

MALDIVES PORTS LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2023

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

FOR THE YEAR ENDED 31ST DECEMBER 2023

CONTENTS	Page
Independent Auditors' Report	1-5
Separate Financial Statements	
Separate Statement of Comprehensive Income	6
Separate Statement of Financial Position	7
Separate Statement of Changes in Equity	8
Separate Statement of Cash Flows	9-10
Notes to the Separate Financial Statements	11-52



KPMG
(Chartered Accountants)
2nd Floor, H. Mialani
Sosun Magu,
Male
Republic of Maldives

Tel +960 3310 420
+960 3310 421
Fax +960 3323 175
E-mail kpmgmv@kpmg.com

**Independent Auditor’s Report
To the Shareholders of Maldives Ports Limited**

Opinion

We have audited the accompanying separate financial statements of Maldives Ports Limited (the “Company”), which comprise the separate statement of financial position as at 31st December 2023, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate financial statements, comprising of material accounting policies and other explanatory information set out in pages 6 to 52.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31st December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition - Accuracy and completeness of revenue recorded.

Refer Note 6 “Revenue” and material accounting policies in Note 4.16 “Revenue” of the financial statements.

Risk Description	Our Response
The Company has recorded a revenue of MVR 1,366,541,422/- for the year ended 31 st December 2023. The Company’s revenue mainly consists of the harbor facilities and related activities.	Our audit procedures included. - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice.



Key Audit Matters (Continued)

1. Revenue Recognition - Accuracy and completeness of revenue recorded (Continued)

Risk Description	Our Response
<p>Management continues to apply the provisions of International Financial Reporting Standard 15 "Revenue from Contracts with Customers". We consider the application of this Standard to be complex, given a significant portion of the Company's revenue is contract-based with multiple performance obligations each of which may have a different recognition requirements.</p> <p>Furthermore, there are challenges in revenue recognition due to factors such as determining the variable considerations (eg. discounts, fines), determining the timing of control transfer, allocating costs to specific performance obligations, and ensuring accurate and comprehensive disclosures.</p> <p>Further, there are pressures to reflect growth in revenue and this represents a risk of fraudulent revenue recognition.</p> <p>Therefore, we identified revenue recognition as key audit matter as one of the most significant assessed risks of material misstatement due to fraud due to possibility to overstate the revenue in order to meet the expectations of management, which could have a material impact on the financial statements.</p>	<ul style="list-style-type: none"> - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition. - Performing detailed analysis of revenue account through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, on a sample basis, testing of the <ul style="list-style-type: none"> - adjustments which are outside of the normal process of revenue recognition, - verification of revenue transactions by agreeing them to supporting documentation, - accrued revenue adjustments made as at the year end. - Performing cut off procedures on invoices generated near the year end. This comprised agreeing items to evidence of occurrence such as loading slip and delivery note to determine whether the transaction was recorded in the correct period. - Assessing the accuracy and adequacy of the disclosures in the financial statements.

2. Useful life, Capitalization and Impairment of Property, Plant and Equipment

Refer Note 14 "Property Plant and Equipment" and material accounting policies in Note 4.5 "Property, plant and equipment" of the financial statements.

Risk Description	Our Response
<p>The Company has recorded a net book value of Property Plant and Equipment of MVR 601,667,717/- as at 31st December 2023 which includes Capital Work In Progress amounting to MVR 97,798,975/-.</p> <p>As the Company has significant levels of assets relating to port operations, there is a risk that amounts being capitalized do not meet capitalization criteria or there is an inappropriate determination of the date and the values transferred from construction in progress to property, plant and equipment. Additionally, there is a risk that the useful economic lives assigned to assets are inappropriate.</p>	<p>Our audit procedures included.</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice. - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the capitalization of property and equipment, including the key internal controls over the estimation of useful economic lives of assets;

Key Audit Matters (Continued)

