ISLAND AVIATION SERVICES LIMITED

Financial Statements –31 December 2022

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Independent auditor's report

To the Shareholders of Island Aviation Services Limited

Our opinion

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

What we have audited

The financial statements of the Company, which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material uncertainty relating to going concern

We draw attention to Note 2.4 in the financial statements, which indicates that the Company has incurred a total comprehensive loss of MVR 501,490,798 (2021: MVR 647,484,700) and had accumulated losses of MVR 1,779,436,924 (2021: MVR 1,277,946,126) at the reporting date. At that date, the Company's current liabilities exceeded its current assets by MVR 1,811,791,820 (2021: MVR 1,100,186,054). As stated in Note 2.4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, H. Thandiraimage, 3rd Floor, Roshanee Magu, Malé, Republic of Maldives

Tel: +960 3318342, 3336046, Fax: +960 3314601, www.pwc.com/lk

Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T.U. Jayasinghe FCA

Resident Partner Jatindra Bhattray FCA

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Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition of passenger income from domestic and regional services (Refer to the significant accounting policies note 3.3 and note 5 in the financial statements) Airline revenue include passenger income- domestic services and passenger income-regional services amounting to MVR 1,450 Mn which is a significant component of revenue for the Company for the year ended 31 December 2022. Passenger income- domestic services and passenger income-regional services are recognised based on reports generated from IT systems. We considered revenue recognition of passenger income from domestic and regional services as a key audit matter due to the following: - Passenger income from domestic and regional services represent 79% of the Company's revenue for the year ended 31 December 2022 and is material to the financial statements. - Significant audit effort is required since the passenger income from domestic and regional services involve large volumes of transactions, and it is an area of higher assessed risk of material misstatement or significate risk.	Our audit procedures included both control testing and substantive procedures performed with the assistance of our IT specialists; i) Understanding and evaluating the relevant IT systems, the design of the controls and testing the operating effectiveness of the controls over the; • ticketing and recognition of deferred revenue; • capturing and recording of revenue transactions based on flown status; • authorization of the rate changes and the input of such rates to the reservation systems; ii) Performing reconciliations of amounts from reservation system based on flown status to the revenue sub-ledger and to the general ledger; iii) Cross-checked the completeness of revenue from movement analysis of deferred revenue supported with total ticket issued amounts and revenue recognised based on the flown status and iv) Examining material manual journal entries and other adjustments processed to revenue.

Other matter

The financial statements of the Company for the year ended 31 December 2021 were audited by another firm of auditors whose report, dated 13 February 2023, expressed an unmodified opinion on those statements.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) 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 of the Company, 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 of Company 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jatindra Bhattray.

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23 October 2023

For PRICEWATERHOUSECOOPERS

Jatindra Bhattray
Partner

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2022

	Notes	2022 MVR	2021 MVR
Revenue	5	1,826,025,974	1,196,201,830
Expenditure			
Aircraft fuel cost		(554,379,239)	(275,040,438)
Employee cost		(473,844,865)	(337,606,110)
Airport, enrout and passenger cost		(252,243,443)	(166,465,710)
Rentals on lease aircraft		(61,530,232)	(44,059,461)
Aircraft maintenance and overhaul cost		(151,765,278)	(187,748,013)
Depreciation and amortisations		(407,281,767)	(335,955,357)
Selling, marketing and advertisings expense		(15,273,310)	(12,242,682)
Impairment loss on financial assets		(63,095,583)	(26,142,159)
Crew expense		(5,083,515)	(3,480,787)
Other operating expense		(243,712,398)	(138,180,749)
Operating loss before impairment loss of property, plant and equipment		**(402,183,656)**	**(330,719,636)**
Impairment of property, plant and equipment		(39,078,602)	(209,548,614)
Operating loss		**(441,262,258)**	**(540,268,250)**
Other income	6	45,132,994	23,523,983
Other gains / (losses) - net	7	(15,410,539)	(139,612,133)
Finance cost	8	(87,686,310)	(69,025,323)
Loss before taxation		**(499,226,113)**	**(725,381,723)**
Income tax (expense) / credit	10	(2,384,329)	77,831,282
Loss for the year		**(501,610,442)**	**(647,550,441)**
Other comprehensive income			
Items that will not be subsequently reclassified to the income statement:			
Remeasurement of defined benefit liability	11	140,758	77,342
Related taxes	10.3	(21,114)	(11,601)
Other comprehensive loss for the year net of tax		**119,644**	**65,741**
Total comprehensive loss for the year		(501,490,798)	(647,484,700)
Loss per share	12	**(501.61)**	**(647.55)**

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 10 to 43. The report of the independent auditors is given on pages 1 and 5.

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ISLAND AVIATION SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

ASSETS	Notes	2022 MVR	2021 MVR
Non-current assets			
Property, plant and equipment	13	2,061,039,089	1,330,267,627
Intangible assets	14	1,476,647	296,501
Other investments	15	-	-
Deferred tax assets	10.2	208,652,066	211,057,509
Total non-current assets		**2,271,167,802**	**1,541,621,637**
Current assets			
Inventories	16	100,764,383	83,581,824
Trade and other receivables	17	599,034,600	542,320,503
Amount due from related parties	17.2	80,982,033	62,939,720
Cash and bank balances	18	60,063,348	69,388,478
Total current assets		**840,844,363**	**758,230,525**
Total assets		**3,112,012,165**	**2,299,852,162**
EQUITY AND LIABILITIES			
Equity			
Share capital	19.1	100,000,000	100,000,000
Advance towards share capital	19.3	477,383,884	477,383,884
General reserve	20	312,771,168	312,771,168
Contributed capital	19.4	45,739,334	37,039,563
Accumulated losses		(1,779,436,924)	(1,277,946,126)
Total equity		**(843,542,538)**	**(350,751,511)**
Non-current liabilities			
Loan from shareholder	21	204,772,781	221,108,343
Loans and borrowings	22.2	122,660,229	149,461,477
Employee retirement benefits obligation	11	2,003,021	1,997,155
Lease liability	24	950,335,916	332,184,307
Other provision	25	23,146,573	87,435,812
Total non-current liabilities		**1,302,918,520**	**792,187,094**
Current liabilities			
Loan from shareholder	21	182,911,073	151,345,935
Loans and borrowings	22.3	69,153,856	85,081,261
Trade and other payables	23	1,003,452,052	833,477,312
Amount due to related parties	31.4	968,888,248	541,182,550
Lease liability	24	69,556,974	81,544,087
Forward revenue		75,430,179	86,102,245
Income tax payable		2,080,557	2,080,557
Bank overdraft	26	77,588,731	77,602,632
Other provision	25	203,574,513	-
Total current liabilities		**2,652,636,183**	**1,858,416,579**
Total liabilities		**3,955,554,703**	**2,650,603,673**
Total equity and liabilities		**3,112,012,165**	**2,299,852,162**

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 10 to 43. The report of the independent auditors is given on pages 1 and 5.

