STATE ELECTRIC COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2023

EY
Shape the future
with confidence

Ernst & Young
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DN/NJ/VS

Independent auditor's report to the shareholders of State Electric Company Limited

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of State Electric Company Limited ("the Company"),which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

- Due to our appointment as auditors subsequent to the 31 December 2023, we were unable to observe the counting of physical inventories at the end of the year. Also, due to limitations in the inventory system, we were unable to satisfy ourselves by alternative means concerning the inventory quantities and valuation which are stated in the statement of financial position related to Male' sales center at MVR 70,946,581 as at 31 December 2023. As a result, we are unable to determine whether any adjustments are required to these inventories as of the reporting date and any consequential adjustment to the cost of sales for the year then ended.

- As disclosed in Note 16 to the financial statements, the Company has recorded Loans and Borrowings amounting to MVR 1,287,824,888/-, representing the principal amount received together with the interest accrued up to 31 December 2022, related to a loan obtained on 15 January 2009 from the Ministry of Finance for the 4th powerhouse project. In the absence of a duly signed loan agreement or balance confirmation from the Ministry of Finance, we were unable to verify the completeness and measurement/valuation of the outstanding balance as of the reporting date. Further, from 1st January 2023, the Ministry of Finance suspended charging interest on several loans amounting to MVR. 768,392,378/- granted in previous years. No amounts are recorded in the current year financial statements to reflect shareholder contribution in the equity, and the related finance cost associated with such interest free loans.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified

Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Property plant and Equipment Property, Plant and Equipment include Generators and Distribution Equipment, Building, and Oil Storage carried at fair value. The fair value of Generators and Distribution Equipment, Building and Oil Storage were determined by external valuers engaged by the Company. This was a key audit matter due to: • The materiality of the reported fair value of land and buildings which amounted to MVR. 3,859M representing 61% of the Company's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Generators and Distribution Equipment, Building and Oil Storage using the depreciated replacement cost approach. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of Generators and Distribution Equipment, Building, and Oil Storage, as disclosed in Notes 2.4.2, 4.6.2 and 6 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as: • Estimate of the per square foot value of the buildings. • Market rate of replacement cost of equipment.	**Our audit procedures included the following key procedures:** • Assessed the competence, capability and objectivity of the external valuers engaged by the Company. • Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each type of asset. • Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per square foot value, Market rate of replacement cost of equipment and valuation techniques as relevant in assessing the fair value of each asset. We also assessed the adequacy of the disclosures made in Notes 2.4.2. , 4.6.2 and 6 to the financial statements

Key audit matter	How our audit addressed the key audit matter
Revenue As disclosed in Note 23 to the financial statements, revenue from the sale of electricity during the year amounts to MVR.2,577,169,049 and accounts for 95% of the Company's total revenue. Revenue was a key audit matter due to: • Materiality of the amount reported for the year	**Our audit procedures included the following key procedures:** • Obtained an understanding of the process related to the sale of electricity. Our procedures included evaluating the appropriateness of the amount and timing of revenue recognised, in accordance with its accounting policy. • Tested the relevant key controls related to revenue. • Performed analytical procedures to

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• Complexity due to the frequency of meter readings and high volume of transactions arising from the supply of electricity to consumers in multiple locations across the Male' region and majority islands.	understand and assess the reasonableness of reported revenue from electricity sales • Tested revenue transactions by reviewing sales invoices and supporting documents such as electricity meter readings. Our procedures included testing revenue cut-off at the period-end to determine whether transactions are recorded in the proper period and to the proper accounts • Assessing the adequacy of the disclosures made in Notes 4.2 and 23 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Employee benefit expense and financial asset related to the Hiya Project As disclosed in Note 08, the Company granted its employees a housing scheme at concessionary terms during the year through the "Hiya project". The Company recognized an employee benefit expense amounting to MVR 178M during the year and a financial asset amounting to MVR 334M as at the reporting date, in accordance with its accounting policies disclosed in Note 08 to the financial statements. We considered the employee benefit expense, and financial asset related to the Hiya Project as key audit matter due to: 1. Materiality of the amounts reported 2. The degree of management assumptions, judgements and estimation uncertainties associated with the measurement of the employment benefit expense and the financial asset Key areas of significant assumptions and judgements used in the measurement of the employment benefit expense and financial asset included the following: • Judgements associated with the evaluation of the key terms of the relevant housing contracts and • Assumptions such as the discount rate used for measurement of the employment benefit expense and financial asset as disclosed in Note 2.4.2 and 08 to the financial statements.	**Our audit procedures included the following key procedures;** • Obtained and inspected the relevant housing contracts. We evaluated whether management has appropriately accounted for the effects of the relevant terms and conditions attached to those contracts in accordance with its accounting policies • Checked the calculation of the employment benefit expense and related asset based on the underlying contractual terms. • Assessed the reasonableness of the significant judgements associated with the evaluation of the key terms of the relevant housing contracts and significant assumptions such as the discount rate used for measurement of the employee benefit expense and financial asset We also assessed the adequacy of the disclosures made in the note 2.4.2 and 08.

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Other matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed a modified opinion on those statements on 23 August 2023.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

For and on behalf of Ernst & Young
Partner: Dhunya Nizar
Licensed Auditor: ICAM-IL-Z73

19 January 2025
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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
as of 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR Restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	4,440,885,236	3,709,094,178
Right of use assets	7	125,848,570	130,873,932
Financial asset	8	334,785,236	-
		4,901,519,042	**3,839,968,110**
Current Assets			
Inventories	9	362,948,572	179,792,979
Construction of Hiya Project	10	-	634,854,717
Trade and other receivables	11	406,862,608	361,803,577
Due from related parties	11.2	483,173,423	413,962,859
Current tax asset	29	-	7,907,995
Cash and cash equivalents	12	126,524,993	301,886,388
		1,379,509,596	**1,900,208,514**
TOTAL ASSETS		**6,281,028,638**	**5,740,176,624**
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	13	150,000,000	150,000,000
Revaluation reserve	14	742,878,751	158,558,074
Capital contribution	15	905,473,042	851,473,042
Retained earnings		490,640,556	667,755,931
		2,288,992,349	**1,827,787,047**
Non-Current Liabilities			
Borrowings	16	2,607,940,003	2,902,791,537
Lease liability	17	137,591,719	140,538,841
Deferred Income	18	30,461,187	31,701,575
Defined benefit obligation	19	33,490,495	-
Contractor payable	20	245,715,874	219,262,544
Deferred tax liability	31	261,877,086	132,536,425
		3,317,076,364	**3,426,830,922**
Current Liabilities			
Borrowings	16	309,929,402	110,202,786
Lease liability	17	1,801,402	1,713,403
Contractor payable	20	82,206,646	73,153,541
Trade and other payables	21	138,609,947	208,199,415
Due to related parties	22	138,726,211	92,289,510
Current tax liability	29	3,686,317	-
		674,959,925	**485,558,655**
TOTAL EQUITY AND LIABILITIES		**6,281,028,638**	**5,740,176,624**

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

Name of the Director **Signature**

Mr. Mohamed Latheef (Chairman) ....

Mr. Hussain Fahmy (Managing Director) ....

Ms. Fathimath Leena (Chief Financial Officer) ....

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

19 January 2025
Malé

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR Restated
Revenue	23	2,703,900,598	2,283,178,653
Cost of revenue	25	(2,121,734,323)	(1,772,963,177)
Gross profit		**582,166,275**	**510,215,476**
Other income	24	40,476,097	35,670,995
Administrative expenses	26	(417,827,309)	(289,654,520)
Impairment (loss) /reversal on trade receivables and amounts due from related parties	11.1 & 11.3	(29,738,048)	4,802,091
Impairment of property, plant & equipment	6.1	(61,894,921)	-
Impairment loss on investment in Hiyaa project		-	(915,388)
Employee benefit arising on Hiya project	8.3	(177,748,774)	-
Operating (loss) / profit		**(64,566,680)**	**260,118,653**
Finance income		31,397,249	3,349,938
Finance cost	27	(100,941,995)	(159,278,109)
Net finance costs		(69,544,746)	(155,928,171)
(Loss) / profit before tax		**(134,111,426)**	**104,190,482**
Income tax expense	28	(37,819,559)	(29,060,770)
Net (Loss) / profit for the year		**(171,930,985)**	**75,129,712**
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Gain on revaluation of property,plant & equipment	6.4	704,251,700	-
Deferred tax on revaluation	30	(105,637,755)	-
Total other comprehensive income, net of tax		**598,613,945**	**-**
(Loss) / profit and other comprehensive income for the year		**426,682,960**	**75,129,712**
Basic/diluted (loss)/earning per share	32	(1,146,207)	500,865

The accounting policies and notes form an integral part of the financial statements.