2. Useful life, Capitalization and Impairment of Property, Plant and Equipment (Continued)

Risk Description	Our Response
<p>There are number of areas where management judgement impacts the carrying value of property, plant and equipment, and the related depreciation profiles.</p> <p>We also assess that there may be a risk that the carrying value of these assets may exceed the recoverable amount. If there are indications of impairment, management are required to perform an impairment review of the port assets at the year end, in accordance with International Accounting Standard. The assessment of the port asset for impairment requires management to make a number of significant estimates, including:</p> <ul style="list-style-type: none"> • Replacement costs; • Inflation; and • Capitalizing All Risk Yield (ARY) <p>An error in these estimates could result in material misstatements in determination of recoverable value. As a result of the existence of these estimates, we identified the impairment review of port assets as one of the most significant assessed risks of material misstatement due to error.</p>	<ul style="list-style-type: none"> - Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalized meets the relevant criteria for capitalization and the depreciation is correctly calculated; - Challenging the date of transferring construction-in-progress to property, plant and equipment by examining the inspection reports and/or project progress reports, on a sample basis; - Evaluating management's estimation of useful economic lives by considering our knowledge of the business; - Evaluating the valuation techniques, assumptions and data used by management to make their accounting estimates used for value in use calculation. - Inquiring the management about the replacements of assets in order to identify any potential impairment indicators for the existing assets. - Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property and Equipment based on the internal and external information assessed. - Challenging the management's positions of the impairment assessment as to whether or not a reasonable possible change to key operating assumptions could result in impairment. - Involving our internal specialists to challenge significant assumptions such as replacement cost, inflation and capitalizing yield (ARY) used by the valuer. - Evaluating the completeness, accuracy and relevance of accounting policies and disclosures in the financial statements as required by International Accounting Standards about sensitivities and major sources of estimation uncertainty.



Other Matter

These separate financial statements are prepared based on the requirement of the management of the Company in order to submit the financial statements along with the tax return of the Company to the Maldives Inland Revenue Authority. The consolidated financial statements for the year ended 31st December 2023 for the Group in accordance with International Financial Reporting Standards are prepared and presented under the separate cover.

As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management to and should not be used by parties other than the Maldivian Inland Revenue Authority.

Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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



*Independent Auditors' Report
To the Shareholders of Maldives Ports Limited (Continued)*

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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.

Ali Muaaz
Audit License No: ICAM-IL-FQ1
For and on behalf of KPMG Maldives

27th May 2024
Male'

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

FOR THE YEAR ENDED 31ST DECEMBER	Note	2023 MVR	2022 MVR
Revenue	6	1,366,541,422	743,014,703
Other income	7	135,470,071	58,993,115
Other operating expenses	8	(833,972,416)	(145,479,952)
Payroll related expenses	9	(500,644,322)	(427,534,594)
Depreciation and amortization	10	(86,870,744)	(83,268,552)
Reversal / (provision) for impairment of trade receivables	21.1	917,347	(580,051)
Results from operating activities		<u>81,441,358</u>	<u>145,144,670</u>
Finance income		15,836,466	7,401,671
Finance costs		(26,216,233)	(18,587,756)
Net finance costs	11	<u>(10,379,767)</u>	<u>(11,186,085)</u>
Profit before tax		71,061,591	133,958,585
Tax expense	12	(11,450,218)	(21,355,768)
Profit for the year		<u>59,611,373</u>	<u>112,602,817</u>
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit liability	27	1,170,477	(4,265,626)
Tax impact	12.2	(175,572)	639,844
Total other comprehensive income, net of tax		<u>994,905</u>	<u>(3,625,782)</u>
Total comprehensive income for the year		<u>60,606,278</u>	<u>108,977,035</u>
Earnings per share	13	14.03	26.49

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 52. The Report of the Independent Auditors is given on pages 1 to 5.