These financial statements were approved by the board of directors and signed on its behalf by:

Name of the Director	**Signature**
Ahmed Shamheed	
Mohamed Mihad	

23-Oct-2023

ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Notes	Share capital MVR	Advance towards share capital MVR	General reserve MVR	Contributed capital MVR	Accumulated losses MVR	Total MVR
As at 1st January 2021		100,000,000	276,283,884	312,771,168	28,383,482	(630,461,426)	86,977,108
Loss for the year		-	-	-	-	(647,550,441)	(647,550,441)
Other comprehensive income		-	-	-	-	65,741	65,741
Total comprehensive income		-	-	-	-	**(647,484,700)**	**(647,484,700)**
Transactions directly recognized in equity							
Fair value adjustment of subsidised loan granted during the year	**21**	-	-	-	8,656,081	-	8,656,081
Transactions with the owners of the company							
Advance towards share capital	**19.3**	-	201,100,000	-	-	-	201,100,000
Dividend declared during the year	**19.5**	-	-	-	-	-	-
As at 31st December 2021		**100,000,000**	**477,383,884**	**312,771,168**	**37,039,563**	**(1,277,946,126)**	**(350,751,511)**
Loss for the year		-	-	-	-	(501,610,442)	(501,610,442)
Other comprehensive income		-	-	-	-	119,644	119,644
Total comprehensive income		-	-	-	-	**(501,490,798)**	**(501,490,798)**
Transactions directly recognised in equity							
Fair value adjustment of the subsidised loans during the year	**21**	-	-	-	8,699,771	-	8,699,771
Transactions with the owners of the company							
Advance towards share capital	**19.3**	-	-	-	-	-	-
Dividend declared during the year	**19.5**	-	-	-	-	-	-
As at 31st December 2022		**100,000,000**	**477,383,884**	**312,771,168**	**45,739,334**	**(1,779,436,924)**	**(843,542,538)**

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 10 to 43. The report of the independent auditors is given on pages 1 and 5.

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ISLAND AVIATION SERVICES LIMITED
STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 MVR	2021 MVR
Cash flows from operating activities			
Loss before tax		(499,226,113)	(725,381,723)
Adjustments for:			
Depreciation on property, plant and equipment	13	406,383,109	331,179,707
Amortization of intangible assets	14	898,657	4,775,650
Provision of impairment loss on trade receivables	17.3	15,067,378	18,156,096
Provision of Impairment loss on other receivables	17.4	31,424,206	-
Provision for impairment loss on related party receivables	17.5	16,603,999	7,986,064
Provision for employee retirement benefit	11	146,624	163,647
Provision for impairment on rotables	13	39,078,602	209,548,614
Loss on disposal / write off of PPE		21,550,874	140,791,327
Inventory write-back / write-off during the year		16,601,601	(13,459,379)
Interest expense	8	87,686,310	69,025,323
Operating profit before working capital changes		**136,215,247**	**42,785,326**
Working capital changes			
Change in inventories	16	(33,784,160)	13,609,312
Change in trade and other receivables	17	(103,205,681)	(90,144,216)
Change in amount due from related parties	17.2	(34,646,311)	44,993,134
Change in trade and other payables	23	283,755,728	78,888,367
Change in amount due to related parties	31.4	427,705,698	102,037,382
Cash from operations		**676,040,521**	**192,169,305**
Interest paid		(23,470,820)	(22,422,036)
Tax paid		-	-
Net cash from operating activities		**652,569,701**	**169,747,269**
Cash flows from investing activities			
Purchase and construction of property, plant and equipment	13	(450,098,513)	(276,495,656)
Acquisition of intangible asset	14	(2,078,803)	(231,300)
Net cash used in investing activities		**(452,177,316)**	**(276,726,956)**
Cash flows from financing activities			
Loan obtained during the year	22	-	35,300,901
Repayments of borrowings during the year	22	(93,000,577)	(50,497,728)
Advance towards share capital	19.3	-	201,100,000
Repayment of leases	24	(166,974,961)	(101,422,328)
Net cash from financing activities		**(209,703,614)**	**84,480,845**
Net decrease in cash and cash equivalents		(9,311,229)	(22,498,842)
Cash and cash equivalents at beginning of the year		(8,214,154)	14,284,688
Cash and cash equivalents at end of the year	18	**(17,525,383)**	**(8,214,154)**

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 10 to 43. The report of the independent auditors is given on pages 1 and 5.

1. Reporting Entity

1.1 Corporate information

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. Basis of preparations

2.1 Compliance with IFRS

The financial statements of the Island Aviation Services Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Historical cost convention

The financial statements have been prepared on the historical cost basis. All the assets and financial assets are measured at historical cost and amortised cost basis and no assets are measured at fair value.

The financial statements of Island Aviation Services Limited for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the board of directors.

2.3 Use of estimates and judgements

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

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

The areas involving significant estimates or judgements are:

- Loss allowance for expected credit losses – note 3.15 (v) and note 27 (iii)
- Estimated useful life of property plant and equipment - note 3.11
- Estimated useful life of intangible asset – note 3.12
- Estimation uncertainties and judgements made in relation to lease accounting – note 3.14 and note 24
- Estimation of defined benefit plan / retirement gratuity benefit - note 3.21 and note 11
- Estimation of impairment of non financial assets- note 3.17
- Recoverability of deferred tax assets – note 3.9 (b)
- Provision for aircraft return conditions- note 3.20 and note 25

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2.Basis of preparations (Continued)

2.4 Going concern

During the year, the Company recorded a total comprehensive loss of MVR 501,490,798/- (2021– MVR 647,484,700/) with an accumulated loss of MVR 1,779,436,924/- (2021 – MVR 1,277,946,126/-) as at 31 December 2022. Further, the Company's current liabilities exceeded its current assets by MVR 1,811,791,820/- (2021 – MVR 1,100,186,054/-) and the total equity of the Company as at the reporting date has declined to a negative MVR 843,542,538/-.

In the aftermath of the pandemic, despite the continued travel restriction imposed by one of the company's biggest market, China, the company exhibited a commendable recovery in the year 2022, leading to a significant reduction of losses by 23% compared to the preceding year.

With the upswing in tourist arrivals to the Maldives, the company's strategic expansion of its fleet through the acquisition of new ATR aircrafts and the introduction of additional international routes, the company anticipate recovery of the operations and the commencement of profitability from the year 2023.

Further, the Ministry of Finance, representing the government of Maldives ("GOM") as the sole shareholder of the Company, confirmed its commitment to provide financial support to the Company as required, to ensure that the Company will continue as a going concern.

2.5 Comparative information

Comparative information including quantitative, narrative, and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

The presentation and classification of the financial statement of the previous year has been amended, where relevant for better presentation and to be comparable with these of the current year.

3. Significant Accounting Policies

3.1 Foreign currency translations

The Company's financial statements are presented in Maldivian Rufiyaa (MVR) which is the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.2 Current versus non-current classification

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

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

3. Significant Accounting Policies (Continued)

3.2 Current versus non-current classification (Continued)

A liability is current when:

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

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

3.3 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.

a) 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. These are recognized as revenue when each performance obligation for the airline services are fulfilled and is presented net of discounts and taxes. The transaction price is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Payment of the transaction price is due immediately when customer obtain the service.

- Passenger, cargo, excess baggage sales and other related fees are recognised as operating revenue when the transportation/ facility or service 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.

b) Dividend income

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

c) Rental income

Rental income is recognised on an accrual basis.

d) Interest income

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

e) Other income

Other income is recognised on an accrual basis.

3.4 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.

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3. Significant Accounting Policies (Continued)

3.5 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the Company's impairment policies and the calculation of loss allowance are provided in note 3.15 (v) and note 27 (iii).

3.6 Trade payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.7 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.

3.8 Expenditure recognition

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

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.9 Taxes

a) Current income tax

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provisions of the relevant tax statutes.

b) Deferred tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the financial statements. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the unused tax credits and tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. Significant Accounting Policies (Continued)

3.9 Taxes (Continued)

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised, or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as 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 tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

c) Goods and Service tax

Revenue, expenses assets are recognised net of the amount of sales tax. Receivable and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10 Cash dividend

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

3.11 Property, plant, and equipment

Property, plant and equipment is recognized at historical cost less 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. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred.

