>3,723,732</u>	<u>3,171,660</u>
			<u>4,598,134</u>	<u>4,121,291</u>

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

Amounts Recognized in Profit or Loss

Current service cost	279,970	4,121,291
Interest cost	144,245	-
	<u>424,215</u>	<u>4,121,291</u>

Amount Recognized in Other Comprehensive Income

Actuarial loss on obligation	792,592	-
Tax impact	(118,889)	-
Actuarial loss on obligation net of tax	<u>673,703</u>	<u>-</u>



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25 DEFINED BENEFIT OBLIGATION (CONTINUED)

The actuarial valuation for the year ended 31 December 2020 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

	2020	2019
Discounting rate	5.00%	3.50%
Future salary increase	2.50%	2.50%
Retirement age	65	65
Mortality rate inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)

* IALM - Indian Assured Lives Mortality

Sensitivity Analysis

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

A Sensitivity was carried out as follows,

	2020	
	MVR +1%	MVR -1%
<i>Impact of the change in salary increase</i>		
- Impact to present value of obligation at the end of the year	261,441	(261,441)
<i>Impact of the change in discount rate</i>		
- Impact to present value of obligation at the end of the year	(259,104)	259,104

26 TRADE AND OTHER PAYABLES	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
Trade payables	38,962,015	28,756,172	16,556,946
Accrued expenses	4,705,079	3,493,214	1,068,380
Dividend payables	273,175,282	203,222,525	65,970,634
Refundable deposits	11,697,599	10,873,881	9,608,968
Other payables	4,591,190	2,390,432	3,351,314
	<u>333,131,165</u>	<u>248,736,224</u>	<u>96,556,241</u>
Payable for development and sale right (Note 26.1)	47,456,638	47,456,638	47,456,638
Amount due to related parties (Note 26.2)	24,487,507	27,363,142	28,607,741
	<u>405,075,310</u>	<u>323,556,004</u>	<u>172,620,620</u>

26.1 According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 November 2017, the Company shall pay within 24 months from 15 November 2017, an amount at a rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Accordingly, the Company has recognized an amount of MVR 47,456,638/- as payable to HDC for the development and sale right.



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FOR THE YEAR ENDED 31 DECEMBER 2020

26 TRADE AND OTHER PAYABLES (CONTINUED)

26.2 Amounts Due To Related Parties	31/12/2020	31/12/2019	1/1/2019
	MVR	MVR	MVR
		(Restated)	(Restated)
State Trading Organization PLC	569,705	14,861	49,325
Feneka Corporation Limited	607	52,753	14,602
Male' Water and Sewerage Company Limited	57,708	150,509	405,037
Fuel Supplies Maldives Pte Limited	25,754	2,046,126	1,512,361
Maldives Transport & Contracting Company PLC	278,392	-	420,893
Maldives Customs Service	29,989	-	927,686
Island Aviation Services Limited	-	7,968	78,476
Maldives Airports Company Limited	8,173	8,173	78,618
Kulhudhufushi Port Limited	23,289,131	23,289,131	23,289,100
State Electric Company Limited	113,924	1,787,261	1,831,643
Maldives Gas Private Limited	-	6,360	-
Greater Male Industrial Zone Limited	113,884	-	-
Waste Management Corporation Limited	240	-	-
	<u>24,487,507</u>	<u>27,363,142</u>	<u>28,607,741</u>

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

Overview

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

Risk management framework

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

(i) Credit Risk

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.



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FOR THE YEAR ENDED 31 DECEMBER 2020

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Exposure to credit risk

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

	Carrying Amount	
	31/12/2020	31/12/2019
	MVR	MVR
Trade and other receivables	119,235,445	121,129,822
Amounts due from related parties	47,551,762	31,034,619
Balances with banks	28,273,801	45,072,974
Other financial assets	71,762,829	83,533,744
	<u>266,823,837</u>	<u>280,771,159</u>

Expected credit loss assessment under IFRS 9

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

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

Measurement of ECL

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

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

Trade and other receivables

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

Impairment Losses	31/12/2020			31/12/2019		
	Weighted	Gross	Loss	Weighted	Gross	Loss
	average loss	carrying	allowance	average loss	carrying	allowance
	rate	amount	MVR	rate	amount	MVR
		MVR	MVR		MVR	MVR

The aging of trade receivables at the reporting date was:

