

ISLAND AVIATION SERVICES LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

NJ/CDA

Independent auditor's report to the shareholders of Island Aviation Services Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Aviation Services Limited (the "Company") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' international Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Revenue from Passenger Income - Regional and Domestic services As disclosed in note 5, the Company reported revenue from Passenger Income - regional and domestic services for the year ended 31 December 2021 amounted to MVR. 908,063,061/-. This represents approximately 76% of the Company's total revenue. Revenue from Passenger Income - regional and domestic services was a key audit matter due to; • Significance of the amounts involved • High volume of transactions and significant increase in revenue recorded during the current year The accounting policies regarding revenue recognition and other disclosures are stated in the notes 3 (c) and 5 in the financial statements.	Our audit procedures included among others the following; • Obtained an understanding and tested key controls over revenue recognition in respect of initiation of transactions, the basis of calculation and the time of recognition • Performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues. • Tested the appropriateness of revenue recognised by reviewing the relevant supporting documents. We also, assessed the adequacy of the disclosures made in Notes 3 (c) and 5 in the financial statements.
Adjustments resulting from the physical verification of Aircraft and related assets and return conditions associated with leased aircraft As further disclosed in Note 28 to the financial statements, during the year the Company carried out a physical verification of Aircraft and related assets classified under Property, Plant and Equipment and identified adjustments relating to the derecognition of components of Aircraft, capitalisation of repair costs relating to prior periods. Adjustments were also identified for return conditions associated with leased aircraft relating to prior periods. This was considered as a key audit matter due to: • Adjustments made to the current year and prior years financial statements. • Judgements made by management in Identifying components and estimating the related useful life and liability relating to return condition. Areas of key judgements, estimates and assumptions made, and adjustments made to prior period amounts are disclosed in Note 2.4, 3(h),12 and 28 to the financial statements.	Our audit procedures included among others the following; • Tested the existence and the valuation of aircraft and related assets based on the report prepared by the management consequent to the physical verification and related valuation. • Reviewed the reasonability of the adjustments made in relation to identifying components, determining useful lives of such components, depreciation and carrying values of such components, estimating the liability on return condition. We also, assessed the adequacy of the disclosures made in Notes 2.4, 3(h),12 and 28 in the financial statements.

Other Matter

The financial statements of Island Aviation Services Limited for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2022.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

13 February 2023
Male'



ISLAND AVIATION SERVICES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Notes	2021 MVR	2020 MVR Restated**
Revenue	5	1,196,201,830	854,551,829
Expenditure			
Aircraft Fuel cost		(275,040,438)	(168,560,383)
Employee cost		(337,606,110)	(331,377,725)
Airport, Enrout and Passenger cost		(166,465,710)	(136,216,444)
Rentals on Lease Aircraft		(44,059,461)	(33,555,970)
Aircraft Maintenance and Overhaul cost		(187,748,013)	(153,707,538)
Depreciation and Amortisations		(422,798,463)	(356,167,574)
Selling, Marketing and Advertisings expense		(38,384,841)	(53,397,157)
Crew expense		(3,480,787)	(2,432,238)
Other Operating expense		(192,128,970)	(220,865,901)
Operating Profit /(loss) before Provision for Impairment of Property, Plant and Equipment		(471,510,963)	(601,729,101)
Provision for Impairment of Property, Plant and Equipment		(209,548,614)	-
Operating Profit /(loss)		(681,059,577)	(601,729,101)
Other income	6	23,523,983	7,691,631
Net Finance cost	7	(67,846,129)	(70,460,771)
(Loss) / Profit Before Taxation		(725,381,723)	(664,498,241)
Income Tax expense	9	77,831,282	84,649,403
(Loss) / Profit for the year		(647,550,441)	(579,848,838)
(Loss) / Profit for the year		(647,550,441)	(579,848,838)
Other Comprehensive Income			
Items that will not be subsequently reclassified to the income statement:			
Remeasurement of defined benefit liability	10	77,342	(886,702)
Related taxes	9.3	(11,601)	133,005
Other comprehensive (loss)/income for the year net of tax		65,741	(753,697)
Total comprehensive income / (loss) for the year		(647,484,700)	(580,602,535)
Loss per Share	11	(647.55)	(579.85)

* Figures in brackets indicate deductions.

** Refer to note number 28 for details regarding the restatement as a result of errors.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 38. The Report of the Independent Auditors is given on pages 1 to 4.

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

ASSETS	Notes	2021	2020	2019
		MVR	MVR	MVR
Non-Current Assets			Restated*	Restated*
Property, Plant and Equipment	12	1,330,267,627	1,503,960,768	1,744,498,578
Intangible Assets	13	296,501	4,840,856	9,490,385
Deferred Tax Assets	9.2	211,057,509	133,237,828	48,455,420
Total Non-Current Assets		1,541,621,637	1,642,039,452	1,802,444,383
Current Assets				
Inventories	15	83,581,824	83,731,757	106,528,137
Trade and Other Receivables	16	510,826,390	470,332,383	460,979,229
Income tax recoverable		-	-	3,726,394
Amount Due from Related Parties	27.3	94,433,833	115,918,918	112,173,265
Cash and Bank Balances	17	69,388,478	85,541,783	22,225,319
Total Current Assets		758,230,525	755,524,841	705,632,344
Total Assets		2,299,852,162	2,397,564,293	2,508,076,727
EQUITY AND LIABILITIES				
Equity				
Share Capital	18.2	100,000,000	100,000,000	100,000,000
Advance Towards Share Capital	18.3	477,383,884	276,283,884	-
General Reserve	19	312,771,168	312,771,168	293,530,566
Contributed Capital	18.2	37,039,563	28,383,482	28,383,482
Retained Earnings/ (Accumulated losses)		(1,277,946,126)	(630,461,426)	7,862,915
Total Equity		(350,751,511)	86,977,108	429,776,963
Non-Current Liabilities				
Loan from Shareholder	20	221,108,343	237,443,906	245,276,302
Loans and Borrowings	21	149,461,477	212,352,177	156,704,516
Employee Retirement benefits Obligation	10	1,997,155	1,910,850	896,830
Lease Liability	23	332,184,307	167,343,612	261,214,180
Other Liabilities	24	87,435,812	81,715,712	76,369,824
Total Non-Current Liabilities		792,187,094	700,766,257	740,461,652
Current Liabilities				
Loan from Shareholder	20	151,345,935	120,000,769	88,439,884
Loans and Borrowings	21	85,081,261	37,387,388	87,392,165
Trade and Other Payables	22	571,689,399	789,724,928	613,140,021
Amount Due to Related Parties	27.4	802,970,463	439,145,168	313,076,958
Lease Liability	23	81,544,087	93,538,661	87,905,106
Forward Revenue		86,102,245	56,686,362	77,124,110
Income Tax Payable		2,080,557	2,080,557	-
Bank Overdraft	25	77,602,632	71,257,095	70,759,868
Total Current Liabilities		1,858,416,578	1,609,820,928	1,337,838,112
Total Liabilities		2,650,603,673	2,310,587,185	2,078,299,764
Total Equity and Liabilities		2,299,852,162	2,397,564,293	2,508,076,727

*Refer to note number 28 for details regarding the restatement as a result of errors.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 38. The Report of the Independent Auditors is given on pages 1 to 4.