Depreciation is calculated using the straight-line method to allocate the of the assets, net of their residual values, over their estimated useful lives as follows:

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

Aircraft and its components 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 the fleet are made by the Company based on past experience and these are in line with the industry.

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.

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.

3. Significant Accounting Policies (Continued)

3.11 Property, plant, and equipment (Continued)

Rotable spares

Aircraft rotable 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".

3.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

3.13 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.

3. 14 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 uses the definition of a lease in IFRS 16. This policy is applied to contracts entered on or after 1st January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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

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

The 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, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. Significant Accounting Policies (Continued)

3. 14 Leases (Continued)

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

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Where possible lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. As such, since the implicit rates were not available for the leases the Company has considered the incremental borrowing rate for secured loans at which the Company can borrow for a period similar to lease period for an amount equal to right-of-use of the respective leases.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

3.15 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.

a) Financial assets

i. 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 depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

3. Significant Accounting Policies (Continued)

3.15 Financial instruments – initial recognition and subsequent measurement (Continued)

ii. Financial instruments – recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of financial instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3. Significant Accounting Policies (Continued)

3.15 Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

iv. Derecognition

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

The rights to receive cash flows from the asset have expired Or

When 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 its 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.

v. Impairment of financial assets

The Company applies a simplified approach in calculating ECLs for trade receivables and contract assets. 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.

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

3. Significant Accounting Policies (Continued)

3.15 Financial instruments – initial recognition and subsequent measurement (Continued)

b) Financial liabilities

i. 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.

ii. Subsequent measurement

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

iii. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and 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.

iv. 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.

3.16 Inventories

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

3.17 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

3. Significant Accounting Policies (Continued)

3.17 Non-financial assets (Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortization, if no impairment loss had been recognized.

3.18 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand. Cash flow statement is prepared in "indirect method".

3.19 Provisions

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

If 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 the risks specific to the liability. The unwinding of discount is recognized as finance cost.

A provision is made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located.

3.20 Provision for aircraft return conditions

Provision for aircraft return conditions (restoration obligations) represents the estimate of the cost to meet the contractual lease-end obligations on certain aircraft and engines at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation considering the existing fleet plan and long-term maintenance schedules is recognised as a provision and are capitalised as part of the right-of-use asset and depreciated over the lease term. Unwinding of the associated discount is recognised as a finance cost (within 'Other finance costs') over the lease term. Subsequent changes to the estimated cost for each restoration obligation is accounted for as a remeasurement to the provision for aircraft return conditions with a corresponding impact to the related right-of-use asset, if, and depreciated over the remaining lease term. Otherwise, the remeasurement is accounted as a credit to the income statement within 'Operating costs'.

3.21 Retirement gratuity benefit

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will e paid, and that have terms approximating to the terms of the related obligation. However, in Maldives there is no deep market in such bonds and therefore market rates on government bonds are used.

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

3. Significant Accounting Policies (Continued)

3.21 Retirement gratuity benefit (Continued)

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

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

3.22 Defined contribution plan - pension contribution

The Company is liable to enrol the employees in the Retirement Pension Scheme with effect from 1 May 2011 based on the Regulation on Maldives Retirement Pension Scheme published by Government of Maldives and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the employees of age between 16 and 65 years to the pension office. The Company's contribution to retirement pension scheme is at the rate of 7% on pensionable wages.

Contributions to retirement pension scheme is recognized as an employee benefit expense in the statement of comprehensive income.

3.23 Measurement of fair values

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

In the principal market for the asset or liability Or

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

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

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

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

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

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

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

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

3. Significant Accounting Policies (Continued)

3.23 Measurement of fair values (Continued)

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

4. Changes in Significant Accounting policies

4.1 New and amended standards adopted by the Company– applicable for the first time for periods commencing 1 January 2022

The Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2022

i. **Amendment to IAS 16, Property, Plant and Equipment**

Proceeds before intended use –this amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities

ii. **Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

iii. **Annual improvements to IFRS standards 2018- 2020**

4.2 New standards and amendments issued but not effective or early adopted in 2022

The following standards and interpretations had been issued by IASB but not mandatory for annual reporting periods ending 31 December 2022. Further, the Company has not early adopted these new standards and/or amendments.

i. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

ii. Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

4. Changes in Significant Accounting policies (Continued)

4.2 New standards and amendments issued but not effective or early adopted in 2022

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023.

iii. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

iv. Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognise both an asset and a liability.
The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5 REVENUE

	2022 MVR	2021 MVR
Passenger income - domestic services	1,136,421,955	645,999,442
Passenger income - regional services	313,136,498	262,063,619
Commercially important passengers revenue	53,858,974	36,960,070
Ground handling revenue	54,157,370	66,917,267
Cargo handling income	39,062,506	33,458,034
Seaplane operation revenue	229,388,671	150,803,398
	1,826,025,974	**1,196,201,830**

6 OTHER INCOME

	2022 MVR	2021 MVR
Rental income	1,666,547	914,366
Management fee	4,952,808	7,583,333
Other operating income (Note 6.1)	38,513,639	15,026,284
	45,132,994	**23,523,983**

6.1 Other operating income includes MVR 23,130,000 (2021: MVR Nil) attributed to a security deposit from a customer that has been recognised as other operating income because the customer terminated the air charter agreement prior to its scheduled expiration.

7 Other gain / (losses)

	2022 MVR	2021 MVR
Foreign exchange gain	6,140,335	1,179,194
Net gain/(loss) on disposal of PPE	(21,550,874)	(140,791,327)
	(15,410,539)	**(139,612,133)**

8 Finance costs

	2022 MVR	2021 MVR
Interest on loans and borrowings	16,350,587	16,645,273
Interest on loan from shareholder	23,728,488	23,665,684
Interest on bank overdraft	7,321,092	5,776,763
Lease interest	40,286,143	22,937,603
	87,686,310	**69,025,323**

9 PROFIT BEFORE TAX

Profit before tax is stated after charging all the expenses including the following;

	2022 MVR	2021 MVR
Personnel costs (Note 9.1)	473,844,865	337,606,110
Rentals on lease aircraft	61,530,232	43,426,021
Directors' remuneration	649,780	735,943
Amortization of intangible assets (Note 14)	898,657	4,775,650
Depreciation on property, plant and equipment (including depreciation on rotables) (Note 13)	406,383,109	331,179,707
Provision for impairment loss on trade receivables (Note 17.3)	15,067,378	26,142,159
Provision for impairment loss on other receivable (Note 17.4)	31,424,206	-
Provision for impairment loss on related party receivables (Note 17.5)	16,603,999	-

9.1 Personnel costs

	2022	2021
Staff salaries and allowances	429,040,240	316,658,386
Uniform, tailoring and laundry costs	1,712,653	1,596,823
Training costs	24,376,994	7,981,926
Traveling expenses	7,852,535	3,354,273
Pension fund	5,947,286	5,090,268
Staff recreation expenses	816,952	33,678
Staff medical expenses	638,090	27,958
Staff insurance	3,291,217	2,776,493
Provision for retirement benefit obligations	168,898	86,305
	473,844,865	337,606,110

10 TAX EXPENSE

	2022 MVR	2021 MVR
Current tax expense (note 10.1)	-	-
Deferred tax asset reversed/ (recognized) (note 10.3)	2,405,443	(77,831,282)
	2,405,443	**(77,831,282)**

10.1 Reconciliation between accounting profit and taxable income:

	2022 MVR	2021 MVR
Loss before tax	(499,226,113)	(725,381,723)
Aggregate disallowable items	526,156,823	634,922,905
Aggregate allowable items	(273,175,512)	(325,403,324)
Tax free allowance	-	-
Taxable loss	**(246,244,802)**	**(415,862,142)**
Income tax @ 15%	-	-

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%.