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Revaluation Reserve MVR	Capital Contribution MVR	Retained Earnings MVR	Total Equity MVR
As at 1st January 2022	150,000,000	172,851,343	741,345,767	597,810,609	1,662,007,719
Total Comprehensive Income for the Year Profit for the Year					
Restated Profit for the year	-	-	-	75,129,712	75,129,712
Other Comprehensive Income, net of tax	-	-	-	-	-
Restated Total Comprehensive Income for the Year	**-**	**-**	**-**	**75,129,712**	**75,129,712**
Items Directly recognised in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 30)	-	2,522,341	-	-	2,522,341
Total Items Directly Recognized in Equity	**-**	**(14,293,269)**	**-**	**16,815,610**	**2,522,341**
Transaction with Owners of the Company					
Dividend Declared (Note 21.1)	-	-	-	(22,000,000)	(22,000,000)
Contribution Received during the Year (Note 15)	-	-	110,127,275	-	110,127,275
Total Transaction with Owners of the Company	**-**	**-**	**110,127,275**	**(22,000,000)**	**88,127,275**
Restated balance as at 31st December 2022	**150,000,000**	**158,558,074**	**851,473,042**	**667,755,931**	**1,827,787,047**
Restated balance as at 1st January 2023	150,000,000	158,558,074	851,473,042	667,755,931	1,827,787,047
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	(171,930,985)	(171,930,985)
Other comprehensive Income	-	598,613,945	-	-	598,613,945
Total Comprehensive Income for the Year	**-**	**598,613,945**	**-**	**(171,930,985)**	**426,682,960**
Items Directly recognized in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 14)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 31)	-	2,522,342	-	-	2,522,342
Total Items Directly Recognized in Equity	**-**	**(14,293,269)**	**-**	**16,815,610**	**2,522,342**
Transaction with Owners of the Company					
Dividend Declared (Note 21.1)	-	-	-	(22,000,000)	(22,000,000)
Contribution Received during the Year (Note 15)	-	-	54,000,000	-	54,000,000
Total Transaction with Owners of the Company	**-**	**-**	**54,000,000**	**(22,000,000)**	**32,000,000**
Balance as at 31st December 2023	**150,000,000**	**742,878,751**	**905,473,042**	**490,640,556**	**2,288,992,349**

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

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-23 MVR	31-Dec-22 MVR Restated
Operating profit before working capital changes	33	**475,461,272**	**446,320,621**
Inventories		(197,532,808)	5,536,893
Trade and other receivables		(70,745,470)	4,409,105
Due from related parties		(73,262,174)	(78,469,251)
Trade and other payables		(91,589,467)	(12,125,642)
Due to related parties		46,436,701	34,882,216
Cash generated from operating activities		**88,768,055**	**400,553,942**
Tax paid		-	(4,103,710)
Interest received		831,037	3,349,938
Interest paid		(65,808,297)	(33,703,208)
Payment of retirement benefit obligation		(1,458,954)	-
Net cash generated from operating activities		**22,331,841**	**366,096,962**
Cash flows from investing activities			
Acquisition and construction of property, plant and equipment		(202,020,896)	(101,719,387)
Construction of Hiyaa Project		-	(71,119,797)
Changes in work in progress		-	(98,795,701)
Proceeeds from Disposal of PPE		107,440	251,000
Acquisition of Deferred Employee Benefit		-	-
Repayments by tenants in the year		152,886,918	-
Net cash used in investing activities		**(49,026,537)**	**(271,383,885)**
Cash flows from financing activities			
Loans obtained		8,242,973	3,694,899
Repayments of loans		(110,202,787)	(103,542,826)
Repayments of contractor payable		(85,756,437)	(89,306,229)
Capital Contribution received from Ministry of Finance		54,000,000	110,127,275
Payment of lease liabilities		(14,950,449)	(14,891,253)
Net cash flows used in financing activities		**(148,666,700)**	**(93,918,134)**
Net (decrease) / increase in cash and cash equivalents		**(175,361,395)**	**794,943**
Cash and cash equivalents at the beginning of the year		301,886,388	301,091,445
Cash and cash equivalents at the end of the year		**126,524,993**	**301,886,388**

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

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1. CORPORATE INFORMATION

1.1 General

These financial statements relate to the operations of State Electric Company Limited (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the section 95 of the Company Act of 1996 under presidential degree no 1997/83 of June 19, 1997.

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

1.2 Principal activities and nature of the operations

The principal activities of the Company are to generate and supply electricity and to provide customer service for the safe and efficient use of electrical energy. The Company generates and supplies electricity, water and sewerage services to various islands in the Republic of Maldives. The registered office is situated at Ameenee Magu, Male', 20349, Republic of Maldives.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS). They were authorised for issue by the Company's Board of Directors on 05th January 2025.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Property, Plant and Equipment.

2.3 Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa, except for otherwise indicated.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.4.1 Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the following notes.

* establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL on related parties and trade receivables.

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2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

2.4.1 Judgements (Continued)

* classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

2.4.2 Assumption and estimation of uncertainties

Information about assumptions and estimation uncertainties as at December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

* Fair Valuation of Property, plant and equipment: The Company assesses the fair value of its property, plant and equipment based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in IFRS-13 Fair Value Measurement. (Note 06)
* impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. (Note 37)
* measurement of the fair value of financial instruments with significant unobservable inputs. (Note 38)
* recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
* incremental Borrowing rates for Leases (Note 07)
* employee retirement benefit scheme- Salary Escalation rate, Discount rate, staff turnover rate and Mortality rate, Market interest rate, determination of amortization of benefit (Note 19)
* employment benefit from Hiya project- estimation of staff benefit, market interest rate, amortization of staff benefit (Note 08)

2.4.3 Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and it does not intend either to liquidate or to cease the operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
The Company has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

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2. BASIS OF PREPARATION (CONTINUED)

2.4.4 Measurement of fair values (continued)

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for describe below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended December 31, 2022.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from January 1 , 2023:

1. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
2. Definition of Accounting Estimates - Amendments to IAS 8
3. International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, by the Company.

4.1 Foreign Currency Transactions

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

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

4.2 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service. Electricity revenue and water sewerage is recognised over time as the customer simultaneously receives and consumes electricity service as the Company provides the service.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3 Finance income and Finance Costs

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

4.4 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

4.4.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

4.4.2 Deferred Tax

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

Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.4 Income Tax (Continued)

4.4.2 Deferred Tax (Continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Property, Plant and Equipment

4.6.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses/ revalued amount.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

4.6.2 Subsequent Measurement

Cost model

The Company applies the cost model to property, plant and equipment except for Generators and Distribution Equipment and Building and Oil Storage and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Property, Plant and Equipment (Continued)

4.6.2 Subsequent Measurement (Continued)

Revaluation model

The Company applies the revaluation model to the entire class of Generators and Distribution Equipment and Building and Oil Storage. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. These assets of the Company are revalued with a sufficient frequency to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognized in 'other comprehensive income' and accumulated equity under, revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. In this circumstance, the increase is recognized as income to the extent of the previous write-down. Any decrease in the carrying amount is recognized as an expense in the statement of comprehensive income or debited in the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

4.6.3 Subsequent Costs

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

4.6.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

* Generation equipment	15 to 30 years
* Distribution equipment	15 to 30 years
* Buildings and oil storage	30 years
* Vehicles and launches	10 years
* Machinery and equipment	5 years
* Furniture and fitting	7 years
* Computers and equipment	3 years

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.6 Property, Plant and Equipment (Continued)

4.6.4 Depreciation (Continued)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the month of ready to use while, no depreciation is provided in the month of disposal.

4.6.5 Capital work-in-progress

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction, and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of property, plant, and equipment.

4.7 Financial Instruments

4.7.1 Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.7.2 Classification and subsequent measurement

Financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

* It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

* Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial Instruments (Continued)

4.7.2 Classification and subsequent measurement (Continued)

Financial assets- Business Model Assessment

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment Whether Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

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

4.7.3 Financial assets - Subsequent measurement and gains and losses

Financial Assets at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

4.7.4 Financial liabilities - Classification, subsequent measurement gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Financial Instruments (Continued)

4.7.4 Financial liabilities - Classification, subsequent measurement gains and losses (Continued)

* the change is necessary as a direct consequence of the reform; and

* the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform.

After that, the Company applied the policies on accounting for modifications to the additional changes.

4.7.5 Derecognition

Financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.7.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Impairment

4.8.1 Non-derivative financial assets

Financial Instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

* significant financial difficulty of the debtor;
* a breach of contract such as a default;
* it is probable that the debtor will enter bankruptcy or other financial reorganization;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Impairment (Continued)

4.8.2 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 Cash Generating Units (CGUs).

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 CGI-J.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. 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.

4.9 Share Capital

Ordinary Shares

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

4.10 Employee Benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments etc.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. During the year 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from June 1, 2021 and a new policy has been approved by the Board of Directors effective from September 1, 2023.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.9 Share Capital (Continued)

(c) Short-term benefits

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

4.11 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. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

4.12 Leases

At inception of a contract, an entity shall assess whether the 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.