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

Name of the Director

Ahmed Shamheed

Mohamed Mihad

13-Feb-2023

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Signature

A. Shamheed
M. Mihad

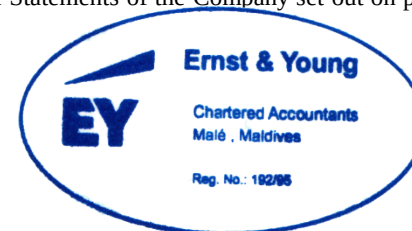


ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

		Share Capital	Advance Towards Share Capital	General Reserve	Contributed Capital	Retained Earnings	Total
	Notes	MVR	MVR	MVR	MVR	MVR	MVR
As at 1st January 2020 - As Previously Reported		100,000,000	-	293,530,566	28,383,482	442,123,716	864,037,764
Prior period adjustment	28	-	-	-	-	(434,260,801)	(434,260,801)
As at 1st January 2020 - as restated		100,000,000	-	293,530,566	28,383,482	7,862,915	429,776,963
Loss for the year - Restated		-	-	-	-	(579,848,838)	(579,848,838)
Other Comprehensive income		-	-	-	-	(753,697)	(753,697)
Total Comprehensive Income		-	-	-	-	(580,602,535)	(580,602,535)
Transferred During the Year		-	-	19,240,602	-	(19,240,602)	-
Transactions with the Owners of the Company							
Advance Towards Share Capital		-	276,283,884	-	-	-	276,283,884
Dividend Declared during the year		-	-	-	-	(38,481,204)	(38,481,204)
As at 31st December 2020		100,000,000	276,283,884	312,771,168	28,383,482	(630,461,426)	86,977,108
Loss for the year - Restated		-	-	-	-	(647,550,441)	(647,550,441)
Other Comprehensive income		-	-	-	-	65,741	65,741
Total Comprehensive Income		-	-	-	-	(647,484,700)	(647,484,700)
Transactions Directly Recognised in Equity							
Fair value adjustment of the subsidised loans during the year	20	-	-	-	8,656,081	-	8,656,081
Transactions with the Owners of the Company							
Advance Towards Share Capital	18.3	-	201,100,000	-	-	-	201,100,000
As at 31st December 2021		100,000,000	477,383,884	312,771,168	37,039,563	(1,277,946,126)	(350,751,511)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 38. The Report of the Independent Auditors is given on pages 1 to 4.



ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CASH FLOWS
Year ended 31 December 2021

	Note	2021 MVR	2020 MVR
			Restated**
Cash Flows from Operating Activities			
Loss before Tax		(725,381,723)	(664,498,241)
Adjustments for:			
Depreciation on Property, Plant and Equipment	12	418,022,813	318,785,961
Amortization of Intangible Assets	13	4,775,650	4,745,190
Provision of Impairment Loss on Trade Receivables	16.1	26,142,159	45,187,629
Provision for employee retirement benefit	10	163,647	127,318
Provision for impairment on rotables	12	209,548,614	-
Loss on disposal / Write off of PPE		53,948,221	-
Inventory Write-back during the year		(13,459,379)	-
Inventory Write-off during the year		-	4,800,879
Interest Expense	7.2	67,846,129	70,460,771
Operating Profit Before Working Capital Changes		41,606,132	(220,390,493)
Working Capital Changes			
Change in Inventories	15	13,609,312	17,995,501
Change in Amount Due from Related Party	27.3	21,485,085	(3,745,653)
Change in Trade and Other Receivables	16	(66,636,166)	(54,540,783)
Change in Trade and Other Payables	22	(182,899,546)	172,902,726
Change in Amount Due to Related Party	27.4	363,825,295	71,197,802
Cash from Operations		190,990,111	(16,580,900)
Interest Paid		(21,242,842)	(46,732,282)
Tax Paid		-	-
Net Cash from Operating Activities		169,747,269	(63,313,182)
Cash Flows from Investing Activities			
Purchase and Construction of Property, Plant and Equipment	12	(276,495,656)	(67,461,675)
Acquisition of Intangible Asset	13	(231,300)	(95,661)
Net Cash Used in Investing Activities		(276,726,956)	(67,557,336)
Cash Flows from Financing Activities			
Loan Obtained During the Year	21	35,300,901	-
Repayments of Borrowings During the Year	21	(50,497,728)	(26,522,722)
Interest Capitalisation on Loans		-	32,165,606
Advance Towards Share Capital	18.3	201,100,000	276,283,884
Repayment of principal portion of lease liabilities	23	(101,422,328)	(88,237,013)
Net Cash from Financing Activities		84,480,845	193,689,755
Net Increase in Cash and Cash Equivalents		(22,498,842)	62,819,237
Cash and Cash Equivalents at Beginning of the Year		14,284,688	(48,534,549)
Cash and Cash Equivalents at End of the Year	17	(8,214,154)	14,284,688

* Figures in brackets indicate deductions.

** Refer to note number 28 for details regarding the restatement as a result of errors.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 38. The Report of the Independent Auditors is given on pages 1 to 4.



Island Aviation Services Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. Corporate information

1.1. Company

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

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

2. General Accounting policies

2.1. Basis of preparation

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

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

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

2.2. Comparative information

The accounting policies have been consistently applied by the company and, are consistent with those used in previous years in accordance with IAS 01 – Presentation of Financial Statements, wherever necessary to comply with the current year presentation.

Restatement

Refer note 28 for restatement made to prior periods.

Reclassification

Rotable spares with the carrying value of MVR. 586,754,088/- as at 31 December 2020 was reclassified under Property, plant and equipment for better presentation.

Payable to Maldives Inland Revenue Authority (MIRA) amounting to MVR 54,870,408/- as at 31.12.2020 which was classified under Trade Payables was reclassified to Amounts Due to Related Parties for better presentation.

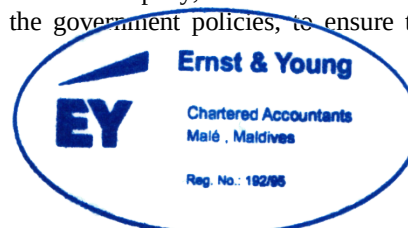
2.3. Going concern

During the year under review, the Company recorded a loss of MVR 647,550,441/- (2020 – MVR 579,848,838/-) with an accumulated loss of MVR 1,277,946,126/- (2020 – MVR 630,461,426/-) as at 31 December 2021. Further, the Company’s current liabilities exceeded its current assets by MVR 1,100,186,053/- (2020 – MVR 854,296,087/-) and the total equity of the Company as at reporting date has declined to a negative MVR 350,751,511/-.

With the outbreak of the COVID-19 pandemic in 2020 the operating environment for the airline industry changed significantly. With the decline in tourism arrival to Maldives, the severity of the pandemic resulted in a negative impact on passenger travel both to and within the Maldives.

During the year 2021, the tourism industry started recovering and the increase positively impacted the Company’s operations in year 2021. However, the travel restrictions imposed by China continued to impact the Company significantly during the year 2021 as well.