10.2 Net deferred tax assets/ liability

Net deferred tax asset	2022 MVR	2021 MVR
Deferred tax asset (Note 10.3)	208,652,066	211,057,509
	208,652,066	**211,057,509**

10.3 Deferred tax asset/ liability

	2022 MVR	2021 MVR
As at 1st January	211,057,509	133,237,828
(Reversed) / recognised during the year	(2,405,443)	77,819,681
As at 31st December	**208,652,066**	**211,057,509**
Recognised during the year		
-(Reversed)/recognised in profit or loss	(2,384,329)	77,831,282
-DTL recognised in other comprehensive income	(21,114)	(11,601)
	(2,405,443)	**77,819,681**

	2022		2021	
	Temporary difference MVR	Tax effect 15% MVR	Temporary difference MVR	Tax effect MVR
Property, plant and equipment	557,922,317	83,688,348	651,614,878	97,742,232
Intangible assets	433,583	65,038	(65,201)	(9,780)
Trade receivables impairment	174,501,145	26,175,172	146,356,933	21,953,540
Employee retirement benefits obligation-P&L	2,143,779	321,567	2,074,497	311,175
Employee retirement benefits obligation-OCI	(140,758)	(21,114)	(77,342)	(11,601)
Aircraft return condition provision	226,721,086	34,008,163	87,435,812	13,115,372
Tax loss	429,432,612	64,414,892	519,710,472	77,956,571
	1,391,013,764	**208,652,066**	**1,407,050,049**	**211,057,509**

Deferred tax asset amounting to MVR 126,665,210/-(2021; MVR 77,956,571) arising from carried forward tax losses and MVR 4,713,631/-(2021; MVR nill) arising from other receivables impairment were not recognised as of the reporting date due to uncertainty of the recoverability.

11 RETIREMENT BENEFITS OBLIGATIONS

	2022 MVR	2021 MVR
At 1 January	1,997,155	1,910,850
Interest charge	91,855	87,885
Current service cost	77,043	75,762
Actuarial (gain) / loss on obligation	(140,758)	(77,342)
	2,025,295	1,997,155
Less: payment during the year	(22,274)	-
Closing balance	**2,003,021**	**1,997,155**

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	77,043	75,762
Net interest cost	91,855	87,885
Expense recognised in the income statement	**168,898**	**163,647**
Amount recognized in other comprehensive income		
Actuarial (gain) / loss on obligation	(140,758)	(77,342)

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:

	2022	2021
Discount rate	4.60%	4.60%
Expected salary increment	2.50%	2.50%
Retirement age (years)	65	65

Attrition at ages	Withdrawal rate%	Withdrawal rate%
Up to 30 years	10.83	8.00
From 31 to 44 years	10.83	8.00
Above 44 years	10.83	8.00

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

		Impact on defined benefit obligation	
	change in assumption (%)	2022 MVR	2021 MVR
Impact of the change in discount rate			
Impact due to increase	0.50%	(44,326)	(98,103)
Impact due to decrease	0.50%	106,248	138,026
Impact of the change in salary increase			
Impact due to increase	0.50%	77,433	130,602
Impact due to decrease	0.50%	(73,439)	(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 and when calculating the defined benefit liability recognised in the balance sheet.

The defined benefit obligation is calculated annually by independent qualified actuary, Charan Gupta Consultants Pvt Ltd using projected unit credit method.

12 Loss per share

The loss is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year.

	2022 MVR	2021 MVR
Loss for the year:	(501,610,442)	(647,550,441)
Weighted average number of ordinary shares	1,000,000	1,000,000
Loss per share	**(501.61)**	**(647.55)**

13 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 2022	Total 2021
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost									
As at 1st January	1,870,038,190	295,568,816	9,407,206	4,350,280	15,440,874	17,421,701	432,345,152	2,644,572,219	2,696,111,906
Additions during the year	1,106,828,905	14,622,749	10,314,072	2,240,795	6,425,756	12,359,742	44,992,028	1,197,784,047	507,826,502
Disposals during the year	(73,916,767)	-	(325,179)	(97,571)	(434,211)	(1,687,840)	-	(76,461,568)	(349,817,574)
Provision for impairment	-	-	-	-	-	-	(39,078,602)	(39,078,602)	(209,548,614)
As at 31st December	**2,902,950,328**	**310,191,565**	**19,396,099**	**6,493,504**	**21,432,419**	**28,093,603**	**438,258,579**	**3,726,816,097**	**2,644,572,220**
Accumulated depreciation									
As at 1st January	902,499,854	26,790,426	7,115,247	2,015,519	11,352,845	13,893,138	350,637,563	1,314,304,592	1,192,151,138
Charge for the year	379,055,060	8,919,976	1,310,083	490,003	2,154,666	1,783,359	12,669,962	406,383,109	331,179,707
Disposals during the year	(52,487,845)	-	(270,956)	(55,764)	(408,289)	(1,687,840)	-	(54,910,694)	(209,026,252)
As at 31st December	**1,229,067,069**	**35,710,402**	**8,154,374**	**2,449,758**	**13,099,222**	**13,988,657**	**363,307,526**	**1,665,777,008**	**1,314,304,593**
Net carrying amount									
As at 31st December 2022	**1,673,883,259**	**274,481,163**	**11,241,725**	**4,043,746**	**8,333,197**	**14,104,946**	**74,951,053**	**2,061,039,089**	
As at 31st December 2021	**967,538,336**	**268,778,390**	**2,291,959**	**2,334,761**	**4,088,029**	**3,528,563**	**81,707,589**		**1,330,267,627**
Analysis as at 31 December 2022									
Owned	1,464,246,001	54,059,488	11,241,725	4,043,746	8,333,197	14,104,946	74,951,053	1,630,980,156	1,143,587,653
Capital work-in-progress (note 13.4)	71,533,380	19,653,300	-	-	-	-	-	91,186,680	2,464,754
Right of use assets (note 13.6)	138,103,878	200,768,375	-	-	-	-	-	338,872,253	353,999,160
As at 31st December	**1,673,883,259**	**274,481,163**	**11,241,725**	**4,043,746**	**8,333,197**	**14,104,946**	**74,951,053**	**2,061,039,089**	**1,330,267,627**

13.1 Aircraft related equipment (Rotable spares) have been impaired on the basis of reduction in fair value compared to the carrying amount.

The company engages external, independent and qualified valuer to determine the fair value of aircraft related equipment at the end of every financial year. As at 31 December 2022, the fair values of the aircraft related equipment have been determined by Aviation Asset Management Inc. Fair values are estimated by Aviation Asset Management Inc. using actual market data attributing part value and market demand using their extensive and proprietary database (level 3 data).

13.2 Fleet and engines include ATR aircrafts with net carrying amount of MVR 747,310,215 (2021: Nil) obtained under finance lease with purchase option to buy the asset at a price of US$1.