0-30 days past due	0%	15,806,323	2,397	0%	24,686,765	-
31-60 days past due	0%	373,646	645	0%	158,529	-
61-90 days past due	1%	268,133	2,027	0%	168,017	-
91-120 days past due	2%	628,118	12,756	0%	139,959	-
121-150 days past due	3%	221,966	6,024	0%	26,693	-
151-180 days past due	5%	56,937	2,832	0%	6,890	-
181-365 days past due	18%	217,245	38,689	0%	214,673	-
Over 365 days	21%	7,608,302	1,634,023	44%	6,984,246	3,050,898
Total		<u>25,180,670</u>	<u>1,699,393</u>		<u>32,385,771</u>	<u>3,050,898</u>



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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2020

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Expected credit loss assessment under IFRS 9 (Continued)

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

Long Term Loans Given to Related Parties

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

Amounts Due from Related Parties

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

Balances With Bank

The Company held cash and equivalents (Cash at Bank) of MVR. 28,273,801/- as at 31 December 2020 (2019 : MVR. 45,072,974/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.



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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk

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

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

31 December 2020

Financial Liabilities (Non- Derivative)

	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Trade and other payables	333,131,165	333,131,165	333,131,165	-	-	-
Loans and borrowings	203,967,792	203,967,792	83,690,079	65,835,183	54,442,530	-
Amounts due to related parties	24,487,507	24,487,507	24,487,507	-	-	-
Leases	201,124,664	318,516,369	14,935,678	13,776,531	41,190,759	248,613,401
	<u>762,711,128</u>	<u>880,102,833</u>	<u>456,244,429</u>	<u>79,611,714</u>	<u>95,633,289</u>	<u>248,613,401</u>

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

31 December 2019

Financial Liabilities (Non- Derivative)

	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Trade and other payables	248,736,224	248,736,224	248,736,224	-	-	-
Loans and borrowings	193,737,054	193,737,054	41,120,028	59,963,898	92,653,128	-
Amounts due to related parties	27,363,142	27,363,142	27,363,142	-	-	-
Leases	200,933,129	329,516,175	14,796,841	13,221,187	39,663,560	261,834,587
	<u>670,769,549</u>	<u>799,352,595</u>	<u>332,016,235</u>	<u>73,185,085</u>	<u>132,316,688</u>	<u>261,834,587</u>

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



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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk

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

(a) Interest Rate Risk

Profile

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

	Carrying Amount	
	31/12/2020	31/12/2019
	MVR	MVR
Fixed Rate Instruments		
Receivable from MMPRC	84,129,012	-
Other financial assets	71,762,829	83,533,744
Loans and borrowings	(203,967,792)	(193,737,054)
	<u>(48,075,951)</u>	<u>(110,203,310)</u>

(b) Currency Risk

Exposure to currency risk

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

	31/12/2020		
	USD	EUR	SGD
Cash and cash equivalents	898,175	33,906	-
Trade and other receivables	200,697	-	-
Trade and other payables	(139,327)	(14,036)	(27,843)
Loans and borrowings	(5,348,838)	-	-
Gross Exposure	<u>(4,389,294)</u>	<u>19,870</u>	<u>(27,843)</u>
	31/12/2019		
	USD	EUR	SGD
Cash and cash equivalents	350,971	47,173	-
Trade and other receivables	109,572	-	-
Trade and other payables	(129,094)	(24,589)	(9,874)
Loans and borrowings	(5,746,969)	-	-
Gross Exposure	<u>(5,415,520)</u>	<u>22,584</u>	<u>(9,874)</u>

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2020	2019	31/12/2020	31/12/2019
1 EUR : MVR	17.61	17.49	18.55	18.13
1 SGD : MVR	11.19	11.37	11.18	11.17
1 US\$: MVR	15.42	15.42	15.42	15.42

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



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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital management

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

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

	2020	2019
	MVR	MVR
Total liabilities	815,605,989	724,975,689
Less: Cash and cash equivalents	<u>(28,739,722)</u>	<u>(50,723,842)</u>
Net debt	786,866,267	674,251,847
Total equity	963,103,881	1,022,313,100
Debt to capital ratio	<u>0.82</u>	<u>0.66</u>

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

28 EVENTS AFTER THE REPORTING DATE

Pursuant to the decision by the Government of Maldives (GOM), on 01 July 2021, the Company has discontinued the operations of public transportation service provided in Male' and Addu City and transferred to Maldives Transport and Contracting Company PLC (MTCC).

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

29 DIRECTORS' RESPONSIBILITY

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

30 CONTINGENT LIABILITIES

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

31 CAPITAL COMMITMENTS

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

32 CONSOLIDATED FINANCIAL STATEMENTS

These financial statements are the separate financial statements of the parent company only and consolidated financial statements of the group are prepared and presented separately.