As a lessee

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

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 underlyng 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. 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.

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4.MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Leases (Continued)

The 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 by the lessee under residual value guarantees;

* the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

Short-term Leases and Leases of Low-value Assets

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

4.13 Events Occurring After the Reporting Date

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

4.14 Fair Value Measurement

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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4.MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.14 Fair Value Measurement (Continued)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.15 Defined Contribution Plan

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

4.16 Other Liabilities and Provision

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement where necessary.

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due after one year from the end of the reporting period.

Provisions are recognized when the Company has a present obligation (legal or Constructive) as a result

of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

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4.MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.17 Government Grant

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

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

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after January 1, 2024, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.
The Company is currently assessing the impact of the following amendments. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

5.1 IFRS 18 Presentation and Disclosure in Financial Statement

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The amendments are not expected to have a material impact on the Company's financial statements.

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5.NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

5.3 Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

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6 Property, Plant and Equipment

6.1 Cost/valuation

	Balance As at 1-Jan-23 Restated	Additions	Revaluation Surplus	Transfers on revaluation	Transfers	Balance As at 31-Dec-23
Generators and Distribution Equipment	3,332,941,321	97,259,577	598,998,143	(1,168,594,439)	(21,539,815)	2,839,064,788
Buildings and Oil Storage	1,161,892,952	37,954,309	105,253,556	(284,737,304)	-	1,020,363,513
Water Bottling Plant	155,069,726	4,670,883				159,740,609
Vehicle and launches	40,808,814	11,954,382	-	-	-	52,763,196
Machinery and Equipment	168,975,717	40,598,380	-	-	(224,398)	209,349,699
Furniture and Fittings	10,947,623	2,018,293	-	-	(106,745)	12,859,171
Computer Systems	30,241,175	12,546,643	-	-	-	42,787,818
Capital Work in Progress (Note 6.2)	251,244,883	280,441,446	-	-	(194,143,962)	337,542,367
	5,152,122,211	**487,443,913**	**704,251,700**	**(1,453,331,743)**	**(216,014,919)**	**4,674,471,161**

Depreciation	Restated Balance As at 1-Jan-23	Charge for the year/ Impairment	Transfer on Revaluation	Disposals	Balance As at 31-Dec-23
Generators and Distribution Equipment	1,001,284,265	175,840,311	(1,168,594,439)	(8,530,137)	-
Buildings and Oil Storage	239,315,645	45,421,659	(284,737,304)	-	-
Water Bottling Plant	30,753,589	9,463,499			40,217,088
Vehicle and launches	25,783,178	3,126,034	-	-	28,909,212
Machinery and Equipment	113,930,516	14,121,333	-	(224,398)	127,827,451
Furniture and Fittings	7,178,669	947,332	-	(105,305)	8,020,696
Computer Systems	24,782,171	3,829,307	-	-	28,611,478
	1,443,028,033	**252,749,475**		**(8,859,840)**	**233,585,925**
Net Book Value	**3,709,094,178**				**4,440,885,236**

6.2 Work in Progress

	Balance As at 1-Jan-23	Additions	Disposals / Transfers	Balance As at 31-Dec-23
Transmission & distribution	97,680,526	135,786,019	(74,368,382)	159,098,163
Combustion power plant	28,907,462	21,900,225	(24,609,247)	26,198,440
POISED project	24,521,552	1,685,617	(4,369)	26,202,800
SCADA project	4,244,294	25,032,669	(28,218,731)	1,058,232
Other projects	95,891,049	96,314,424	(66,943,233)	125,262,240
	251,244,883	**280,718,954**	**(194,143,962)**	**337,819,875**
	251,244,883			**337,819,875**

6.3 The value of fully depreciated property, plan and equiprnent as at December 31, 2023 amounted to MVR 181,842,605.

6.4 Generators and Distribution Equipment, Building and Oil Storage of the Company were revalued on 31 December 2023 by WikiFrank Chartered Valuers, an independent valuer with recognised and relevant qualifications, in reference to depreciated replacement cost method by analyzing information provided by the client. The results of such revaluation were incorporated in these financial statements company recongnized revaluation gain amounting MVR 726,586,698/- as at 31 December 2023.

6.5 Fairvalue technique, inputs and relatioship with fair value

Property	Fair Value measurement using Significant unobservable inputs(Level 3)	Sensitivity	Fair value technique
Generators and Distribution Equipment	Replacement cost	Estimated fair value would increase/decrease if a unit price increase/decrease	Depreciated replacement method
Buildings and Oil Storage	Rate per square metre of Building: MVR 1,380 - MVR 6700	Estimated fair value would increase/decrease if rate per sq feet increase/decrease	

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6 Property, Plant and Equipment

6.6 Cost

	Balance As at 1-Jan-22	Additions	Disposals / Transfers	Balance As at 31-Dec-22
			Restated	Restated
Generators and Distribution Equipment	3,269,068,529	105,983,410	(42,110,618)	3,332,941,321
Buildings and Oil Storage	1,155,359,166	6,533,786	-	1,161,892,952
Water Bottling Plant	151,503,393	3,566,333	-	155,069,726
Vehicle and launches	38,432,961	2,375,853	-	40,808,814
Machinery and Equipment	159,671,239	9,304,478	-	168,975,717
Furniture and Fittings	9,306,696	1,640,927	-	10,947,623
Computer Systems	24,937,664	5,303,511	-	30,241,175
Capital Work in Progress	185,438,093	98,795,701	(32,988,911)	251,244,883
	4,993,717,741	**233,503,999**	**(75,099,529)**	**5,152,122,211**

6.7 Depreciation

	Balance As at 1-Jan-22	Charge for the year	Disposals	Balance As at 31-Dec-22
			Restated	Restated
Generators and Distribution Equipment	887,792,256	123,850,969	(10,358,960)	1,001,284,265
Buildings and Oil Storage	205,799,920	33,515,725	-	239,315,645
Water Bottling Plant	19,318,336	11,435,253	-	30,753,589
Vehicle and launches	22,954,579	2,828,599	-	25,783,178
Machinery and Equipment	101,277,828	12,652,688	-	113,930,516
Furniture and Fittings	6,285,785	892,884	-	7,178,669
Computer Systems	22,766,067	2,016,104	-	24,782,171
	1,266,194,771	**187,192,222**	**(10,358,960)**	**1,443,028,033**
Net Book Value	**3,727,522,970**			**3,709,094,178**

The value of fully depreciated property, plant and equipment as at December 31, 2022 amounted to MVR 187,192,222.

7 Right of Use Assets

7.1 Cost

	Balance As at 1-Jan-23	Additions / Re-assessment	Disposals	Balance As at 31-Dec-23
Right of Use Assets	147,667,511	(69,919)	(1,228,989)	146,368,603
	147,667,511	**(69,919)**	**(1,228,989)**	**146,368,603**

7.2 Amortisation

	Balance As at 1-Jan-23	Charge for the year	Disposals / Adjustments	Balance As at 31-Dec-23
Right of Use Asset	16,793,579	4,204,207	(477,753)	20,520,033
	16,793,579	**4,204,207**	**(477,753)**	**20,520,033**
Net Book Value	**130,873,932**			**125,848,570**

The company have the following lease contracts as of December 31 , 2023. Incremental borrowing rate is 9.5%

Lease	Agreement Date	Lease Start Date	Lease End Date	Lease Period
Thilafushi Land	2/17/2013	1/1/2012	12/31/2026	15 Years
Gulhifalhu Power House	3/28/2017	3/28/2017	12/25/2025	8 Years, 8 Months and 29 Days
Hulhumale Part 1	3/31/2016	4/1/2009	3/31/2034	25 Years
Hulhumale Part 2	8/21/2016	8/21/2016	8/20/2066	50 Years
Thilafushi Part 2	5/25/2022	1/6/2022	1/6/2024	2 Years
Hulhumale Power House	3/23/2010	7/1/2004	7/1/2029	25 Years
Hulhumale Apollo Tower	3/24/2022	3/24/2022	3/23/2042	20 Years
Male and Villimale' Power House	9/5/2012	9/5/2012	9/5/2111	99 Years

8 Financial Asset (STELCO Hiya)

8.1 As per the agreement dated November 15, 2017 between STELCO ("Company") and Housing Development Corporation Limited ("HDC"), the Company was assigned to develop a two residential apartments blocks in Hulhumale phase II plots no. N3-35(B), N3-35(C) by HDC.

According to the agreement, HDC granted the exclusive rights to construct, develop and sell residential units under the project in the designated land area to the Company. The Company agreed to finance the construction and development of the project and to sell the residential units developed under the project to eligible STELCO staff. It was the sole responsibility of the Company to raise and manage the finance required for the development of the project and HDC shall not be liable towards any party under any circumstances.