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13.3 Fleet and engines

	Airframe MVR	Engines MVR	Landing Gears MVR	Floats MVR	Propellers MVR	Auxiliary Power Unit (APU) MVR	Total 2022 MVR
Cost							
As at 1st January	576,908,682	503,438,534	53,536,846	117,397,905	29,471,987	40,742,542	1,321,496,496
Additions during the year	509,810,263	206,897,835	29,717,414	7,586,640	174,325,290	6,582,349	934,919,790
Disposals during the year / write off	(28,227,434)	(25,298,348)	(1,485,389)	-	(6,417,287)	(12,488,310)	(73,916,767)
As at 31st December	**1,058,491,511**	**685,038,021**	**81,768,871**	**124,984,545**	**197,379,990**	**34,836,581**	**2,182,499,519**
Accumulated depreciation							
As at 1st January	291,696,986	199,866,398	21,315,385	33,590,444	13,890,434	16,278,311	576,637,958
Charge for the year	56,883,145	101,315,427	6,071,950	13,740,047	8,471,298	7,621,538	194,103,405
Disposals during the year / write off	(26,268,741)	(12,627,985)	(314,449)	-	(4,633,761)	(8,642,909)	(52,487,845)
As at 31st December	**322,311,390**	**288,553,840**	**27,072,886**	**47,330,491**	**17,727,971**	**15,256,940**	**718,253,518**
Net carrying amount							
As at 31st December 2022	**736,180,121**	**396,484,181**	**54,695,985**	**77,654,054**	**179,652,019**	**19,579,641**	**1,464,246,001**

ROU Aircrafts (Note 13.6) with a carrying amount of MVR 138,103,878/- (2021: MVR 198,602,480) is included within the Fleet and Engines (Note 13) carrying amount.

13.4 The capital work-in- progress at end of the reporting period comprises of following projects;

Asset under construction included in property, plant and equipment at the year-end comprises of:	As at 1st January	Addiions during the year	Transferred to PPE	As at 31st December
	MVR	MVR	MVR	MVR
Buildings	9,105,321	22,949,219	12,401,240	19,653,300
Aircrafts under modification	24,077,318	84,688,836	37,232,774	71,533,380
	33,182,639	**107,638,055**	**49,634,014**	**91,186,680**

13.5 Aircrafts which are mortgaged to obtain loans and borrowings by the company are disclosed under Note 22 and 26 to the financial statements.

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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13.6 RIGHT-TO-USE ASSETS

	Leased Airports MVR	Leasehold Lands MVR	Leased Aircrafts MVR	Total 2022 MVR	Total 2021 MVR
Cost					
As at 1st January	106,945,353	103,071,370	524,464,375	734,481,098	497,430,152
Additions - return conditions	-	-	124,453,054	124,453,054	237,050,946
As at 31st December	**106,945,353**	**103,071,370**	**648,917,429**	**858,934,152**	**734,481,098**
Accumulated amortization					
As at 1st January	2,138,907	2,580,542	325,861,895	330,581,344	226,488,783
Charge for the year	2,138,907	2,389,992	184,951,656	189,480,555	104,092,561
As at 31st December	**4,277,814**	**4,970,534**	**510,813,551**	**520,061,899**	**330,581,344**
Net carrying amount	**102,667,539**	**98,100,836**	**138,103,878**	**338,872,253**	**403,899,754**

13.7 The company has recognized lease of airports, lands and buildings as rou assets which are leased from Government of Maldives. Company has also recognized lease of three aircrafts and return condition as rou assets.

13.8 The company applied the short term lease recognition to its short-term leases of assets including engines and aircrafts. Expenses relating to short-term lease of the company included in statement of profit and loss amounts to MVR 61,530,232 (2021: MVR 44,059,461)

14 INTANGIBLE ASSETS

	2022 MVR	2021 MVR
Cost		
As at 1st January	14,562,531	28,693,815
Additions during the year	1,404,178	-
Disposals during the year	-	(14,362,584)
CWIP transfer	674,625	231,300
As at 31st December	**16,641,334**	**14,562,531**
Accumulated amortization		
As at 1st January	14,266,030	23,852,959
Charge for the year	898,657	4,775,650
Disposals during the year	-	(14,362,579)
As at 31st December	**15,164,687**	**14,266,030**
Net carrying amount	**1,476,647**	**296,501**

The capital work-in- progress at end of the reporting period comprises of following projects;

	2022 MVR	2021 MVR
As at 1st January	231,300	-
Movement during the year	674,625	231,300
Softwares	**905,925**	**231,300**

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

14.1 The amount paid by the company to acquire the software module for Inventory, Acctrack accounting software, Dynamics 365 ERP system 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.

15 OTHER INVESTMENT

15.1 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 made a full provision for the above investment since the recoverability is doubtful.

15.2 Airport Investment Maldives Private Limited

The company has acquired 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 made a full provision for the above investment since the recoverability is doubtful, as the investee has not commenced its operations yet.

16 INVENTORIES

	2022 MVR	2021 MVR
Consumables and expendables	92,781,654	80,031,460
Tools and equipment	4,914,982	3,550,364
Other inventories	3,067,747	-
	100,764,383	**83,581,824**

17 TRADE AND OTHER RECEIVABLES

	2022 MVR	2021 MVR
Trade receivables	536,652,291	464,097,972
Less: Provision for impairment loss on trade receivables (Note 17.3)	(133,829,722)	(118,762,343)
	402,822,570	**345,335,629**
Pre-payments	17,774,768	14,731,702
Advance payments	59,903,948	44,858,261
Security deposits	70,415,171	57,610,972
Other receivables	79,542,349	79,783,939
Air Maldives receivable	-	3,527,165
Less: Provision for impairment loss (Note 17.4)	(31,424,206)	(3,527,165)
	599,034,600	**542,320,503**

17.1 Other receivables of the company include K3 input tax receivable of MVR 41,016,909 (2021: MVR 30,909,071 /-), staff advance receivable of MVR 9,646,154 (2021: Nil)

17.2 Related party receivables

	2022 MVR	2021 MVR
Related party receivables (Note 31.3)	121,653,456	87,007,145
Less: Provision for impairment loss on related party receivables (Note 17.5)	(40,671,424)	(24,067,425)
	80,982,033	**62,939,720**

17.3 Provision for impairment loss on trade receivables

	2022 MVR	2021 MVR
As at 1st January	118,762,343	100,606,248
Provision / reversal of provision during the year	15,067,378	18,156,095
As at 31st December	**133,829,722**	**118,762,343**

17.4 Provision for impairment loss on other receivables

	2022 MVR	2021 MVR
As at 1st January	3,527,165	3,527,165
Provision during the year	31,424,206	-
Written-off during the year	(3,527,165)	-
As at 31st December	**31,424,206**	**3,527,165**

17.5 Provision for impairment loss on related party receivables

	2022 MVR	2021 MVR
As at 1st January	24,067,425	16,081,361
Provision / reversal of provision during the year	16,603,999	7,986,064
As at 31st December	**40,671,424**	**24,067,425**

18 CASH AND BANK BALANCES

	2022 MVR	2021 MVR
Cash in hand	9,310,135	870,321
Balances with banks	50,753,213	68,518,157
Cash and bank balances	**60,063,348**	**69,388,478**
Bank overdraft (Note 26)	**(77,588,731)**	**(77,602,632)**
Cash and cash equivalents for the purpose of cash flows	**(17,525,383)**	**(8,214,154)**

19 SHARE CAPITAL

19.1 Authorized share capital

The authorized share capital comprises of 1,000,000 ordinary shares of MVR. 100/- each.

19.2 Issued and fully paid share capital

The issued and fully paid share capital comprises of 1,000,000 (2021: 1,000,000) ordinary shares of MVR. 100/- each.

19.3 Advance towards share capital

The Government of Maldives infused funds amounting to MVR Nil (2021: MVR 201,100,000). Shares in respect of such funds are yet to be issued by the Company.

19.4 Contributed capital

The company has obtained two loans from Government of Maldives (Note 20.1 and Note 20.2) which are below market rate of interest. The company has recognized the difference between market rate of interest and loan interest as contributed capital.