During the year the Government of Maldives (GOM) provided financial assistance to the Company amounting to MVR 201,100,000/- (2020: MVR 276,283,884/-) to continue its business. Further, the Ministry of Finance, representing the government of Maldives (“GOM”) as a shareholder of the Company, confirmed its commitment to provide financial support to the Company as required within the government policies, to ensure that the Company will continue as a going concern.



With the recovery of tourism industry, the management currently undertaking several measures to improve the Company's performance. Such measures are include introduction of new domestic and international routes, acquisition of new aircraft, increase operations in regional airports including introduction of new business lines.

Considering the above, the board of directors are confident that the company will have adequate resources continue its business as a going concern in ensuing financial years and hence concluded that the use of going concern assumption in preparation and presentation of financial statements of the company for the year ended 31 December 2021 is appropriate.

(*2020 – restated)

2.4. Significant accounting judgements, estimates and assumptions

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

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

Judgements

a) Going Concern

As disclosed in Note 2.3 these financial statements have been prepared and presented on a going concern basis.

Estimates

b) Depreciation of property, plant and equipment – aircraft and related assets

Aircraft and related assets are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their useful lives. Certain estimates regarding the useful lives and residual values of aircraft, aircraft components and related assets are made by the Company based on past experience and these are in line with the industry. The useful lives and residual values are reviewed on an annual basis.

c) impairment of non-Financial Assets

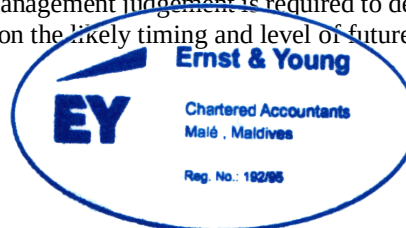
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Management uses judgment in estimating such impairment considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

d) impairment of Financial Assets

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

e) Recoverability of deferred tax assets

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



f) Provision for return condition

The Company assesses at each reporting date the liability associate with the returning of its leased aircrafts. Significant management judgement and estimation is required to determine the amount of provision that can be recognised.

3. Summary of significant accounting policies

a) Foreign currency translations

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

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

c) Revenue Recognition

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

(i) Airline revenue

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

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

(ii) Dividend income

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



(iii) Rental income

Rental income is recognised on an accrual basis.

(iv) Interest income

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

(v) Other income

Other income is recognised on an accrual basis.

d) Contract balances

Contract assets

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

Trade receivables

A receivable represents the 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 I) 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

e) Expenditure recognition

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

f) Taxes

Current income tax

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates

- and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
 - When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.
 - In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Goods and Service tax

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

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

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

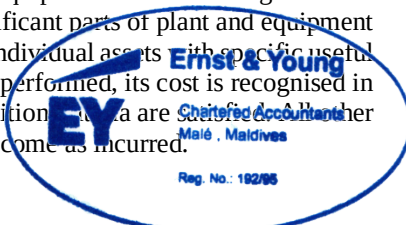
g) Cash dividend

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

h) Property, plant and equipment

Cost

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



Island Aviation Services Limited
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Depreciation

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

- Aircraft	14 years	- Seaplane Infrastructure	- 5 years
- Engines, Engine Overhauls, Propellers, APUs	- Over remaining Flying Hours (up to 12,000 hours)	- Plant and Equipment	- 5 years
- Landing Gears	- Over remaining Cycles (up to 30,000 cycles)	- Furniture and Fixers	- 10 years
- Aircraft Rotable spares	- 10 years	- Computer and Accessories	- 5 years
- Leasehold Building	- 25 years	- Motor Vehicles	- 5 years

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

De- recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from such de-recognition or disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized or disposed, whichever is earlier.

Rotable spares

Aircraft rotatable spares, which are treated as tangible assets, are initially recorded at cost less depreciated over the estimated useful life and Impairment. This item is grouped under "Aircraft Related Equipment".

i) Intangible assets

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

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

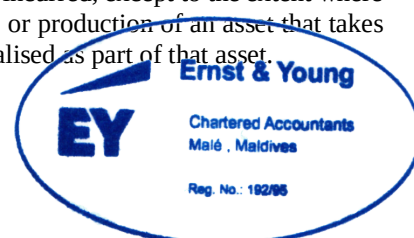
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with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

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

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

j) Borrowing costs

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



k) Leases

At inception of a contract, the 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: –

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

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

Right of use (ROU) Assets

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

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

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

The Company's policy to Amortise the lease hold assets over below period subject to the lease term.

- Airport - 50 years
- Land - 50 years

Lease liability

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

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

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

Short-term leases and leases of low value assets

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

l) Financial instruments – initial recognition and subsequent measurement

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement financial assets of the Company are classified into the following:

Financial assets at amortised cost

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

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

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

The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

De-recognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor

transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. When the loan to which the financial asset relates is settled completely, the unamortised amount of financial asset is charged to the statement of comprehensive income at time immediately.

Impairment of financial assets

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

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

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

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

ii. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

De-recognition

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

m) Inventories

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

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

n) Impairment of non-financial assets

The carrying amounts of the 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 cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are collaborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. For the purpose of impairment testing, assets that cannot be tested individually are Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companys of assets (the "cash-generating unit, or CGU").

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

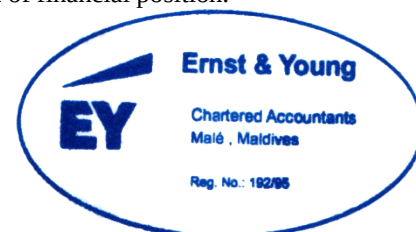
In respect of, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

o) Cash and cash equivalents

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

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



p) Provisions

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

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

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

q) Defined contribution plans

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

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

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

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

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

e) IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

g) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Bank.



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5	REVENUE	2021 MVR	2020 MVR	
	Passenger Income - Domestic Services	645,999,442	428,106,650	
	Passenger Income - Regional Services	262,063,619	238,634,642	
	Commercially Important Passengers Revenue	36,960,070	25,290,802	
	Ground Handling Revenue	66,917,267	34,404,744	
	Cargo Handling Income	33,458,034	30,805,986	
	Seaplane Operation Revenue	150,803,398	97,309,005	
		1,196,201,830	854,551,829	
6	OTHER INCOME	2021 MVR	2020 MVR	
	Sundry Income	376,878	3,325,611	
	Rental Income	914,366	116,020	
	Management Fee	7,583,333	4,250,000	
	Other Operating Income	14,649,406	-	
		23,523,983	7,691,631	
7	NET FINANCE COSTS	2021 MVR	2020 MVR	
	Finance Income (Note 7.1)	1,179,194	141,214	
	Finance Cost (Note 7.2)	(69,025,323)	(70,601,985)	
		(67,846,129)	(70,460,771)	
7.1	Finance Income			
	Foreign Exchange Gain	1,179,194	141,214	
		1,179,194	141,214	
7.2	Finance Costs			
	Interest on Loans and Borrowings	16,645,273	34,276,009	
	Interest on Loan from Shareholder	23,665,684	8,503,167	
	Interest on Bank Overdraft	5,776,763	6,298,358	
	Lease Interest	22,937,603	21,524,451	
		69,025,323	70,601,985	
8	PROFIT BEFORE TAX	2021 MVR	2020 Restated MVR	2019 Restated MVR
	<i>Profit before tax is stated after charging all the expenses including the following;</i>			
	Personnel Costs (Note 8.1)	333,683,892	332,092,828	441,907,034
	Rentals on lease aircraft	43,426,021	10,805,791	21,924,740
	Directors' Remuneration	735,943	627,202	535,334
	Amortization of Intangible Assets (Note 13)	4,775,650	4,745,190	5,269
	Depreciation on Property, Plant and Equipment (Including Depreciation on Rotables) (Note 12)	632,347,077	356,167,574	325,161,558
	Provision for Impairment Loss on Trade Receivables (Note 16.1)	26,142,159	45,187,629	13,953,031
8.1	Personnel Costs			
	Staff Salaries and Allowances	312,736,168	314,048,031	396,048,486
	Uniform, Tailoring and Laundry Costs	1,596,823	513,744	2,200,120
	Training Costs	7,981,926	5,474,016	30,059,463
	Traveling Expenses	3,354,273	1,853,277	3,697,187
	Pension Fund	5,090,268	5,106,988	5,137,278
	Staff Recreation Expenses	33,678	182,792	1,336,655
	Staff Medical Expenses	27,958	236,850	172,962
	Staff Insurance	2,776,493	3,663,110	2,358,053
	Provision for Retirement Benefit Obligations	86,305	1,014,020	896,830
		333,683,892	332,092,828	441,907,034

ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

9 TAX EXPENSE

	2021	2020
	MVR	Restated MVR
Current Tax Expense (Note 9.1)	-	-
Deferred Tax Asset Recognized (Note 9.3)	(77,831,282)	(83,917,422)
Deferred Tax Liability Recognized	-	(731,981)
	(77,831,282)	(84,649,403)

9.1 Reconciliation Between Accounting Profit and Taxable Income:

	2021	2020
	MVR	Restated MVR
Profit Before Tax	(725,381,723)	(664,498,241)
Aggregate Disallowable Items	634,922,905	338,693,343
Aggregate Allowable Items	(325,480,666)	(297,676,562)
Tax Free Allowance	-	-
Taxable Income	(415,939,484)	(623,481,460)
Income Tax @ 15%	-	17,267,801

In accordance with the provisions of the Income Tax Act No. 25 of 2019, relevant regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.

9.2 Net Deferred Tax Assets/ Liability

	2021	2020	2019
	MVR	Restated MVR	Restated MVR
Net Deferred Tax Asset			
Deferred Tax Asset (Note 9.3)	211,057,509	133,237,828	49,187,401
Deferred tax Liabilities (Note 9.4)	-	-	(731,981)
	211,057,509	133,237,828	48,455,420

9.3 Deferred Tax Asset

	2021	2020	2019
	MVR	Restated MVR	Restated MVR
As at 1st January	133,237,828	49,187,401	52,264,929
Recognised during the year	77,819,681	84,050,427	(3,077,528)
As at 31st December	211,057,509	133,237,828	49,187,401
Recognised during the year			
-Recognised in Profit or Loss	77,831,282	83,917,422	(3,077,528)
-Recognised in other comprehensive income	(11,601)	133,005	-
	77,819,681	84,050,427	(3,077,528)

Deferred tax assets are attributable to the following:

	2021		2020		2019	
			Restated		Restated	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	Restated MVR	Restated MVR	Restated MVR	Restated MVR
Property, Plant and Equipment	651,614,878	97,742,232	531,520,810	79,728,122	250,774,009	37,616,101
Intangible Assets	(65,201)	(9,780)	4,649,524	697,429	4,745,185	711,778
Trade receivables Impairment	233,792,745	35,068,912	45,187,629	6,778,144	71,499,980	10,724,997
Employee Retirement benefits Obligation-P&L	2,074,497	311,175	127,318	19,098	896,830	134,525
Employee Retirement benefits Obligation-OCI	(77,342)	(11,601)	886,702	133,005	-	-
Tax Loss	519,710,472	77,956,571	305,880,200	45,882,030	-	-
	1,407,050,049	211,057,509	888,252,183	133,237,828	327,916,005	49,187,401

Deferred tax asset amounting to MVR 77,956,571/-(2020; MVR 45,882,030) arising on carried forward tax losses were not recognised as of the reporting date due to uncertainty of the recoverability.



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10 RETIREMENT BENEFITS OBLIGATIONS

	2021	2020
	MVR	MVR
At 1 January	1,910,850	896,830
Interest charge	87,885	41,240
Current service cost	75,762	86,078
Actuarial loss / (gain) on obligation	(77,342)	886,702
Closing balance	1,997,155	1,910,850

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

Amount recognized in statement of profit or loss

Total service cost	75,762	86,078
Net interest cost	87,885	41,240
Expense recognised in the Income statement	163,647	127,318

Amount recognized in other comprehensive income

Actuarial loss on obligation	(77,342)	886,702
------------------------------	----------	---------

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

	2021	2020
Discount rate	4.60%	4.60%
Expected salary increment	2.50%	2.50%
Retirement Age (Years)	65	65

	Withdrawal	Withdrawal
	rate%	rate%
iii) Attrition at Ages		
Up to 30 Years	8	8
From 31 to 44 years	8	8
Above 44 years	8	8

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

		Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
	Change in assumption (%)	2021 MVR	2021 MVR
Discount rate	0.50%	(98,103)	138,026
Salary growth rate	0.50%	130,602	(99,340)

The liability for defined benefit obligations is not externally funded.

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

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

11 Earnings / (Loss) per Share

Basic Earnings / (Loss) per Share

The basic EPS is calculated by dividing the profit/(Loss) for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year.

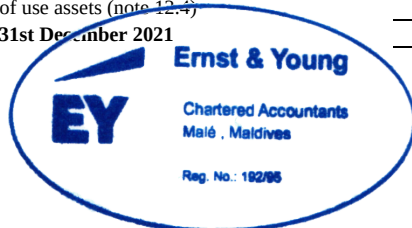
	2021	2020
	MVR	Restated MVR
Loss for the year:	(647,550,441)	(579,848,838)
Weighted average number of ordinary shares	1,000,000	1,000,000
Loss per Share	(647.55)	(579.85)



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12 PROPERTY, PLANT AND EQUIPMENT