During the year 2022, sale and purchase agreements were signed between the staffs and STELCO for the sales of the apartments. As per the agreement, apartment handover date was January 1, 2023.

The employees eligible to obtain a Hiya flat were supposed to pay a down payment and the remaining payment is to be paid on installment basis over 18-24 years. The interest rate assigned for deferred payment was computed as 4%. The difference between the market rate of interest (9% p.a) and the concessionary rate of 4% was identified in statement of Comprehensive Income as a staff benefit.

During the year 2023, Company has recognised sales, cost of sales, financial asset and related employee benefit expenses arised from the sale and financing of apartments to staffs.

		31-Dec-23
		MVR
8.2	**Financial Asset recognised**	342,109,342
	Add: Interest income accrued for 2023	30,566,212
	Less: Repayments by tenants in the year 2023	(37,890,318)
	Financial Asset as at 31 December 2023	**334,785,236**
8.3	**Employee Benefit expense as per IAS19**	
	Finance Income at Market rate (9%)	451,312,690
	Finance Income at concessionary rate (4%)	(273,563,916)
	Employee Benefits Expense	**177,748,774**
8.4	**Sensitivity analysis for the key assumptions**	
	Impact of the change in discount rate	
	Present value of obligation at the end of the period	334,785,236
	Impact due to increase of 1%	(23,078,575)
	Impact due to decrease of 1%	25,985,606

		1-Jan-23
8.5	**STELCO Hiya reconciliation**	MVR
	Total income from sale of 258 apartments	627,354,717
	Less: Advance received from tenants	(107,496,600)
	Balance receivable from tenants	519,858,117
	Less: Financial Asset recognised	(342,109,342)
	Employee Benefit expense recognised during the year	**177,748,775**

			31-Dec-23	31-Dec-22
			MVR	MVR
9	**Inventories**			
	Fuel		58,246,826	35,000,830
	Spares, cables and consumables		427,219,399	252,094,521
	Stationary		1,242,844	190,353
	Lubricating oil		2,546,665	4,437,222
			489,255,734	291,722,926
	Provision for Slow Moving Inventories	Note 9.1	(126,307,162)	(111,929,947)
	Total		**362,948,572**	**179,792,979**
9.1	**Provision for Slow Moving Inventories**			
	As at 1st January		111,929,947	144,820,124
	Increase / (decrease) in provision		14,377,215	(32,890,177)
	As at 31st December		**126,307,162**	**111,929,947**

Provision for Inventory Policy was approved by the board of directors on December 28, 2021. The provision against fast, slow and non moving categories of inventories for the year 2023 has been calculated based on the criteria defined in the policy.

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10 Construction of Hiya Project

10.1 Cost

	Balance As at 1-Jan-23	Additions	Disposals	Balance As at 31-Dec-23
Hiyaa project	634,854,717	12,896,766	(647,751,483)	-
	634,854,717	**12,896,766**	**(647,751,483)**	**-**

10.2 Impairment

	31-Dec-23 MVR	31-Dec-22 MVR
Investment before impairment adjustment	-	635,770,105
Impairment for the year		(915,388)
	-	**634,854,717**

The company has classified cost of Hiya project to Inventory as at December 31,2022. At January 01, 2023 the company has sold the apartments.

11 Trade and Other Receivables

	Note	31-Dec-23	31-Dec-22
Accounts receivable		365,068,849	321,010,499
Less: Provision for doubtful debts	11.1	(88,364,991)	(62,678,552)
		276,703,858	258,331,947
Prepayments		32,627,029	444,176
Other receivables		97,531,721	103,027,454
		406,862,608	**361,803,577**

11.1 Provision for Impairment of Trade Receivables

	31-Dec-23	31-Dec-22
As at 1st of January	62,678,552	54,635,184
Recognized / (reversal) during the year	25,686,439	8,043,368
As at 31st December	**88,364,991**	**62,678,552**

11.2 Due from Related Parties

	Note	31-Dec-23	31-Dec-22
Indira Gandhi Memorial Hospital		2,559,843	3,707,365
Male' Water and Sewage Company (Private) Limited		19,565,954	9,241,574
State Trading Organisation PLC		4,953,686	1,558,133
Maldives Transport and Contracting Company PLC		4,001,294	1,777,924
Maldives Customs Services		307,474	345,271
Maldives Industrial Fisheries Company Limited		1,087,228	174,760
Bank of Maldives PLC		852,365	847,288
Public Service Media		111,440,174	85,670,171
Maldives Road Development Corporation Limited		2,007,642	1,980,264
National Centre For the Arts		1,538,981	1,803,319
Housing Development Corporation Limited		23,193,463	5,560,011
National Social Protection Agency		28,371	8,490,008
Maldives Port Limited		3,672,488	2,028,783
Ministry of Finance and Treasury		233,243,464	309,802,276
Male' City Council		38,984,301	21,862,554
Ministry of Housing, Land and Urban Development		20,767,920	9,903,180
Local Government Authority		18,568,820	13,665,079
Fenaka Corporation Limited		14,597,813	3,356,840
Ministry of Climate Change, Environment and Energy		13,622,998	9,649,611
Other Government Owned Organisations		91,964,469	50,489,462
		606,958,749	**541,913,874**
Provision for impairment loss	11.3	(123,785,326)	(127,951,015)
Total		**483,173,423**	**413,962,859**

11.3 Provision for Impairment Loss

	31-Dec-23	31-Dec-22
As at 1st of January	127,951,015	140,796,474
Written off during the year	(8,217,298)	-
Recognised / (Reversed) during the year	4,051,609	(12,845,459)
As at 31st December	**123,785,326**	**127,951,015**

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for the year ended 31st December 2023
All amounts are stated in Maldivian Rufiyaa

			31-Dec-23 MVR	31-Dec-22 MVR
12	**Cash and Cash Equivalent**			
	Cash at bank		122,964,713	295,652,622
	Cash in hand		3,560,280	6,233,766
	Total		**126,524,993**	**301,886,388**
13	**Share Capital**			
	Issued share capital 150 ordinary shares of MVR 1,000,000 each		150,000,000	150,000,000
	Total		**150,000,000**	**150,000,000**

13.1 The total authorised number of ordinary shares is 150 shares (2022: 150 shares) with a par value of MVR 1,000,000 per share (2022: MVR 1,000,000 per share). The issued and fully paid share capital comprises of 150 (2022 :150) ordinary shares of MVR 1,000,000 each.

13.2 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company. The Board of Directors has declared dividends of MVR 146,667 per share amounting to MVR 22,000,000 during the year ended. December 31, 2022 (2021 : MVR 146,667 per share amounting to MVR 22,000,000).

14 Revaluation reserve

		31-Dec-23 MVR	31-Dec-22 MVR
As at 1st January		158,558,074	172,851,343
Revaluation surplus recognised during the year net of tax		598,613,945	-
Transfer to Retained earnings	Note 14.2	(16,815,610)	(16,815,610)
Deferred tax transferred to retained earnings		2,522,342	2,522,341
As at 31st December		**742,878,751**	**158,558,074**

14.2 Transfer of Revaluation Surplus to Retained Earnings

Revaluation surplus is realized to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.

15 Capital Contribution

	31-Dec-23 MVR	31-Dec-22 MVR
As at 1st January	851,473,042	741,345,767
Grant converted to capital	-	-
Received during the year	54,000,000	110,127,275
As at 31st December	**905,473,042**	**851,473,042**

The Company has received a capital contribution amounted to MVR 246,690,839 from the Ministry of Finance and Treasury of the Republic of Maldives during the period of 2017 to 2020 for the construction and installation of Hulhumale Power Plant (5th Power Project) and MVR 154,007,552 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Pover Project) . Further, MVR 181,716,143 were received in 2018, 2019 and 2020 for the installation of greater Male' Grid connection.

During the year 2021, the Company has received an additional MVR 92,856,020 for greater Male' Grid Connection Project and MVR 66,075,213 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project). During the year 2022, the Company has received an additional MVR 45,096,838 for greater Male' Grid Connection Project and MVR 65,030,438 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

During the year 2023, the Company has received an additional MVR 54,000,000 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Povver Plant (5th Power Project).
These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company.