19.5 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 any dividend during the year ended 31st December 2022 (2021 : MVR Nil).

20 GENERAL RESERVE

No transfer was made during the year as the company made losses during the year 2022.

21 LOAN FROM SHAREHOLDER

	2022 MVR	2021 MVR
Gross Loan		
As at 1st January	372,454,278	357,444,675
Borrowings obtained during the year	-	-
Accrued interest during the year	15,229,576	15,009,603
As at 31st December	**387,683,854**	**372,454,278**

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21 LOAN FROM SHAREHOLDER (CONTINUED)

21.1 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. The loan was 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.

21.2 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. The loan was 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.

21.3 Net loan

	2022 MVR	2021 MVR
Non- current liabilities	204,772,781	221,108,343
Current liabilities	182,911,073	151,345,935
	387,683,854	**372,454,278**

21.4 Repayments of gross loan are scheduled as follows:

Within one year	182,911,073	151,345,935
More than one year but less than two years	8,167,781	16,335,562
More than two years but less than three years	196,605,000	8,167,781
More than three years but less than four years	-	196,605,000
	387,683,854	**372,454,278**

22 LOANS AND BORROWINGS

	2022 MVR	2021 MVR
As at 1st January	234,542,738	249,739,565
Add: Loans obtained during the year	37,408,987	-
Less: Loan repayments during the year	(93,000,577)	(50,497,728)
Add: Interest capitalisation on loans	12,862,937	35,300,901
As at 31st December	**191,814,085**	**234,542,738**

22.1 Sources of finance

	2022 MVR	2021 MVR
State Bank of India- Male' Branch - term loan I (Note 22.5)	69,513,787	83,363,231
Maldives Islamic Bank- Male' Branch - term loan II (Note 22.6)	3,999,705	14,411,641
State Bank of India- Male' Branch - term loan III (Note 22.7)	-	7,713,520
State Bank of India- Male' Branch - term loan IV (Note 22.8)	43,772,865	58,750,045
State bank of India - Male' branch - term loan V (Note 22.9)	24,209,400	35,003,400
Maldives Islamic Bank- Male' Branch - term loan VI (Note 23)	-	8,102,841
State bank of India - Male' Branch - term loan VII (Note 21.10)	14,574,785	27,198,060
Maldives Islamic Bank- Male' Branch - term loan VIII (Note 21.11)	35,743,543	-
	191,814,085	**234,542,738**

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22 LOANS AND BORROWINGS (CONTINUED)

22.2 Non-Current :	2022 MVR	2021 MVR
State Bank of India- Male' Branch - term loan I	49,467,787	64,859,231
Maldives Islamic Bank- Male' Branch - term loan II	-	5,273,857
State Bank of India- Male' Branch - term loan III	-	-
State Bank of India- Male' Branch - term loan IV	24,806,265	40,246,045
State Bank of India - Male' Branch - term loan V	11,256,600	22,050,600
Maldives Islamic Bank- Male' Branch - term loan VI	-	-
State bank of India - Male' Branch - term loan VII	12,269,411	17,031,744
Maldives Islamic Bank- Male' Branch - term loan VIII (Note 21.11)	24,860,166	
	122,660,229	**149,461,477**

Repayments of non current debts are scheduled as follows;		
More than one year but less than two years	68,769,368	65,134,297
More than two years but less than three years	40,285,899	51,532,088
More than three years but less than four years	13,604,962	25,760,861
More than four years but less than five years	-	7,034,231
	122,660,229	**149,461,477**

22.3 Current:		
State Bank of India- Male' Branch - term loan I	20,046,000	18,504,000
Maldives Islamic Bank- Male' Branch - term loan II	3,999,705	9,137,784
State Bank of India- Male' Branch - term loan III	-	7,713,520
State Bank of India- Male' Branch - term loan IV	18,966,600	18,504,000
State Bank of India - Male' Branch - term loan V	12,952,800	12,952,800
Maldives Islamic Bank- Male' Branch - term loan VI	-	8,102,841
State bank of India - Male' Branch - term loan VII	2,305,374	10,166,316
Maldives Islamic Bank- Male' Branch - term loan VIII (Note 21.11)	10,883,377	-
	69,153,856	**85,081,261**

22.4 Maturity analysis of undiscounted non-current loans and borrowings is as follows:	2022 MVR	2021 MVR
Between 1 to 2 years	75,576,413	77,113,240
Between 2-5 years	56,566,125	93,946,843
	132,144,560	**171,062,104**

22.5 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).

22.6 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

22 LOANS AND BORROWINGS (CONTINUED)

22.7 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/-.

22.8 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).

22.9 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).

22.10 Maldives Islamic Bank- Male' Branch - term loan VI (moratorium loan)

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

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

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22 LOANS AND BORROWINGS (CONTINUED)

22.11 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

22.12 Maldives Islamic Bank- Male' Branch - term loan VIII (maafaru project loan)

The Company obtained a loan of MVR 42,809,004/- (US$ 2,776,200/-) from Maldives Islamic Bank. Current disbursed amount: MVR 35,743,542.58/- (US$ 2,317,998.87/-)

Facility	Diminishing Musharakah
Facility amount	MVR 42,809,004/- (US$ 2,776,200/-). Current disbursed amount: MVR 35,743,542.58/- (US$ 2,317,998.87/-)
Purpose	Develop the fuel farm, apron, and terminal/lounge at Maafaru International Airport
Securities	Leasehold rights of Maafaru airport land, leasehold rights over N. Maafaru Airport including all investments made, and USD260,998 security deposit
Interest	8%
Repayments	48 months

23 TRADE AND OTHER PAYABLES

	2022 MVR	2021 MVR
Trade payables	304,863,587	204,707,636
Accrued expenses	39,124,535	45,950,706
Dividend payable	94,442,299	94,442,299
GST payable	9,391,821	8,547,254
Security deposits received	6,225,052	6,225,052
Advance received from customers	26,867,952	27,139,092
Other payables	522,536,806	446,465,273
	1,003,452,052	**833,477,312**

23.1 Other payables of the company include Maldives Inland Revenue dues MVR 391,018,518 (2021: MVR 261,787,913), forward revenue, insurance and fuel surcharge MVR 34,689,234 (2021: MVR 34,156,491), international taxes MVR 39,305,809 (2021: MVR 34,745,049), payable to staff MVR 1,933,892 (2021: MVR 617,922)

24 LEASE LIABILITY

	2022 MVR	2021 MVR
At 1st January	413,728,394	260,882,273
Recognitions during the year	747,685,534	231,330,846
Interest charge during the year (Note 24.2)	25,453,923	22,937,603
Payments made during the year	(166,974,961)	(101,422,328)
Balance as at 31 December	**1,019,892,890**	**413,728,394**
Maturity analysis		
Current	69,556,974	81,544,087
Non-current	950,335,916	332,184,307
	1,019,892,890	**413,728,394**

24.1 During the year company entered in to lease agreements for two new aircraft which are recognized as additions during the year.

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24 LEASE LIABILITY (Continued)

24.2 AMOUNTS RELATING TO LEASES RECOGNISED IN PROFIT OR LOSS

	2022				2021
	Leased airports	Leasehold lands	Leased aircrafts	Total	Total
Interest expense	7,101,175	7,183,343	11,169,405	25,453,923	22,937,603
Depreciation expense	2,138,907	2,389,992	184,951,656	189,480,555	104,092,561
Total	**9,240,082**	**9,573,335**	**196,121,061**	**214,934,478**	**127,030,164**

25 OTHER PROVISION

	2022 MVR	2021 MVR
Balance as at 01 January	87,435,812	81,715,712
Unwinding of discounts	14,832,221	5,720,100
Remeasurements	124,453,053	-
Balance as at 31 December	**226,721,086**	**87,435,812**

The company leases aircrafts, Airbus 321 and Airbus 320, which are scheduled to be returned on March 2022 and October 2025 respectively. Provisions for return conditions including airframe inspections, engine overhaul, and spare part replacements, have been estimated as re-delivery cost for these aircrafts.