33 COVID 19

Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Maldives to mitigate its spread have impacted the Company. This has negatively impacted the Company's financial performance during the year and also its liquidity position.



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FOR THE YEAR ENDED 31 DECEMBER 2020

33 COVID 19 (CONTINUED)

Most of the business segments of the Company operate in essential service category. Therefore COVID-19 pandemic had a moderate impact on the Company's general business routines and the Company evaluated the resilience of its businesses considering factors such as profitability, cash reserves, and potential sources of financing facilities: if required and possibility of differing non-essential capital expenditure. Having considered the above, management is satisfied that the Company has adequate resources to continue in operational existence for foreseeable future.

Also, to respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimize the Company's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing expenses

Based on these factors, management has a reasonable expectation that the Company has adequate resources and sufficient loan facility headroom.

34 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 100% (2019: 100%) of the voting rights of the Company as at 31 December 2020 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31 December 2020, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions	2020	2019
	MVR	MVR
Services Provided		
State Trading Organization PLC	25,268,403	16,382,562
Hithadhoo Port Limited	3,387,879	2,777,947
Maldives Transport & Contracting Company PLC	6,390,600	1,869,080
Maldives Road Development Company	3,019	-
Maldives Industrial Fisheries Company	1,756,042	2,316,908
Maldives Gas Private Limited	567,710	428,858
Male' Water & Sewerage Company	268,877	492,517
Maldives Airports Company Limited	489,229	568,893
Housing Development Corporation	-	900
Fenaka Corporation Limited	87,900	632,611
Maldives State Shipping Company Private Limited	7,057,867	-
Fuel Supplies Maldives Pte Limited	-	751,336
Maldives Customs Service	-	37,245
State Electric Company Limited	103,270	592,287
Greater Male Industrial Zone Limited	-	263,461
	<u>45,380,795</u>	<u>27,114,605</u>



MALDIVES PORTS LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2020

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Transactions (Continued)

<i>Purchases</i>	2020 MVR	2019 MVR
State Trading Organization PLC	3,187,014	2,424,054
Maldives Transport & Contracting Company PLC	2,423,167	10,624,618
Maldives Road Development Company	2,651,970	-
Maldives Industrial Fisheries Company	697,600	-
Maldives Gas Private Limited	227,670	78,748
Male' Water & Sewerage Company	2,529,029	3,952,473
Maldives Airports Company Limited	2,381	35,159
Housing Development Corporation	7,160,372	7,160,373
Fenaka Corporation Limited	429,084	624,128
Fuel Supplies Maldives Pte Limited	27,312,780	37,486,325
Maldives Customs Service	3,441,254	7,558,933
Island Aviation Services Limited	172,048	672,640
State Electric Company Limited	16,997,250	19,895,585
Greater Male Industrial Zone Limited	1,518,451	1,518,451
Waste Management Corporation Limited	1,258,977	1,293,147
	<u>70,009,047</u>	<u>93,324,633</u>

(ii) Transactions with subsidiaries

	Nature of the transactions	2020 MVR	2019 MVR
Kulhudhufushi Port Limited	Service provided	3,748,368	8,828,775
	Settlement	(526,828)	-

(iii) Loans and borrowings

	2020		2019	
	Loan MVR	Interest MVR	Loan MVR	Interest MVR
Bank of Maldives PLC	116,382,726	8,790,013	104,867,599	5,567,282
Ministry of Finance and Treasury	48,773,759	1,525,330	51,029,455	184,868
	<u>165,156,485</u>	<u>10,315,343</u>	<u>155,897,054</u>	<u>5,752,149</u>

(Refer **note 23.1** for the movement in the current year)

(iv) Collectively, but not individually significant transactions

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

(v) Transactions with the Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR. 876,882/- as emoluments to key management personnel during the year ended 31 December 2020 (2019: MVR 869,077/-).



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FOR THE YEAR ENDED 31 DECEMBER 2020

35 RESTATEMENT OF COMPARATIVE BALANCES

During the year, it was discovered that an amount of MVR 47,456,638/- had not been recognized as consideration payable to Housing Development Corporation for the development and sale right of residential apartment blocks in Hulumale, Phase II. As a result, inventories and trade and other payables were understated as at 31 December 2018 and 31 December 2019 by MVR 47,456,638/-. However, this had been corrected by restating each of the affected separate financial statement line items for the prior period in accordance with International Accounting Standards (IAS) 8, Changes in Accounting Estimates and Errors. The following tables summarize the impact on the Company's separate financial statements.