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	31-Dec-23 MVR	31-Dec-22 MVR
16 Borrowings		
As at 1st January	3,012,994,323	3,016,850,670
Loans obtained during the year	8,242,973	3,694,899
Interest for the year	72,643,192	129,694,787
Repayments during the year	(110,202,787)	(103,542,826)
Interest paid during the year	(65,808,297)	(33,703,208)
As at 31st December	**2,917,869,405**	**3,012,994,323**

16.1 Maturity Analysis

Non- Current		
Loan and borrowings	2,607,940,003	2,902,791,537
	2,607,940,003	**2,902,791,537**
Current		
Loan and borrowings	309,929,402	110,202,786
	309,929,402	**110,202,786**
Total borrowings	**2,917,869,405**	**3,012,994,323**

16.2 Terms and repayment schedule

Source of finance	Purpose to Finance	Interest Rate 2024	Interest Rate 2023	Maturity	Carrying Amount 31-Dec-23 MVR	Carrying Amount 31-Dec-22 MVR
Ministry of Finance *	Third Power System	-	8%	01-Aug-21	130,042,977	130,042,977
Ministry of Finance *	Third Power System	-	8%	01-May-24	124,743,553	124,743,553
Ministry of Finance *	Third Power System	-	8%	01-Sep-24	132,077,542	132,077,542
Ministry of Finance *	5.4V Generator set	-	8%	15-Feb-16	60,231,694	60,231,694
Ministry of Finance *	Second Power System	-	8%	31-Jul-25	84,436,686	84,436,686
Ministry of Finance *	Power System	-	8%	01-Sep-18	21,594,286	21,594,286
Ministry of Finance (Nordea Bank Danmark)	Fourth Power System	-	4.25% & 8.5%	30-Sep-35	1,287,824,888	1,287,824,888
Ministry of Finance *	POISED Project	-	6%	15-May-33	215,265,640	213,580,023
Exim Bank of China	Fifth Power Project	3% + 6 Months SOFR		31-Jul-31	854,730,441	958,462,674
MIB MGAF	Peak Handling	8%		30-Jun-24	6,921,698	-
					2,917,869,405	**3,012,994,323**

**With effect from 1st January 2023 the Ministry of Finance suspended charging interest on these loans.*

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16.3 Bank Borrowings

All of the above Loans (except for MIB - MGAF) have been secured by a guarantee from Government of Maldives.

The Ministry of Finance and Treasury ("MOFT") through its letter dated February 4, 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, part of the transaction has been finalized by the parties for the year ended December 31, 2023.

The Company entered subsidiary loan agreement on April 2, 1998, between Ministry of Finance and Treasury for the amount of MVR 80,702,185 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The Company entered subsidiary loan agreement on August 27, 2003, between Ministry of Finance and Treasury for the amount of MVR 60,396,877 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 May and 01 November each year.

The Company entered subsidiary loan agreement on June 9, 1998 between Ministry of Finance and Treasury for the amount of MVR 64,634,001 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The Company entered subsidiary loan agreement on February 15, 1998, between Ministry of Finance and Treasury for the amount of MVR 41,246,314 at an Interest rate of 8% for the purpose of acquisition of 5.4Mv Generator Set. This loan is to be repaid in 30 installments on 15 February and 15 August each year.

The Company entered subsidiary loan agreement on April 11, 1992, between Ministry of Finance and Treasury for the amount of MVR 105,084,231 at an Interest rate of 8% for the purpose of Second Power System Project. This loan is to be repaid in 34 installments on 31 January and 31 July each year.

The Company entered subsidiary loan agreement on March 10, 1998, between Ministry of Finance and Treasury for the amount of MVR 59,622,880 at an Interest rate of 8% for the purpose of Power System Development Project. This loan is to be repaid in 35 installments on 01 March and 01 September each year.

DANIDA grant and Nordea Bank loan agreement signed between Nordea Bank Denmark A/S and Government of Maldives on January 15, 2009 for a loan amount of EUR 18,140,000 and grant amount of EUR 6,560,000. The loan was entered to for the purpose of Fourth Power System Development Project.

Subsidiary loan terms proposed by the Government of Maldives are as follows.
1. Component 1: Interest bearing portion - Nordea Loan Funds and Fees of EUR 23,534,579.78 at an interest rate of 8.5% p.a. with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

The Company entered subsidiary loan agreement on August 10, 2015, between Ministry of Finance and Treasury for the amount of MVR 150,847,779 at an Interest rate of 8% for the purpose of Preparing Outer Island for Sustainable Energy Development Project. This loan is to be repaid in 30 installments on 15th May and 15th November each year.

The Company entered loan agreement on May 28, 2015, between Export-Import Bank of China (Exim Bank) and Bank of China Limited for the amount of USD 79,946,000 for the purpose of Fifth Power Development Project. This loan is to be repaid in 24 installments on 21 January and 21 July each year.

The Company entered into a loan agreement with Maldives Islamic Bank during the year for purchasing 1500kVA package substation as a diminishing Musharakah financing equivalent to 70% of shares. The tenure is 06 months from the date of delivery of the asset at a rate of 8%. The Company will obtain the full ownership of the asset over the period after repaymentst at the termination of the financing arrangement.

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		31-Dec-23 MVR	31-Dec-22 MVR
17	**Lease Liability**		
	Non- current		
	Lease liability	137,591,719	140,538,841
	Total	**137,591,719**	**140,538,841**
	Current		
	Lease liability	1,801,402	1,713,403
	Total	**1,801,402**	**1,713,403**
17.1	**Movement of lease liability**		
	As at 1st January	142,252,244	105,175,600
	(Disposals)/Additions of lease liabilities	(1,126,032)	38,742,785
	Re-assessment	(69,919)	-
	Adjustments to recognise prior year payments and interest	-	(235,986)
	Interest expense for the year	13,287,277	13,461,098
	Repayment during the year	(14,950,449)	(14,891,253)
	As at 31st December	**139,393,121**	**142,252,244**
17.2	**Maturity Analysis of Undiscounted Future Lease Payments are as follows;**		
	Less than one year	1,801,402	15,073,480
	Between two and five years	6,019,304	58,953,044
	More than five years	131,572,415	68,225,720
	Total	**139,393,121**	**142,252,244**
18	**Deferred Income**		
	As at 1st January	31,701,575	32,922,288
	Amortisation	(1,240,388)	(1,220,713)
	As at 31st December	**30,461,187**	**31,701,575**

18.1 Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR 25,287,089 was received in 2006 for the installation of 6 sets of 1250 k Diesel Generators. During the year 2020, the Company received MVR 34,490,853 for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.

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		31-Dec-23
		MVR
19	**Defined benefit Obligation**	
	Defined benefit recognized during the eyar	34,949,449
	Payments during the year	(1,458,954)
	As at 31st December	**33,490,495**

19.1 During the year ended December 31, 2023, the Company has implemented a new retirement and redundancy policy which came into effect on September 1, 2023.

19.2 The Company has engaged a qualified actuary to estimate the retirement benefit obligation. The project unit credit method is used to determine the present value of the defined benefit obligation. Key assumption used in the calculation are as follows.

Expected salary increment	2.50%
Discount rate	4.60%
Staff turnover factor	3.50%

19.3	**Sensitivity analysis for the key assumptions**	
	Impact of the change in discount rate	
	Present value of obligation at the end of the period	33,490,495
	Impact due to increase of 0.5%	(1,788,526)
	Impact due to decrease of 0.5%	1,791,745
	Impact of the change in salary increase	
	Present value of obligation at the end of the period	33,490,495
	Impact due to increase of 0.5%	1,798,415
	Impact due to decrease of 0.5%	(1,787,803)

20 Contractor Payable

The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between Male and Hulhumale via a bridge on February 12, 2018 for a contract price of USD 45,619,736. Contract is payable over the period of 8 years based on the percentage of completion of the project. The contractual cashflows have been discounted at a rate of 4.8%

During the year the Company received an additional claim from Dongfang Electricity International Corporation ("DEC") on account of project delays and extra work requested by the Company amounting to USD 7,888,165.97 Based on the settlement agreement entered on September 14, 2023, with DEC for the settelement of claim is to be made by 36 monthly installments starting from 1st October 2023. The contractual cashflows have been discounted at a rate of 9%.

			31-Dec-23	31-Dec-22
			MVR	MVR
	Non- Current			
	Contractor payable		245,715,874	219,262,544
	Total		**245,715,874**	**219,262,544**
	Current			
	Contractor payable		82,206,646	73,153,541
	Total		**82,206,646**	**73,153,541**
20.1	**Breakdown of Contractor Payable**			
	As at 1st January		292,416,085	365,600,090
	Interest charge during the year		15,011,526	16,122,224
	Repayment during the year		(85,756,437)	(89,306,229)
	Addition		106,251,346	-
	As at 31st December		**327,922,520**	**292,416,085**
21	**Trade and Other Payables**			
	Trade payables		35,432,234	39,566,197
	Accrued expenses		10,703,907	20,624,013
	Advance Received from employees on Hiyaa Project		-	100,118,936
	Dividend Payable to Ministry of Finance	21.1	44,000,000	22,000,000
	Retention payable		1,734,854	18,043,706
	Deposit received		1,477,126	7,124,914
	GST payables		-	104,645
	Other payables		45,261,826	617,004
	Total		**138,609,947**	**208,199,415**

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		31-Dec-23 MVR	31-Dec-22 MVR
21.1	**Dividend Payable to Ministry of Finance**		
	As at 1st January	22,000,000	-
	Dividend declared during the year	22,000,000	22,000,000
	As at 31st December	**44,000,000**	**22,000,000**