	Fleet and Engines	Leasehold Buildings and Seaplane Infrastructure	Plant and Equipment	Furniture and Fixtures	Computers and Accessories	Motor Vehicles	Aircraft Related Equipments	Total
	Restated MVR	MVR	MVR	MVR	MVR	MVR	Restated MVR	Restated MVR
Cost								
As at 1st January 2020	1,752,554,264	99,763,653	63,998,031	27,185,352	28,065,793	21,852,192	726,294,923	2,719,714,209
Additions during the year	63,957,144	-	4,610,073	47,907	819,787	528,135	10,396,341	80,359,387
Transfer	67,959,321	-	-	-	-	-	(67,959,321)	-
Disposals during the year / Write off	(72,772,998)	(207,899)	-	-	-	-	(30,980,793)	(103,961,690)
As at 31st December 2020	1,811,697,731	99,555,754	68,608,104	27,233,259	28,885,580	22,380,327	637,751,151	2,696,111,906
Additions during the year	193,379,844	255,907,502	23,043,929	638,054	3,571,443	750,184	30,535,545	507,826,502
Transfer	26,392,930	-	-	-	-	-	(26,392,930)	-
Disposals during the year / Write off	(185,509,633)	(35,817,122)	(82,244,827)	(23,521,033)	(17,016,149)	(5,708,810)	-	(349,817,574)
As at 31st December 2021	1,845,960,872	319,646,134	9,407,206	4,350,280	15,440,874	17,421,701	641,893,767	2,854,120,834
Accumulated Depreciation								
As at 1st January 2020	501,933,041	35,298,309	28,719,334	23,202,880	24,036,866	17,120,647	344,904,553	975,215,631
Charge for the year	280,569,730	4,178,346	8,280,262	1,047,137	1,363,269	2,318,863	22,931,691	320,689,298
Transfer	11,538,483	-	-	-	-	-	(11,538,483)	-
Disposals during the year / Write off	(72,772,998)	-	-	-	-	-	(30,980,793)	(103,753,791)
As at 31st December 2020	721,268,256	39,476,655	36,999,596	24,250,017	25,400,135	19,439,510	325,316,968	1,192,151,138
Charge for the year	357,297,074	22,333,711	1,335,637	369,572	1,583,008	1,634,908	34,764,752	419,318,662
Transfer	9,444,157	-	-	-	-	-	(9,444,157)	-
Adjustments	-	(776,035)	485,901	(328,316)	(272,682)	(404,717)	-	(1,295,849)
Provision for impairment	-	-	-	-	-	-	209,548,614	209,548,614
Disposals during the year / Write off	(185,509,633)	(34,243,905)	(31,705,887)	(22,275,754)	(15,357,616)	(6,776,563)	-	(295,869,358)
As at 31st December 2021	902,499,854	26,790,426	7,115,247	2,015,519	11,352,845	13,893,138	560,186,178	1,523,853,207
Net Carrying Value								
As at 31st December 2021	943,461,018	292,855,708	2,291,959	2,334,761	4,088,029	3,528,563	81,707,589	1,330,267,627
As at 31st December 2020	1,090,429,475	60,079,099	31,608,508	2,983,242	3,485,445	2,940,817	312,434,183	1,503,960,768
As at 31st December 2019	1,250,621,223	64,465,344	35,278,697	3,982,472	4,028,927	21,852,192	381,390,370	1,744,498,578
Analysis as at 31 December 2020								
Owned	848,132,657	55,802,436	31,608,508	2,983,242	3,485,445	2,940,817	312,434,183	1,257,387,287
Capital work-in-progress (note 12.2)	-	68,660	-	-	-	-	-	68,660
Right of use assets (note 12.4)	242,296,818	4,208,003	-	-	-	-	-	246,504,821
As at 31st December 2020	1,090,429,475	60,079,099	31,608,508	2,983,242	3,485,445	2,940,817	312,434,183	1,503,960,768
Analysis as at 31 December 2021								
Owned	744,858,538	54,375,795	2,291,959	2,334,761	4,088,029	3,528,563	81,707,589	893,185,234
Capital work-in-progress (note 12.2)	-	33,182,639	-	-	-	-	-	33,182,639
Right of use assets (note 12.4)	198,602,480	205,297,274	-	-	-	-	-	403,899,754
As at 31st December 2021	943,461,018	292,855,708	2,291,959	2,334,761	4,088,029	3,528,563	81,707,589	1,330,267,627



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.1 Fleet and Engines

	Airframe	Engines	Landing Gears	Floats	Propellers	Auxiliary Power Unit (APU)	Total 2021
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost							
As at 1st January - Restated	551,306,503	511,988,896	50,812,482	117,397,905	47,494,147	39,666,178	1,318,666,112
Additions during the year	25,602,179	139,772,368	4,018,575	-	5,509,017	13,437,878	188,340,017
Disposals during the year / Write off	-	(148,322,731)	(1,294,212)	-	(23,531,177)	(12,361,514)	(185,509,633)
As at 31st December	576,908,682	503,438,534	53,536,846	117,397,905	29,471,987	40,742,542	1,321,496,496
Accumulated Depreciation							
As at 1st January	239,192,789	186,746,996	18,439,332	20,437,641	10,030,466	20,122,800	494,970,023
Charge for the year	52,504,197	161,442,132	4,170,265	13,152,803	27,391,145	8,517,025	267,177,568
Disposals during the year / Write off	-	(148,322,731)	(1,294,212)	-	(23,531,177)	(12,361,514)	(185,509,633)
As at 31st December	291,696,986	199,866,398	21,315,385	33,590,444	13,890,434	16,278,311	576,637,958
Net Carrying Value							
As at 31st December 2021	285,211,696	303,572,136	32,221,461	83,807,461	15,581,553	24,464,231	744,858,538

ROU Aircrafts (Note 12.4) with a carrying value of MVR 198,602,480/- (2020: MVR 266,733,386) is included within the Fleet and Engines (Note 12) carrying value.

12.2 The Capital Work-in- Progress at end of the reporting period comprises of following projects;

	2021	2020	2019
	MVR	MVR	MVR
Asset under constructions included in property, plant and equipment at the year-end comprises of:			
Buildings	9,049,526	-	208,980
Seaplane Platforms	55,795	68,660	2,255,774
Aircrafts under modification	24,077,318	-	-
	33,182,639	68,660	2,464,754

12.3 Aircrafts which are mortgaged to obtain loans and borrowings by the Company are disclosed under Note 21 and 25 to the Financial Statements.



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.4 RIGHT-TO-USE ASSETS

	Leased Airports	Leasehold Land	Leased Aircraft	Leasehold Buildings	Total 2021	Total 2020 Restated MVR	Total 2019 Restated MVR
	MVR	MVR	MVR	MVR	MVR		
Cost							
As at 1st January - Restated			493,031,619	4,398,533	497,430,152	516,178,516	-
Additions	106,945,353	98,672,837	31,432,756	-	237,050,946	5,345,888	445,154,580
Disposals	-	-	-	-	-	(24,094,252)	-
As at 31st December	106,945,353	98,672,837	524,464,375	4,398,533	734,481,098	497,430,152	445,154,580
Accumulated Amortization							
As at 1st January - Restated			226,298,233	190,550	226,488,783	132,302,200	-
Charge for the Year	2,138,907	2,294,717	99,563,662	95,275	104,092,561	118,280,835	96,596,008
Disposals	-	-	-	-	-	(24,094,252)	-
As at 31st December	2,138,907	2,294,717	325,861,895	285,825	330,581,344	226,488,783	96,596,008
Net Carrying Value	104,806,446	96,378,120	198,602,480	4,112,708	403,899,754	270,941,369	348,558,572

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

13 INTANGIBLE ASSETS

	2021 MVR	2020 MVR
Cost		
As at 1st January	28,693,815	28,598,154
Additions / (Disposals) During the Year	(14,362,584)	95,661
CWIP	231,300	-
As at 31st December	14,562,531	28,693,815
Accumulated Amortization		
As at 1st January	23,852,959	19,107,769
Charge for the Year	4,775,650	4,745,190
Disposals During the Year	(14,362,579)	-
As at 31st December	14,266,030	23,852,959
Net Carrying Value	296,501	4,840,856
The Capital Work-in- Progress at end of the reporting period comprises of following projects;		
Softwares	231,300	-