Maturity analysis

	2022	2021
Current	203,574,513	-
Non-current	23,146,573	87,435,812
	226,721,086	**87,435,812**

Sensitivity analysis

An increase/decrease of +1% of the discount rate would have increased or (decreased) the profit or loss by following amount. This analysis assumes that the other variables remain constant

	2022		2021	
Effect of profit or loss:	-1% MVR	1% M VR	-1% MVR	1% M VR
Impact on finance cost	1,943,455	(1,891,259)	708,979	(677,543)
Impact on amortisation	(952,969)	939,779	(284,991)	273,652
Net impact	**990,486**	**(951,480)**	**423,988**	**(403,891)**

26 BANK OVERDRAFT

	2022 MVR	2021 MVR
Bank overdraft (Note 26.1)	**77,588,731**	**77,602,632**

26.1 Bank overdraft (Note 26.1)

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 at an interest rate of above 6 month US$ SBAR, minimum of 8% per annum at monthly interests. The company has mortgage three aircrafts namely, MSN 542 Dash-8-200, MSN 491 Dash-8-300 and MSN 544 Dash-8-300 to obtain this facility.

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

(iii) Credit Risk

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

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

	2022 MVR	2021 MVR
Trade receivables	536,652,291	456,671,284
Amount due from related parties	80,982,033	94,433,833
Balances with banks	50,753,213	68,518,157
	668,387,537	**619,623,274**

(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

	As at 31st December 2021			As at 31st December 2022		
Ageing bucket	**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	22,641,891	7%	1,552,499
31 - 60 days	11,811,538	11%	1,339,174	8,952,888	9%	841,436
61 - 90 days	9,669,918	17%	1,605,025	6,333,788	14%	877,374
> 90 days	48,826,190	40%	19,747,431	83,724,889	45%	37,400,114
Total	**87,007,145**		**24,067,425**	**121,653,456**		**40,671,424**

Maldives corporate and resort

	As at 31st December 2021			As at 31st December 2022		
	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	76,559,796	3%	2,000,687
31 - 60 days	54,521,979	7%	3,735,206	50,383,584	4%	2,260,492
61 - 90 days	28,924,086	13%	3,623,722	30,043,164	8%	2,346,386
> 90 days	242,466,314	36%	77,104,487	302,443,971	29%	87,819,641
Total	**400,869,680**		**87,278,126**	**459,430,514**		**94,427,206**

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Credit Loss (Continued)

Foreign corporate

Ageing bucket	As at 31st December 2021 Trade receivables carrying amount	Expected loss rate	ECL allowance	As at 31st December 2022 Trade receivables carrying amount	Expected loss rate	ECL allowance
1 - 30 days	5,670,060	4%	571,300	5,959,827	11%	672,533
31 - 60 days	4,373,674	7%	714,410	4,193,104	17%	730,806
61 - 90 days	3,064,364	13%	724,506	1,555,711	25%	392,740
> 90 days	50,120,194	36%	29,474,001	65,513,135	57%	37,606,436
Total	**63,228,292**		**31,484,217**	**77,221,777**		**39,402,516**

Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in the parameter from the actual assumption used in economic variable assumption.

	2022 -1% MVR	2022 1% M VR	2021 -1% MVR	2021 1% M VR
Increase / (decrease) in expected credit loss allowance for trade receivable, other receivable and amounts due from related parties	987,887	(1,490,790)	3,045,455	(3,045,455)

(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. The company is in the process of adjusting the ways to manage liquidity to respond to the current market volitality 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 2022	Carrying amount MVR	Contractual cash flows MVR	0-6 Months MVR	6-12 Months MVR	1-2 Years MVR	2-5 Years MVR	Over 5 Years MVR
Financial liabilities (non-derivative)							
Loans and borrowings	191,814,085	213,104,138	43,455,437	37,506,162	75,576,413	56,566,125	-
Shareholder loan	387,683,854	425,319,175	180,687,621	17,252,169	20,746,164	206,633,220	-
Lease liability	1,019,892,890	2,002,924,051	71,903,002	64,214,836	128,544,117	302,106,921	1,436,155,175
Other provision	226,721,086	234,203,975	203,574,513	-	-	30,629,462	-
Trade and other payables	441,209,985	441,209,985	440,593,185	616,800	-	-	-
Related party payables	968,888,248	968,888,248	968,888,248	-	-	-	-
Bank overdraft	77,588,731	77,588,731	77,588,731	-	-	-	-
Total	**3,313,798,879**	**4,363,238,303**	**1,986,690,737**	**119,589,967**	**224,866,695**	**595,935,729**	**1,436,155,175**

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

31st December 2021	Carrying amount MVR	Contractual cash flows MVR	0-6 Months MVR	6-12 Months MVR	1-2 Years MVR	2-5 Years MVR	Over 5 Years MVR
Financial liabilities (non-derivative)							
Loans and borrowings	234,542,738	272,767,746	61,152,677	40,554,986	77,113,240	93,946,843	-
Shareholder loan	372,454,278	425,118,317	165,922,814	1,570,029	41,002,262	216,623,212	-
Lease liability	413,728,394	2,105,233,314	53,368,622	52,018,858	133,039,620	342,984,881	1,523,821,332
Other provision	87,435,812	126,336,437	-	-	88,911,720	37,424,717	-
Trade and other payables	345,100,641	345,100,641	345,100,641	-	-	-	-
Related party payables	541,182,551	541,182,551	541,182,551				
Bank overdraft	77,602,632	77,602,632	77,602,632	-	-	-	-
Total	**2,072,047,046**	**3,893,341,637**	**1,244,329,937**	**94,143,873**	**340,066,842**	**690,979,653**	**1,523,821,332**

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

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vi) Market risk

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

(a) Interest rate risk

Profile

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

	Carrying amount	
	2022 MVR	2021 MVR
Variable rate instruments		
Financial liabilities	178,951,148	199,241,837
Bank overdraft	77,588,731	77,602,632
	256,539,879	**276,844,469**

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.