As disclosed in Note 13.2 (dividend to voting) to the financial statements, the Company has declared dividend amounting to MVR 22,000,000 in respect of profit earned in financial year 2022 (2021: MVR 22,000,000)

		31-Dec-23 MVR	31-Dec-22 MVR
22	**Due to Related Parties**		
	State Trading Organisation PLC	111,803,948	84,007,835
	Waste Management Corporation	19,115,642	145,577
	Ministry of Environment and Energy	3,053,300	3,053,300
	Maldives Transport and Contracting Company PLC	3,395,580	1,724,318
	Maldives Road Development Corporation Limited	663,612	663,612
	Male' Water and Sewerage Company Limited	16,200	347,491
	Dhivehi Raajjeyge Gulhun PLC	529,226	926,380
	Other Government owned Organizations	148,704	1,420,997
	Total	**138,726,211**	**92,289,510**

			31-Dec-23 MVR	31-Dec-22 MVR Restated
23	**Revenue**			
	The breakdown of the revenue is as follows.			
	Electricity revenue		2,577,169,049	2,170,018,982
	Non-electricity revenue	Note 23.1	102,045,143	97,725,227
	Water and sewerage revenue	Note 23.2	24,686,406	15,434,444
	Total		**2,703,900,598**	**2,283,178,653**

23.1 Non-electricity revenue include revenue from sale of electronic equipment and other electrical services provided for customers

23.2 Non-electricity revenue include revenue from Water and sewerage revenue

24	**Other Income**			
	Amortization of deferred income - Government grant amortization	18	1,240,388	1,220,713
	Rental income		1,800,857	652,578
	Miscellaneous income		8,009,931	-
	Writeback of payables		28,283,132	-
	Reversal of inventory provision		-	32,890,176
	Exchange gain		1,141,789	907,528
			40,476,097	**35,670,995**

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		31-Dec-23	31-Dec-22
		MVR	MVR
25	**Cost of Revenue**		
	Cost of revenue	1,847,237,095	1,531,754,164
	Direct Labour	274,497,228	241,209,013
	Total	**2,121,734,323**	**1,772,963,177**
26	**Administrative Expenses**		
	Personnel cost	161,212,657	68,033,311
	Service Cost on retirment benefit obligation	34,949,449	-
	Bank charges	30,207,941	26,986,826
	Fines	16,576,498	-
	Provision for slow and Non-moving inventories	14,377,215	-
	Unclaimed GST	11,868,338	8,943,678
	Repair and maintenance	10,481,207	22,787,355
	Depreciation/Impairment of Property Plant and equipment	7,900,590	49,566,130
	Amortization of Right of Use Asset	4,204,207	4,284,942
	Directors' remuneration	616,081	642,315
	Rent expenses	286,656	108,735
	Loss on disposal of FA	12,903,677	31,500,658
	Other expenses	112,242,793	76,800,570
		417,827,309	**289,654,520**
26.1	**Personnel costs**		
	Staff salaries and wages	150,932,495	112,892,987
	Staff allowances	163,529,377	114,573,989
	Overtime expenses	70,588,261	55,581,390
	Employer's contribution to government pension fund	10,864,383	8,375,364
	Staff medical expenses	7,128,073	3,748,488
	Other staff expenses	32,667,296	14,070,106
	Total	**435,709,885**	**309,242,324**
	Cost of sales portion	274,497,228	241,209,013
	Administrative expense portion	161,212,657	68,033,311
		435,709,885	**309,242,324**
27	**Finance Cost**		
	Interest on Borrowings- Foreign	72,278,849	129,694,787
	Interest on Borrowings - Local	364,343	-
	Interest on leases	13,287,277	13,461,098
	Interest on other financial arrangements	15,011,526	16,122,224
		100,941,995	**159,278,109**
	Finance Income		
	Interest income	(31,397,249)	(3,349,938)
	Net Finance Costs	**69,544,746**	**155,928,171**

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		31-Dec-23 MVR	31-Dec-22 MVR Restated
28	**Taxation**		
	Income Tax Expense for the year		
	Current tax expense	11,594,312	-
	Deferred tax asset recognised	(31,343,211)	(4,965,272)
	Deferred tax liability recognized	57,568,458	34,026,042
	Total Tax Expense	**37,819,559**	**29,060,770**
28.1	**Reconciliation Between Accounting Profit and Taxable Income :**		
	(Loss)/ Profit before tax	(134,111,426)	104,190,482
	Aggregate disallowable items	649,776,216	353,645,860
	Aggregate allowable items	(406,248,086)	(522,689,817)
	Adjustment related to restatement (Noted 42)	-	31,751,658
	Tax losses utilized during the year	(31,621,289)	-
	Tax free allowance	(500,000)	-
	Tax (loss) / Income tax for the year	**77,295,415**	**(33,101,816)**
	Income tax @ 15%	**11,594,312**	-
28.2	**Accumulated Tax Losses**		
	As at 1st January	31,621,289	3,584,259
	Tax losses for the year	-	33,101,816
	Adjustments related to previous year	-	(5,064,786)
	Tax losses utilized during the year	(31,621,289)	-
	As at 31st December	-	**31,621,289**
29	**Current Tax Liability**		
	Tax refunds receivable	(7,907,995)	-
	Interim taxes paid	-	(7,907,995)
	Tax provision for the year	11,594,312	-
	Total	**3,686,317**	**(7,907,995)**
	Total current tax liability	**3,686,317**	**(7,907,995)**
30	**Net deferred tax liability**		
	Deferred Tax Liability	298,723,208	138,039,336
	Deferred Tax Asset	36,846,122	5,502,911
	As at 31 December	**261,877,086**	**132,536,425**
30.1	**Deferred Tax Asset**		
	As at 1st January	5,502,911	537,639
	Recognised in other comprehensive income		
	(Reversal) / recognised during the year	-	-
	Recognised in profit or loss		
	Recognised during the year	31,343,211	4,965,272
	As at 31st December	**36,846,122**	**5,502,911**

30.2 The recognized deferred tax asset is attributable to the following:

	31-Dec-23		31-Dec-22	
	Temporary Difference MVR	Tax effect MVR	Temporary Difference MVR	Tax effect MVR
On accumulated tax losses	-	-	36,686,075	5,502,911
On debtors provision	212,150,317	31,822,548	-	-
On other provision	33,490,495	5,023,574	-	-
	245,640,812	**36,846,122**	**36,686,075**	**5,502,911**

		31-Dec-23 MVR	31-Dec-22 MVR
31	**Deferred Tax Liability**		
	As at 1st January	138,039,336	106,535,635
	Recognised in profit or loss		
	recognised during the year	57,568,458	34,026,042
	Recognised in other comprehensive income		
	recognised during the year	105,637,755	-
	Recognised directly in equity		
	Reversed during the year (Note 14)	(2,522,341)	(2,522,341)
	As at 31st December	**298,723,208**	**138,039,336**

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31.1 The recognized deferred tax liability is attributable to the following:

	31-Dec-23		31-Dec-22	
	Temporary Difference MVR	Tax effect MVR	Temporary Difference MVR	Tax effect MVR
<u>Recognised in profit or loss</u>				
Property, plant and Equipment	1,287,236,356	193,085,453	920,262,241	138,039,336
<u>Recognised in other comprehensive income</u>				
Revaluation reserve	704,251,700	105,637,755	-	-
	1,287,236,356	**298,723,208**	**920,262,241**	**138,039,336**

32 (Loss) / Earnings Per Share

Basic/diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

(Loss)/profit for the year	(171,930,985)	75,129,712
Weighted average number of ordinary shares	150	150
(Loss)/ Earnings per share	**(1,146,207)**	**500,865**

	31-Dec-23 MVR	31-Dec-22 MVR Restated
33 Operating Profit before Working Capital Changes		
(Loss) / profit before tax	(134,111,426)	104,190,482
Depreciation	252,749,475	187,192,222
Re-assessment of Right of Use Assets	(374,796)	-
Amortization of Right of Use Assets	4,204,207	4,284,942
Interest Income from Financial Asset	(30,566,212)	-
Increase/(Reversal) provision for slow moving inventories	14,377,215	(32,890,177)
Provision for impairment loss on trade receivables	25,686,439	8,043,368
Reversal of impairment loss on related parties	4,051,609	(12,845,459)
Interest expense	100,941,995	159,278,109
Amortization of deferred income	(1,240,388)	(1,220,713)
Defined benefit obligation for the year	34,949,449	-
Interest income	(831,037)	(3,349,938)
Provision for impairment loss on investment in Hiyaa Project	-	915,388
Adjustments made for prior year lease expenses	-	1,221,738
Loss on disposal of PPE	12,903,677	31,500,658
Fines on contractor payable	14,972,291	-
Employee benefit expense	177,748,774	-
Total	**475,461,272**	**446,320,621**