35.1 As at 1 January 2019

a. Separate Statement of Financial Position

	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Inventories	183,315,270	47,456,638	230,771,908
Other assets	1,194,818,766	-	1,194,818,766
Total assets	1,378,134,036	47,456,638	1,425,590,674
Trade and other payables	(125,163,982)	(47,456,638)	(172,620,620)
Other liabilities	(209,992,992)	-	(209,992,992)
Total liabilities	(335,156,974)	(47,456,638)	(382,613,612)
Total equity	(1,042,977,062)	-	(1,042,977,062)

35.2 As at 31 December 2019

a. Separate Statement of Financial Position

	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Inventories	376,402,354	47,456,638	423,858,992
Other assets	1,323,429,797	-	1,323,429,797
Total assets	1,699,832,151	47,456,638	1,747,288,789
Trade and other payables	(276,099,366)	(47,456,638)	(323,556,004)
Other liabilities	(401,419,685)	-	(401,419,685)
Total liabilities	(677,519,051)	(47,456,638)	(724,975,689)
Total equity	(1,022,313,100)	-	(1,022,313,100)

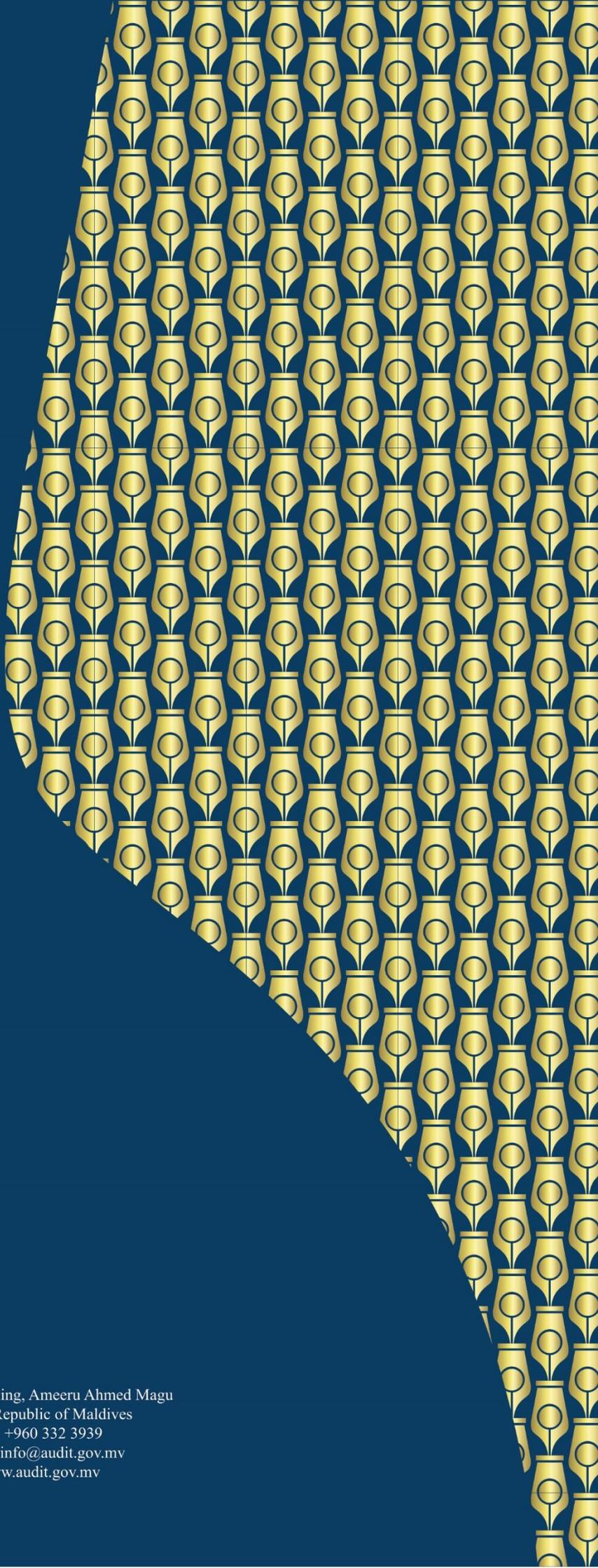
b. Separate Statement of Comprehensive Income

There is no impact to separate statement of comprehensive income for the year ended 31 December 2019.

c. Separate Statement of Cash Flows

There is no impact to separate statement of cash flows for the year ended 31 December 2019.





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