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

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



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

14 OTHER INVESTMENT

14.1 Madivaru Holdings Private Limited

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

14.2 Airport Investment Maldives Private Limited

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

15 INVENTORIES

	2021	2020
	MVR	MVR
Consumables and Expendables	80,031,460	81,514,696
Tools and Equipment	3,550,364	2,217,061
	83,581,824	83,731,757

16 TRADE AND OTHER RECEIVABLES

	2021	2020
	MVR	MVR
Trade Receivables	456,671,284	355,410,416
Less: Provision for Impairment Loss on Trade Receivables (Note 16.1)	(142,829,768)	(116,687,609)
	313,841,516	238,722,807
Pre-Payments	14,731,702	13,700,321
Advance Payments	44,858,261	43,770,709
Security Deposits	57,610,972	55,222,432
Other Receivables	79,783,939	118,916,114
Air Maldives Receivable	3,527,165	3,527,165
Less: Provision for Impairment Loss (Note 16.2)	(3,527,165)	(3,527,165)
	510,826,390	470,332,383

16.1 Provision for Impairment Loss on Trade Receivables

As at 1st January	116,687,609	71,499,980
Provision / Reversal of provision during the year	26,142,159	45,187,629
As at 31st December	142,829,768	116,687,609

16.2 Provision for Impairment Loss on Other Receivables

	2021	2020
	MVR	Restated MVR
As at 1st January	3,527,165	3,527,165
Reversed during the year	-	-
As at 31st December	3,527,165	3,527,165

ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

17 CASH AND BANK BALANCES

	2021	2020
	MVR	MVR
Cash in Hand	870,321	941,154
Balances with Banks	68,518,157	84,600,629
Cash and Bank balances	69,388,478	85,541,783
Bank Overdraft (Note 25)	(77,602,632)	(71,257,095)
Cash and Cash Equivalents for the Purpose of Cash flows	(8,214,154)	14,284,688

18 SHARE CAPITAL

18.1 Authorized Share Capital

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

18.2 Issued and Fully Paid Share Capital

The issued and fully paid share capital comprises of 1,000,000 (2020: 1,000,000) ordinary shares of MVR. 100/-

18.3 Advance Towards Share Capital

During the year the Government of Maldives infused funds amounting to MVR 201,100,000/- (2020: MVR 276,283,884). Shares in respect of such funds are yet to be issued by the Company.

18.4 Dividends and Voting Rights

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

The Company has not declared dividend during the year ended 31st December 2021 (2020 : MVR 38,481,204/-).

19 GENERAL RESERVE

No transfer was made during the year as the Company made losses during the year 2021 (2020: None).

20 LOAN FROM SHAREHOLDER

	2021	2020
	MVR	MVR
Gross Loan		
As at 1st January	357,444,675	342,219,353
Borrowings Obtained During the Year	-	-
Accrued Interest During the Year	15,009,603	15,225,322
As at 31st December	372,454,278	357,444,675



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

20 LOAN FROM SHAREHOLDER (CONTINUED)

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

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

20.3 Net Loan

	2021	2020
	MVR	MVR
Non- Current Liabilities	221,108,343	237,443,906
Current Liabilities	151,345,935	120,000,769
	372,454,278	357,444,675

20.4 Repayments of Gross Loan are scheduled as follows:

Within one year	151,345,935	120,000,769
More than one year but less than two years	16,335,563	16,335,563
More than two years but less than three years	8,167,781	16,335,563
More than three years but less than four years	-	8,167,781
More than four years but less than five years	-	-
More than five years	196,605,000	196,605,000
	372,454,278	357,444,675

21 LOANS AND BORROWINGS

	2021	2020
	MVR	MVR
As at 1st January	249,739,565	244,096,681
Add: Loans Obtained During the Year	-	-
Less: Loan Repayments During the Year	(50,497,728)	(26,522,722)
Add: Interest Capitalisation on Loans	35,300,901	32,165,606
As at 31st December	234,542,738	249,739,565

21.1 Sources of Finance

	2021	2020
	MVR	MVR
State Bank of India- Male' Branch - Term Loan I (Note 21.4)	83,363,231	87,994,490
Maldives Islamic Bank- Male' Branch - Term Loan II (Note 21.5)	14,411,641	17,472,704
State Bank of India- Male' Branch - Term Loan III (Note 21.6)	7,713,520	10,489,120
State Bank of India- Male' Branch - Term Loan IV (Note 21.7)	58,750,045	63,376,045
State bank of India - Male' branch - Term loan V (Note 21.8)	35,003,400	38,241,600
Maldives Islamic Bank- Male' Branch - Term Loan VI (Note 21.9)	8,102,841	14,814,311
State bank of India - Male' Branch - Term Loan VII (Note 21.10)	27,198,060	17,351,295
	234,542,738	249,739,565



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

21 LOANS AND BORROWINGS (CONTINUED)

21.2 Non-Current Liabilities

	2021	2020
	MVR	MVR
State Bank of India- Male' Branch - Term Loan I	64,859,231	81,826,490
Maldives Islamic Bank- Male' Branch - Term Loan II	5,273,857	13,137,490
State Bank of India- Male' Branch - Term Loan III	-	6,788,320
State Bank of India- Male' Branch - Term Loan IV	40,246,045	57,208,045
State Bank of India - Male' Branch - Term Loan V	22,050,600	33,924,000
Maldives Islamic Bank- Male' Branch - Term Loan VI	-	7,554,787
State bank of India - Male' Branch - Term Loan VII	17,031,744	11,913,045
	149,461,477	212,352,177

Repayments of non current debts are scheduled as follows;

More than one year but less than two years	65,134,297	81,821,357
More than two years but less than three years	51,532,088	56,534,409
More than three years but less than four years	25,760,861	45,982,347
More than four years but less than five years	7,034,231	28,014,064
More than five years	-	-
	149,461,477	212,352,177

21.3 Current Liabilities

State Bank of India- Male' Branch - Term Loan I	18,504,000	6,168,000
Maldives Islamic Bank- Male' Branch - Term Loan II	9,137,784	4,335,214
State Bank of India- Male' Branch - Term Loan III	7,713,520	3,700,800
State Bank of India- Male' Branch - Term Loan IV	18,504,000	6,168,000
State Bank of India - Male' Branch - Term Loan V	12,952,800	4,317,600
Maldives Islamic Bank- Male' Branch - Term Loan VI	8,102,841	7,259,524
State bank of India - Male' Branch - Term Loan VII	10,166,316	5,438,250
	85,081,261	37,387,388

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

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

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

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

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

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



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

21 LOANS AND BORROWINGS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

21 LOANS AND BORROWINGS (CONTINUED)

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

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

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

22 TRADE AND OTHER PAYABLES

	2021 MVR	2020 MVR Restated
Trade Payables	204,707,636	381,492,644
Accrued Expenses	45,950,706	17,090,149
Dividend Payable	94,442,299	94,442,299
GST Payable	8,547,254	5,603,716
Security Deposits Received	6,225,052	6,225,052
Advance Received from Customers	27,139,092	19,321,708
Other Payables	184,677,360	265,549,360
	571,689,399	789,724,928