34 Related Party Transactions

34.1 Due from Related Parties

Name	Nature of relationship		
Indira Gandhi Memorial Hospital	***Affiliate***		
Opening balance		3,707,365	19,755,385
Sales of Services		21,454,660	48,841,762
Payments made		(22,602,182)	(64,889,782)
Closing balance		**2,559,843**	**3,707,365**
Male' Water and Sewage Company Pvt Ltd	***Affiliate***		
Opening balance		9,241,574	1,143,577
Sales of Services		28,249,467	28,280,114
Payments made		(17,925,087)	(20,182,117)
Closing balance		**19,565,954**	**9,241,574**

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All amounts are stated in Maldivian Rufiyaa

34 Related Party Transactions

34.1 Due from Related Parties

Maldives Transport and Contracting Company PLC	***Affiliate***		
Opening balance		1,777,924	1,316,936
Sales of Services		17,173,471	13,681,942
Payments made		(14,950,102)	(13,220,954)
Closing balance		**4,001,294**	**1,777,924**
Maldives Customs Services	***Affiliate***		
Opening balance		345,271	634,603
Sales of Services		3,399,536	3,551,223
Payments made		(3,437,333)	(3,840,554)
Closing balance		**307,474**	**345,271**
Maldives Industrial Fisheries Company Limited	***Affiliate***		
Opening balance		174,760	143,410
Sales of Services		3,269,620	1,908,054
Payments made		(2,357,151)	(1,876,704)
Closing balance		**1,087,228**	**174,760**
Bank of Maldives PLC	***Affiliate***		
Opening balance		847,288	105,301
Sales of Services		9,543,503	9,175,480
Payments made		(9,538,427)	(8,433,493)
Closing balance		**852,365**	**847,288**
Public Service Media	***Affiliate***		
Opening balance		85,670,171	61,786,952
Sales of Services		27,458,840	24,121,502
Payments made		(1,688,837)	(238,282)
Closing balance		**111,440,174**	**85,670,171**
Maldives Road Development Corporation Limited	***Affiliate***		
Opening balance		1,980,264	1,038,505
Sales of Services		251,707	941,759
Payments made		(224,328)	-
Closing balance		**2,007,642**	**1,980,264**
National Centre For the Arts	***Affiliate***		
Opening balance		1,803,319	1,174,121
Sales of Services		598,325	1,827,127
Payments made		(862,663)	(1,197,929)
Closing balance		**1,538,981**	**1,803,319**
Housing Development Corporation Limited	***Affiliate***		
Opening balance		5,560,011	9,218,666
Sales of Services		32,277,663	17,820,245
Payments made		(14,644,211)	(21,478,900)
Closing balance		**23,193,463**	**5,560,011**
National Social Protection Agency	***Affiliate***		
Opening balance		8,490,008	88,862
Sales of Services		679,995	8,401,145
Payments made		(9,141,632)	-
Closing balance		**28,371**	**8,490,007**
Maldives Port Limited	***Affiliate***		
Opening balance		2,028,783	1,595,251
Sales of Services		30,752,566	18,489,654
Payments made		(29,108,861)	(18,056,122)
Closing balance		**3,672,488**	**2,028,783**

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34 Related Party Transactions

34.1 Due from Related Parties

Ministry of Finance and Treasury ***Affiliate***		
Opening balance	309,802,276	190,269,558
Sales of Services	127,050,485	89,699,869
Payments received	(203,609,297)	(14,167,151)
Closing balance	**233,243,464**	**309,802,276**
State Trading Organisation PLC		
Opening balance	1,558,133	2,868,473
Sales of Services	20,840,911	16,940,908
Payments received	(17,445,358)	(18,251,247)
Closing balance	**4,953,686**	**1,558,133**
Male' City Council		
Opening balance	21,862,554	15,469,120
Sales of Services	20,492,780	15,477,137
Payments received	(3,371,033)	(9,083,702)
Closing balance	**38,984,301**	**21,862,554**
Ministry of Housing, Land and Urban Development		
Opening balance	9,903,180	13,809,334
Sales of Services	20,075,962	13,132,356
Payments received	(9,211,222)	(17,038,511)
Closing balance	**20,767,920**	**9,903,180**
Local Government Authority		
Opening balance	13,665,079	12,743,514
Sales of Services	26,511,113	22,456,158
Payments received	(21,607,373)	(21,534,593)
Closing balance	**18,568,820**	**13,665,079**
Fenaka Corporation Limited		
Opening balance	3,356,840	2,896,116
Sales of Services	13,924,212	2,525,973
Payments received	(2,683,240)	(2,065,248)
Closing balance	**14,597,813**	**3,356,840**
Ministry of Climate Change, Environment and Energy		
Opening balance	9,649,611	8,124,776
Sales of Services	9,967,573	7,027,256
Payments received	(5,994,185)	(5,502,421)
Closing balance	**13,622,998**	**9,649,611**
Other Government Owned Organisations ***Affiliate***		
Opening balance	50,489,462	139,654,901
Sales of Services	173,061,020	103,280,162
Payments made	(189,006,924)	(61,414,366)
Set-off against dividend payable to Ministry of Finance	-	(34,648,066)
Closing balance	**91,964,469**	**50,489,462**
Total	**606,958,749**	**541,913,874**

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34 Related Party Transactions

34.2 Due to Related Parties

Name	Nature of relationship		
State Trading Organisation PLC	***Affiliate***		
Opening balance		84,007,835	51,553,350
Purchases		1,758,338,229	1,291,053,284
Payments made		(1,730,542,117)	(1,258,598,799)
Closing balance		**111,803,948**	**84,007,835**
Maldives Transport and Contracting Company PLC	***Affiliate***		
Opening balance		1,724,318	1,444,558
Purchases		37,347,403	24,475,102
Payments made		(35,676,140)	(24,195,343)
Closing balance		**3,395,580**	**1,724,317**
Maldives Road Development Corporation Limited	***Affiliate***		
Opening balance		663,612	-
Purchases		39,090	663,612
Payments made		(39,090)	-
Closing balance		**663,612**	**663,612**
Male' Water and Sewerage Company Limited	***Affiliate***		
Opening balance		347,491	1182 24
Purchases		1,180,903	1,738,872
Payments made		(1,512,193)	(1,392,564)
Closing balance		**16,200**	**347,491**
Dhivehi Raajjeyge Gulhun PLC	***Affiliate***		
Opening balance		926,380	364,504
Purchases		5,318,757	4,927,550
Payments made		(5,715,912)	(4,365,673)
Closing balance		**529,226**	**926,381**
Waste Management Corporation Limited			
Opening balance		145,577	17,945
Purchases		54,536,775	389,243
Payments made		(35,566,709)	(261,611)
Closing balance		**19,115,642**	**145,577**
Other Government owned Organizations	***Affiliate***		
Opening balance		1,420,997	308,843
Purchases		4,040,051	21,561,906
Payments made		(5,312,344)	(20,449,750)
Closing balance		**148,704**	**1,420,998**
Ministry of Environment and Energy	***Affiliate***		
Opening balance		3,053,300	-
Purchases		-	3,053,300
Closing balance		**3,053,300**	**3,053,300**
Total		**138,726,211**	**92,289,510**

34.3 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	31-Dec-23 MVR	31-Dec-22 MVR
Directors' Remuneration	616,081	642,315
Defined benefit expense	1,811,430	-
	616,081	**642,315**

35 Commitments

35.1 Capital Commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

On Property, plant and equipment	218,888,188	339,314,583
Total	**218,888,188**	**339,314,583**

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

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36 Capital Management

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

The Company monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings and trade and other payables 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.

	31-Dec-23	31-Dec-22
	MVR	MVR
Total Liabilities	3,992,036,289	3,912,389,576
Cash and Cash Equivalents	(126,524,993)	(301,886,388)
Net Debt	**3,865,511,296**	**3,610,503,188**
Total Equity	**2,288,992,349**	**1,827,787,047**
Gearing (Times)	**1.69**	**1.98**

37 Financial Instruments and Risk Management

(i) Overview

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

- Credit 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, the Company's management of capital. Further, quantitative disclosures are included throughout the 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 or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in debt securities and deposits with banks.

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

	31-Dec-23	31-Dec-22
	MVR	MVR
Trade Receivables	276,703,858	258,331,947
Other Receivables	97,414,648	103,027,454
Amounts due from Related Parties	483,173,423	391,962,859
Balances with Banks	122,964,713	295,652,622
	980,256,642	**1,048,974,882**

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

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37 Financial Instruments and Risk Management(Continued)
(iii) Credit Risk (Continued)

Expected credit loss assessment under IFRS 9

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

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

Measurement of ECL

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

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Probability of default (PD)
PD represents the likelihood of a counterparty defaulting on its obligations within a specified period. The PD estimation process involves a combination of historical data analysis, internal credit risk assessments, and external market data.

Loss given default (LGD)
LGD represents the proportion of the exposure that is not expected to be recovered in the event of a counterparty default. The LGD estimation process combines historical data analysis, recovery rate assessments, and internal credit risk evaluations.