	2022 MVR	2021 MVR
100 Basis points increase in interest rate	**2,565,399**	**2,768,445**
100 Basis points decrease in interest rate	**(2,565,399)**	**(2,768,445)**

(b) Currency risk

Exposure to currency risk

The company's exposure to foreign currency risk in equivalent to Maldivian Rufiyaa is as follows:

	2022		
	USD	LKR	INR
Cash and bank balances	14,129,012	204,618	1,166,892
Trade and other receivables	378,182,520	223,379	25,683,726
Bank overdraft	(68,364,745)	-	-
Loans and borrowings	(191,814,085)	-	-
Trade and other payables	(781,372,810)	(78,664)	(31,764,917)
Net statement of financial position exposure	**(649,240,108)**	**349,333**	**(4,914,300)**

	2021		
	USD	LKR	INR
Cash and bank balances	11,430,759	220,752	14,993,050
Trade and other receivables	366,416,764	55,162	23,454,872
Bank overdraft	(77,467,560)	-	-
Loans and borrowings	(234,567,790)	-	-
Trade and other payables	(362,319,750)	(55,162)	(23,454,872)
Net statement of financial position exposure	**(296,507,577)**	**220,752**	**14,993,050**

The following significant exchange rate applied during the year:

	Average rate		Reporting date spot rate	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
1 USD: MVR.	15.42	15.42	15.42	15.42
1 LKR: MVR.	0.04	0.08	0.08	0.08
1 INR: MVR.	0.19	0.21	0.20	0.21

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vii) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

		2022		
	Note	Financial assets at amortized cost	Carrying amount financial liabilities at amortized cost	Total
Financial assets not measured at fair value				
Trade and other receivables	17	402,822,570	-	402,822,570
Related party receivables	17.2	80,982,033	-	80,982,033
Cash and cash equivalents	18	60,063,348	-	60,063,348
		543,867,950	-	**543,867,950**
Financial liabilities not measured at fair value				
Loans and borrowings	22	-	191,814,085	191,814,085
Shareholder loan	21	-	387,683,854	387,683,854
Trade and other payables	23	-	441,209,985	441,209,985
Related party payable	31.4	-	968,888,248	968,888,248
Provision for return condition	25	-	226,721,086	226,721,086
Bank overdraft	26	-	77,588,731	77,588,731
		-	**2,293,905,989**	**2,293,905,989**

		2021		
	Note	Financial assets at amortized cost	Carrying amount financial liabilities at amortized cost	Total
Financial assets not measured at fair value				
Trade and other receivables	17	345,335,629	-	345,335,629
Related party receivables	17.2	62,939,720		
Cash and cash equivalents	18	69,388,478	-	69,388,478
		477,663,827	-	**414,724,107**
Financial liabilities not measured at fair value				
Loans and borrowings	22	-	234,542,738	234,542,738
Shareholder loan	21	-	372,454,278	372,454,278
Trade and other payables	23	-	345,100,641	345,100,641
Related party payable	31.4	-	541,182,551	541,182,551
Provision for return condition	25	-	87,435,812	87,435,812
Bank overdraft	26	-	77,602,632	77,602,632
		-	**1,658,318,652**	**1,658,318,652**

28 Capital management

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

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

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and bank overdraft, as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

	2022 MVR	2021 MVR
Net debt	657,086,670	684,599,648
Less: Cash and cash equivalents	(60,063,348)	(69,388,478)
Net debt	597,023,322	615,211,170
Total equity	(843,542,538)	(350,751,511)
Total capital	**(246,519,216)**	**264,459,659**

28.1 Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following covernants:
- No new major CAPEX to be incurred or no dividend to be declared without pior permission from the Bank.
- Obtaining bank's consent before extending any loans to related parties/ directors.

29 Commitments	2022 MVR	2021 MVR
Capital expenditure contracted as of the reporting date but not yet incurred	67,781,185	35,404,616
	67,781,185	**35,404,616**

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial

30 RECLASSIFICATION OF COMPARATIVE INFORMATION

Income statement reclassification

Financial year ended 31 December 2021	Previous presentation MVR	Reclassification MVR	Current presentation MVR
Selling, marketing and advertisings expense	38,384,841	(26,142,159)	12,242,682
Impairment loss on financial assets	-	26,142,159	26,142,159
	38,384,841	-	38,384,841
Other operating expense	192,128,970	(53,948,221)	138,180,749
Finance cost	67,846,129	1,179,194	69,025,323
Other gains / (losses) - net	-	139,612,133	139,612,133
Depreciation and amortisations	422,798,463	(86,843,106)	335,955,357
	682,773,562	-	682,773,562

Statement of financial position reclassification

Financial year ended 31 December 2021	Previous presentation MVR	Reclassification MVR	Current presentation MVR
Trade and other payables	571,689,399	261,787,913	833,477,312
Amount due to related parties	802,970,463	(261,787,913)	541,182,550
	1,374,659,862	-	1,374,659,862
Trade and other receivables	510,826,390	31,494,113	542,320,503
Amount due from related parties	94,433,833	(31,494,113)	62,939,720
	605,260,223	-	605,260,223

31 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.

31.1 Sales of goods and services

Name of the related party	2022 MVR	2021 MVR
Aasandha	97,388,979	67,964,116
Government Ministries	35,101,721	3,013,609
Maldives Police Services	21,159,356	6,619,771
President's Office	17,275,142	841,395
Maldives National Defense Force	10,039,814	2,532,565
Maldives Airports Company Ltd.	435,475	596,339
State Trading Organisation	3,000,158	1,729,861
Fenaka Corporation Limited	6,638,759	2,898,586
Maldives Marketing & PR Cooperation	1,033,013	163,240
Ministry of Finance and Treasury	4,441,710	249,599
Others	40,885,933	27,565,332
	237,400,060	**114,174,413**

31.2 Purchases of goods and services

Name of the related party	2022 MVR	2021 MVR
Maldives Airports Company Ltd	687,292,944	312,662,621
Addu International Airport Pvt Ltd	61,623,028	53,537,757
State Trading Organisation	35,456,161	43,545,584
Regional Airports	23,497,737	2,999,278
Kadhdhoo Airport Office	12,821,962	8,841,923
Allied Insurance Comp Of The Maldives Pvt Ltd	4,786,319	44,341
Dhiraagu	3,268,318	2,898,931
Maldives Customs Services	10,163,808	2,815,062
Maldives Civil Aviation Authority	870,179	897,138
State Electric Co. Ltd	777,407	1,111,583
Others	50,791,459	12,153,995
	891,349,322	**441,508,213**

31.3 Receivable from related parties:

	2022 MVR	2021 MVR
Aasandha	55,656,792	26,305,486
Regional Airports	14,701,566	14,701,566
Ministry of Finance	507,192	405,951
Maldives Airports Company Ltd.	4,584,240	4,128,473
Public Service Media	3,550,296	3,550,296
Ministry of Education	633,292	140,694
State Trading Organisation	4,194,609	2,573,942
Ministry of Youth, Sports and Empowerment	113,712	1,155,533
Fenaka Corporation Limited	5,275,662	3,123,226
Others	32,436,095	30,921,978
	121,653,456	**87,007,145**

31.4 Payable related parties:

	MVR	MVR
Maldives Airports Company Ltd.	769,955,066	352,491,861
Regional Airports	116,551,571	133,354,445
Kadhdhoo Airport Office	28,358,252	27,317,846
Addu International Airport Pvt Ltd	4,630,097	18,957,776
State Trading Organisation	4,087,019	1,056,351
Fenaka Corporation Limited	1,741,972	1,649,480
Dhiraagu	1,236,173	965,178
Maldives Transport & Contracting Plc	260,954	537,750
Others	42,067,144	4,851,864
	968,888,248	**541,182,551**

31.5 Terms and conditions

All transactions are made on normal commercial terms and conditions and at market rates.

31 RELATED PARTY TRANSACTIONS (CONTINUED)

31.6 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 2,380,556/- as fees to the directors during the year ended 31st December 2022 (2021: MVR 2,144,147/-).

32 CONTINGENT LIABILITIES

The Management estimates contingent liabilities based on claims made of MVR 24 million as at 31st December 2022 (2021: 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.

33 EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date, the Company has increased its authorized share capital from MVR 100,000,000 to MVR 600,000,000 and entered into purchase agreement to procure one Firm ATR 42-600 aircraft at a total cost of USD 16.28 million (MVR: 251.03 million). The company has also purchased a land plot from Hulhumale for MVR 53.4 million.

34 DIRECTOR'S RESPONSIBILITY

The board of directors of the company is responsible for the preparation and presentation of these financial statements.

PricewaterhouseCoopers
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