23 LEASE LIABILITY

	2021 MVR	2020 MVR
At 1st January	260,882,273	349,119,286
Recognition of lease liability on initial application of IFRS 16	-	-
Recognitions during the year during the year	231,330,846	-
Interest charge during the year	22,937,603	21,524,451
Payments made during the year	(101,422,328)	(109,761,464)
Balance as at 31 December	413,728,394	260,882,273
Maturity analysis		
Current	81,544,087	93,538,661
Non-current	332,184,307	167,343,612
	413,728,394	260,882,273

	2021 MVR	2020 Restated MVR	2019 Restated MVR
24 OTHER LIABILITIES			
Provision for return condition	87,435,812	81,715,712	76,369,824
	87,435,812	81,715,712	76,369,824

25 BANK OVERDRAFT

	2021 MVR	2020 MVR
Bank Overdraft (Note 25.1)	77,602,632	71,257,095

25.1 Bank Overdraft

The Company has renewed the bank overdraft limit with enhancement from the existing level of MVR. 46,260,000/- (US\$: 3Mn) to MVR. 77,100,000/- (US\$: 5Mn) for working capital purpose from State Bank of India - Male' Branch with an interest rate at SBAR (USD). The Company has mortgage three aircrafts namely, MSN 542 Dash-8-200, MSN 491 Dash-8-300 and MSN 544 Dash-8-300 to obtain this facility.

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk Management framework

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

(iii) Credit Risk

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

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

	2021 MVR	2020 Restated MVR
Trade Receivables	456,671,284	355,410,416
Amount Due from Related Parties	94,433,833	115,918,918
Balances with Banks	68,518,157	84,600,629
	619,623,274	555,929,963

(iv) Credit Loss

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

Government & Government Entities

Ageing Bucket	As at 31st December 2021			As at 31st December 2020 Restated		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	16,699,499	8%	1,375,795	17,163,062	8%	1,384,601
31 - 60 days	11,811,538	11%	1,339,174	13,063,911	11%	1,461,167
61 - 90 days	9,669,918	17%	1,605,025	5,347,886	16%	849,735
> 90 days	56,472,895	40%	22,840,079	80,349,929	39%	31,450,634
Total	94,653,850		27,160,073	115,924,786		35,146,137

Maldives Corporate and Resort

	As at 31st December 2021			As at 31st December 2020 Restated		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	74,957,301	4%	2,814,711	96,942,799	3%	2,442,916
31 - 60 days	54,521,979	7%	3,735,206	5,623,713	5%	266,966
61 - 90 days	28,924,086	13%	3,623,722	2,851,820	9%	258,480
> 90 days	203,278,962	36%	74,011,829	180,460,183	31%	56,115,890
Total	361,682,327		84,185,468	285,878,514		59,084,252

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Credit Loss (Continued)

Foreign Corporate

Ageing Bucket	As at 31st December 2021			As at 31st December 2020 Restated		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	5,670,060	4%	571,300	5,379,701	10%	528,898
31 - 60 days	4,373,674	7%	714,410	1,080,118	16%	169,712
61 - 90 days	3,064,364	13%	724,506	487,165	24%	114,485
> 90 days	50,120,194	36%	29,474,001	40,228,228	54%	21,644,114
Total	63,228,292		31,484,217	47,175,212		22,457,209

Others

Ageing Bucket	As at 31st December 2021			As at 31st December 2020 Restated		
	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance	Trade Receivables Carrying Amount	Expected loss rate	ECL Allowance
1 - 30 days	1,595,383	0%	-	2,560,938	0%	-
31 - 60 days	44,592	0%	-	735,534	0%	-
61 - 90 days	39,456	0%	-	314,318	0%	-
> 90 days	9,243,715	0%	-	18,740,030	0%	-
Total	10,923,146		-	22,350,820		-

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

(v) Liquidity Risk

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

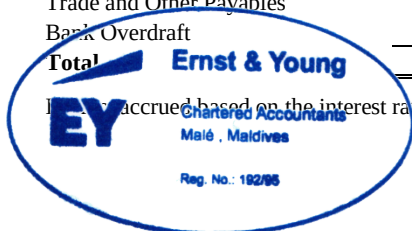
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31st December 2021	Carrying Amount MVR	0-6 Months MVR	6-12 Months MVR	1-2 Years MVR	2-5 Years MVR
Financial Liabilities (Non- Derivative)					
Loans and Borrowings	272,767,746	61,152,677	40,554,986	77,113,240	93,946,843
Shareholder loan	425,118,317	165,922,814	1,570,029	41,002,262	216,623,212
Trade and Other Payables	571,689,399	571,689,399	-	-	-
Bank Overdraft	77,602,632	77,602,632	-	-	-
Total	1,347,178,094	876,367,522	42,125,015	118,115,502	310,570,055

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

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

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



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vi) Market risk

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

(a) Interest rate risk

Profile

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

	Carrying Amount	
	2021	2020
	MVR	MVR
Variable Rate Instruments		
Financial Liabilities	199,241,837	244,096,681
Bank Overdraft	77,602,632	71,257,095
	276,844,469	315,353,776

Cash flow sensitivity analysis for variable rate instruments

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

	2021	2020
	MVR	MVR
100 Basis points increase in interest rate	2,768,445	2,888,311
100 Basis points decrease in interest rate	(2,768,445)	(2,888,311)

(b) Currency Risk

Exposure to currency risk

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

	USD	2021	INR
		LKR	
Cash and Bank Balances	741,294	2,692,096	71,737,081
Trade and Other Receivables	23,762,436	112,224,267	112,224,267
Bank Overdraft	(5,023,837)	-	-
Loans and Borrowings	(15,211,919)	-	-
Trade and Other Payables	(23,496,741)	(672,713)	(112,224,267)
	(19,228,766)	114,243,650	71,737,081
	USD	2020	INR
		LKR	
Cash and Bank Balances	1,938,716	2,694,346	1,359,737
Trade and Other Receivables	13,781,390	12,034,320	111,040,720
Bank Overdraft	(4,615,333)	-	-
Loans and Borrowings	(16,197,114)	-	-
Trade and Other Payables	(12,172,454)	(145,569)	(12,603,509)
	(17,264,794)	14,583,098	99,796,948

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2021	2020	2021	2020
	MVR	Restated MVR	MVR	Restated MVR
1 USD: MVR.	15.42	15.42	15.42	15.42
1 LKR: MVR.	0.08	0.08	0.08	0.08
1 INR: MVR.	0.21	0.21	0.20	0.21