Exposure at default (EAD)
The following table provides information about the exposure to credit risk and ECLs for trade receivables and receivables from

31-Dec-23	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
		MVR	**MVR**	
Not past due or Past due 1-30 days	1.9%	243,690,693	4,523,724	No
Past due 31-60 days	2.8%	90,350,663	2,497,039	No
Past due 61-90 days	4.8%	42,183,984	2,033,093	No
Past due 91-180 days	7.8%	113,433,811	8,838,017	No
Past due 181-360 days	15.0%	161,242,903	24,178,135	No
Past due more than 365 days*	53.2%	321,125,545	170,698,294	Yes
		972,027,598	**212,768,302**	

No provision has been made for balances from MoF being the Company's shareholder.

31-Dec-22	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
		MVR	**MVR**	
Not past due or Past due 1-30 days	3.1%	176,071,163	5,435,665	No
Past due 31-60 days	6.8%	68,170,459	4,644,737	No
Past due 61-90 days	12.6%	28,918,657	3,657,600	No
Past due 91-180 days	26.5%	34,741,663	9,206,661	No
Past due 181-360 days	47.5%	46,319,901	21,980,670	No
Past due more than 365 days	100.0%	145,704,235	145,704,235	No
		499,926,078	**190,629,567**	

Gross carrying amount and loss allowance comprise the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behaviour. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

The provision for impairment of the amounts due from related parties are estimated considering the individual repayment capabilities of these entities.

Movements in allowance for impairment in respect of trade receivables and amounts due from related parties.

The movements of allowance for impairment in respect of trade receivables and Related party receivables during the year is presented in Note 11.1 and 11.3 respectively.

Balances with Banks

The Company held amounts of MVR 109,805,531 as at December 31, 2023 in banks. (2022: MVR 297,184,042) Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external ratings of the counterparties. As a result, the amount of the allowance on cash at bank is negligible.

(iv) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

37 Financial Instruments and Risk Management(Continued)

(iv) Liquidity Risk

31-Dec-23	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-5 Years MVR	More than 5 Years MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	138,603,015	138,603,015	138,603,015	-	-
Loans and Borrowings	2,917,869,405	3,194,967,206	399,883,987	735,276,560	2,059,806,659
Contractor Payable	327,922,520	367,621,571	92,342,939	275,278,631	-
Amounts due to Related Parties	138,726,211	138,726,211	138,726,211	-	-
Lease Liabilities	139,393,121	679,225,596	14,913,828	70,365,215	593,946,553
	3,662,514,272	**4,519,143,599**	**784,469,980**	**1,080,920,406**	**2,653,753,213**

31-Dec-22	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-5 Years MVR	More than 5 Years
Financial Liabilities (Non-derivative)					
Trade and Other Payables	85,975,834	85,975,834	85,975,834	-	-
Loans and Borrowings*	3,012,994,323	3,012,994,323	110,202,786	531,034,048	2,371,757,489
Contractor Payable	292,416,085	321,727,002	85,756,437	235,970,565	-
Amounts due to Related Parties	92,289,510	92,289,510	92,289,510	-	-
Lease Liabilities	142,252,244	695,414,916	15,073,480	58,953,044	621,388,392
	3,625,927,996	**4,208,401,585**	**389,298,047**	**825,957,657**	**2,993,145,881**

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

*Loans and borrowings are excluding the future interest.

(v) Market risk

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

(a) Interest rate risk

Profile

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

	31-Dec-23 MVR	31-Dec-22 MVR
Fixed Rate Instruments		
Financial Liabilities	2,063,138,964	2,054,531,649
Variable Rate Instruments		
Financial liabilities	854,730,441	958,462,674

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37 Financial Instruments and Risk Management(Continued)

(v) Market risk

Cash Flow Sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Sensitivity Analysis	
	100 bp increase MVR	100 bp decrease MVR
December 31, 2023.		
Variable rate instruments	722,788	(722,788)
December 31, 2022.		
Variable rate instruments	1,296,948	(1,296,948)

(b) Currency Risk

Exposure to currency risk

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

	31-Dec-23 MVR	31-Dec-22 MVR
Loans and borrowings	2,149,477,027	2,246,287,562
Contractor Payable	327,922,520	292,416,085
Net currency exposure	**2,477,399,547**	**2,538,703,647**

The following significant exchange rate were applied during the year:

	Average Rate		Reporting DateSpot Rate	
	2023	2022	31-Dec-23	31-Dec-22
1 USD : MVR	15.42	15.42	15.42	15.42

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

37.1 Market Risk Management

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

38 Fair Value Measurement

Accounting Classifications and Fair Values

December 31, 2023.

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Cash and Cash Equivalents	126,524,993	-	-	-	126,524,993
Trade and Other Receivables	374,118,506	-	-	-	374,118,506
Amounts due from Related Parties	483,173,423	-	-	-	483,173,423
	983,816,922	-	-	-	**983,816,922**

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Lease Liability	139,393,121	-	-	-	139,393,121
Loans and Borrowings	2,917,869,405	-	-	-	2,917,869,405
Amount due to Related Parties	138,726,211	-	-	-	138,726,211
Contractor Payable	327,922,520	-	-	-	327,922,520
Trade and Other Payables	138,603,015	-	-	-	138,603,015
	3,662,514,272	-	-	-	**3,662,514,272**

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38 **Fair Value Measurement (Continued)**

December 31, 2022.

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Cash and Cash Equivalents	301,886,388	-	-	-	301,886,388
Trade and Other Receivables	361,359,401	-	-	-	361,359,401
Amounts due from Related Parties	391,962,859	-	-	-	391,962,859
	1,055,208,648	**-**	**-**	**-**	**1,055,208,648**

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Level 2 (MVR)	Level 3 (MVR)	Total (MVR)
Lease Liability	142,252,244	-	-	-	142,252,244
Loans and Borrowings	3,012,994,323	-	-	-	3,012,994,323
Amount due to Related Parties	92,289,510	-	-	-	92,289,510
Contractor Payable	292,416,085	-	-	-	292,416,085
Trade and Other Payables	65,456,466	-	-	-	65,456,466
	3,605,408,628	**-**	**-**	**-**	**3,605,408,628**

39 **Contingent Liabilities**

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

40 **Events After the End of the Reporting Period**

The Board of Directors of the Company has approved to increase the authorised share capital to 6,000 ordinary shares with a par value of MVR 1,000,000 each and is in the process of negotiation with its shareholders to do so. As of the date, the authorised share capital has not been increased yet.

41 **Comparative figures**

Comparative figures of the financial statements have been reclassified wherever appropriate to confirm with current year's presentation.

42 **Reclassification**

The following amounts reported in the previous year have been reclassified in order to be consistent with the current years presentation. These reclassifications are related to dividend payable which had been netted off against due from related parties This has been reclassified under trade and other payables.

	As presented in 2022 MVR	Reclassification MVR	Reclassification for 2022 MVR
Due from related parties	519,913,874	22,000,000	541,913,874
Trade and other payables	186,199,415	22,000,000	208,199,415

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43 Restatement of comparatives

During the year, the Company identified that it had inadvertently made an error when accounting for the disposal of a Generator (in PP&E) in the prior year. The error was corrected by restating each of the financial statement line items for the prior period as follows:

Impact to the balances in the Statement of financial position.

Impacted balances	Notes	As previously reported 12/31/2022 MVR	Restatement MVR	As restated 12/31/2022 MVR
Property,plant & equipment				
Cost		5,194,232,829	(42,110,618)	5,152,122,211
Accumulated depreciation		1,453,386,993	(10,358,960)	1,443,028,033
Retained earnings		699,507,590	(31,751,658)	667,755,931

No adjustment was made to the income tax charge/Payable due to uncertainty of claimability of related tax benefit.

Impact to the balances in the statement of profit of loss and other comprehensive income for the year ended 31 December 2022.

Impacted balance	As previously reported MVR	Adjustments MVR	As restated MVR
Loss on disposal of assets	-	(31,500,658)	(31,500,658)
Sales	2,283,429,653	(251,000)	2,283,178,653

No adjustment was made to the income tax charge/Payable due to uncertainty of claimability of related tax benefit.

Impact to the statement of cash flows for the year ended 31 December 2022.

Impacted balance		As previously reported MVR	Adjustments MVR	As restated MVR
Profit before tax		135,942,141	(31,751,658)	104,190,482
Impact to Non-cash items	Loss on disposal of assets	-	31,500,658	31,500,658
Investment activities	Proceeds from sale of property, plant and equipment	-	251,000	251,000

Impact to the EPS for the year ended 31 December 2022

Impacted balance	As previously reported MVR	Adjustments MVR	As restated MVR
Earning per share	712,542	(211,677)	500,865

No adjustment was made to the income tax charge/Payable due to uncertainty of claimability of related tax benefit.

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