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

27 RELATED PARTY TRANSACTIONS

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

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

27.1 Sales of goods and services	2021	2020
Name of the related party	MVR	MVR
Aasandha	67,964,116	57,720,791
Government Ministries	3,013,609	81,092,147
Maldives Police Services	6,619,771	3,928,163
President's Office	841,395	1,359,083
Maldives National Defense Force	2,532,565	2,233,126
Maldives Airports Company Ltd.	596,339	644,772
State Trading Organisation	1,729,861	1,641,470
Fenaka Corporation Limited	2,898,586	1,990,497
Maldives Marketing & PR Cooperation	163,240	831,376
Ministry of Finance and Treasury	249,599	39,473
Others	27,565,332	57,192,811
	114,174,413	208,673,709
27.2 Purchases of goods and services	2021	2020
Name of the related party	MVR	MVR
Maldives Airports Company Ltd	312,662,621	248,242,589
Addu International Airport Pvt Ltd	53,537,757	21,942,791
State Trading Organisation	43,545,584	17,811,390
Regional Airports	2,999,278	11,159,817
Kadhdhoo Airport Office	8,841,923	4,102,738
Allied Insurance Comp Of The Maldives Pvt Ltd	44,341	3,826,772
Dhiraagu	2,898,931	2,965,401
Maldives Customs Services	2,815,062	734,500
Maldives Civil Aviation Authority	897,138	748,350
State Electric Co. Ltd	1,111,583	1,736,493
Others	12,153,995	3,755,176
	441,508,213	317,026,017
27.3 Receivable from related parties:	2021	2020
Name of the related party	MVR	MVR
Aasandha	26,305,486	18,607,265
Regional Airports	14,701,566	14,932,823
Ministry of Finance	405,951	-
Maldives Airports Company Ltd.	4,128,473	11,209,404
Football Association Of Maldives	7,426,688	7,426,688
Public Service Media	3,550,296	3,557,718
Ministry of Education	140,694	5,804,891
State Trading Organisation	2,573,942	5,823,708
Ministry of Youth, Sports and Empowerment	1,155,533	624,741
Fenaka Corporation Limited	3,123,226	1,391,059
Others	30,921,978	46,540,621
	94,433,833	115,918,918
27.4 Payable to related parties:	2021	2020
Name of the related party	MVR	MVR
Maldives Airports Company Ltd.	352,491,861	185,659,486
Regional Airports	133,354,445	130,534,267
Kadhdhoo Airport Office	27,317,846	35,253,935
Addu International Airport Pvt Ltd	18,957,776	9,836,721
State Trading Organisation	1,056,351	16,358,515
Fenaka Corporation Limited	1,649,480	1,250,215
Maldives Post Limited	2,437,071	2,033,316
Dhiraagu	965,178	1,243,608
Maldives Transport & Contracting Plc	537,750	524,600
Maldives Inland Revenue Authority	261,787,913	54,870,408
Others	2,414,793	1,580,097
	802,970,463	439,145,168



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.5 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of the key management personnel. The Company has paid MVR 2,144,147/- as fees to the directors during the year ended 31st December 2021 (2020: MVR 627,202/-). In addition, the non cash benefits given to Key management personnel during the year amounted to MVR 40,096/-.

28 Adjustments resulting from the physical verification of Aircraft and related assets and return conditions associated with leased aircraft

- 28 (a) During the year the Company carried out physical verification of aircraft and related assets classified under property, plant and Equipment and identified adjustments relating to the derecognition of components of aircraft, capitalisation of repair costs relating to prior periods. Details of impact on such adjustments in relation to property, plant and equipment, retained earnings, deferred taxes and related income statement accounts in 2020 are disclosed in note 28 (b) below.

During the year the Company has assessed and accounted the liability relating to return conditions associated with two leased aircraft and identified adjustments relating to amounts reported relating to prior periods in connection with right of use assets classified under property, plant and equipment, other liabilities, deferred taxes and related income statement accounts in 2020 as disclosed as in note 28 (b) below.

- 28 (b) Affected financial statement line items of the company for the prior periods as follows:

These errors have been corrected by restating each of the affected financial statement line items of the Company for the prior periods as follows:

Statement of financial position (extract)

	As at 31.12.2020 As previously reported MVR	Increase / (Decrease) MVR	As at 31.12.2020 Restated MVR	As at 01.01.2020 As previously reported MVR	Increase / (Decrease) MVR	As at 01.01.2020 Restated MVR
Assets						
Property, Plant and Equipment	1,892,296,624	(388,335,856)	1,503,960,768	2,126,459,261	(381,960,683)	1,744,498,578
Deferred Tax Assets	104,832,784	28,405,044	133,237,828	24,385,714	24,069,706	48,455,420
	1,997,129,408	(359,930,812)	1,637,198,596	2,150,844,975	(357,890,977)	1,792,953,998
Liabilities						
Other Liabilities- provision for return condition	-	81,715,712	81,715,712	-	76,369,824	76,369,824
Equity						
Retained earnings	(188,814,902)	(441,646,524)	(630,461,426)	442,123,716	(434,260,801)	7,862,915

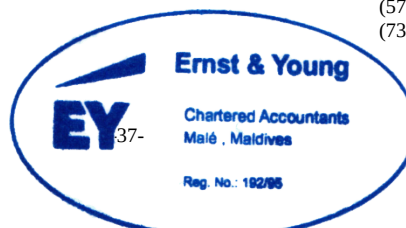
Statement of Profit or Loss (extract)

	Year ended 31.12.2020 As previously reported MVR	Profit Increase / (Decrease) MVR	Year ended 31.12.2020 Restated MVR
Depreciation and Amortisations	(335,717,218)	(20,450,356)	(356,167,574)
Aircraft Maintenance and Overhaul cost	(162,436,833)	8,729,295	(153,707,538)
Operating profit	(590,008,040)	(11,721,061)	(601,729,101)
Profit before taxation	(652,777,180)	(11,721,061)	(664,498,241)
Income Tax Expense	80,314,065	4,335,338	84,649,403
Profit for the year	(572,463,115)	(7,385,723)	(579,848,838)

Basic Earnings/(loss) per share for the prior year have also been restated. The amount of the correction for earnings per share was a decrease of MVR 7.39 per share.

Statement of cashflows (extract)

	Year ended 31.12.2020 As previously reported MVR	Increase / (Decrease) MVR	Year ended 31.12.2020 Restated MVR
Net Cash from Operating Activities	(57,822,383)	(5,490,799)	(63,313,182)
Net Cash Used in Investing Activities	(73,048,135)	5,490,799	(67,557,336)



ISLAND AVIATION SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

29 CONTINGENT LIABILITIES AND COMMITMENTS

Contingencies

The Management estimates contingent liabilities based on claims made of MVR 32.3 Million as at 31st December 2021 (2020: MVR 24 Million). No provision has been made in these Financial Statements as the Directors do not anticipate liability in respect of any contingent liabilities arising in the course of business of the Company in respect of legal actions, other claims and potential claims being made against the Company by customers, suppliers and employees.

The Company has no legal actions other than from its customers, suppliers and employees.

Capital commitment

As at 31 December 2021, the Company have commitments for capital expenditure. Such commitments amount to MVR 35,404,616 (2020:Nil). The commitments principally relate to the fuel farm project in Maafaru International Airport which is located in Noonu Atoll.

30 EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date, the Company entered in to purchase agreement to procure two Firm ATR 72-600 Aircraft and one Firm ATR 42-600 Aircraft at a total cost of USD 56.22Mn (MVR: 866.91Mn). Subsequently, the Company signed letter of Intent (LOI) with Aircraft Leasing Company to lease these three aircraft.

31 DIRECTOR'S RESPONSIBILITY

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