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

AS AT 31ST DECEMBER

	Note	2023 MVR	2022 MVR
ASSETS			
Non-current assets			
Property, plant and equipment	14	601,667,717	584,335,089
Investment property	15	20,624,359	21,726,087
Intangible assets	16	8,291,855	6,625,489
Right of use assets	17	179,178,727	189,405,554
Investment in subsidiary	18	52,040,800	52,040,800
Deferred tax asset	12.2	13,183,820	13,416,341
Trade and other receivables	21	494,417,696	8,842,535
Total Non-Current Assets		<u>1,369,404,974</u>	<u>876,391,895</u>
Current assets			
Inventories	19	73,108,521	68,361,969
Contract assets	6.1	-	962,445
Investment in hiyaa project	20	70,834,691	595,577,717
Trade and other receivables	21	302,690,043	130,503,773
Other financial assets	22	154,607,953	149,958,047
Cash and cash equivalents	23	19,753,616	86,187,879
Total Current Assets		<u>620,994,824</u>	<u>1,031,551,830</u>
TOTAL ASSETS		<u>1,990,399,798</u>	<u>1,907,943,725</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	425,000,000	425,000,000
Retained earnings		632,015,961	638,971,373
Total Equity		<u>1,057,015,961</u>	<u>1,063,971,373</u>
Non-Current Liabilities			
Interest bearing loans and borrowings	25.9	144,353,225	21,196,941
Lease liabilities	26.3	183,735,265	189,358,118
Defined benefit obligation	27.1	8,945,187	10,594,299
Total Non-Current Liabilities		<u>337,033,677</u>	<u>221,149,358</u>
Current Liabilities			
Defined benefit obligation	27.1	4,531,459	3,876,336
Interest bearing loans and borrowings	25.9	60,703,938	58,951,387
Lease liabilities	26.3	14,952,751	17,557,731
Trade and other payables	28	196,722,376	210,245,664
Dividend payable	29	274,627,631	291,277,299
Contract liabilities	6.1	3,767,900	3,919,852
Income tax payable	12.3	8,335,991	11,484,189
Bank overdraft	23	32,708,114	25,510,536
Total Current Liabilities		<u>596,350,160</u>	<u>622,822,994</u>
TOTAL LIABILITIES		<u>933,383,837</u>	<u>843,972,352</u>
TOTAL EQUITY AND LIABILITIES		<u>1,990,399,798</u>	<u>1,907,943,725</u>

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 52. The Report of the Independent Auditors is given on pages 1 to 5.

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

Name of the Director

Ms. Aminath Hameed (Chairperson)

Mr. Mohamed Wajeih Ibrahim (Chief Executive Officer)

Chief Financial Officer

Mohamed Muizzu (Chief Financial Officer)

27th May 2024

Signature



.....
.....
.....

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

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Share Capital	Retained Earnings	Total Equity
	MVR	MVR	MVR
Balance as at 01 st January 2022	425,000,000	567,974,440	992,974,440
<i>Total comprehensive income for the Year</i>			
Profit for the year	-	112,602,817	112,602,817
Other comprehensive income	-	(3,625,782)	(3,625,782)
<i>Transactions with owners of the Company</i>			
Dividends declared for the year (Note 24.1)	-	(37,980,102)	(37,980,102)
Balance as at 31 st December 2022	<u>425,000,000</u>	<u>638,971,373</u>	<u>1,063,971,373</u>
Balance as at 01 st January 2023	425,000,000	638,971,373	1,063,971,373
<i>Total comprehensive income for the Year</i>			
Profit for the year	-	59,611,373	59,611,373
Other comprehensive income	-	994,905	994,905
<i>Transactions with owners of the Company</i>			
Dividends declared for the year (Note 24.1)	-	(67,561,690)	(67,561,690)
Balance as at 31 st December 2023	<u>425,000,000</u>	<u>632,015,961</u>	<u>1,057,015,961</u>

Figures in brackets indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 52. The Report of the Independent Auditors is given on pages 1 to 5.



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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2023 MVR	2022 MVR
Cash flows from operating activities			
Profit before tax		71,061,591	133,958,585
<i>Adjustments for:</i>			
Income from sale of apartments	6	(592,958,149)	-
Gain on derecognition of lease liability	7	(550,655)	-
Government grants	7	(64,211,358)	-
Cost of apartments sold	8	649,418,437	-
NRV adjustment on Hiyaa Project Apartments	8	7,751,070	-
Interest income from promissory notes	11	(3,235,962)	(3,443,817)
Interest income on investments on treasury bills	11	(2,734,654)	(3,887,618)
Interest income from staff loans	11	(9,671,980)	-
Unwinding interest on amount due from MTCC	11	(143,076)	(70,236)
Interest on interest bearing loans and borrowings	11	13,245,656	10,036,042
Interest expense on unsecured bond issue	11	1,750,000	-
Interest on lease liabilities	11	7,190,092	7,347,713
Amortization of loan arrangement fee	11	1,204,949	1,141,501
Loss on disposal of property plant and equipment	8	-	2,676,860
Amortization of prepaid staff cost	9	1,240,653	-
Depreciation of property plant and equipment	14	64,812,413	64,344,666
Depreciation of investment property	15	1,101,728	1,043,130
Amortization of intangible assets	16	25,203	24,492
Depreciation of right of use assets	17	20,931,400	17,856,263
Charge of provision for inventories	19.1	-	503,947
Impairment (reversal) / provision for trade receivables	21.1	(917,347)	580,051
Unwinding of moratorium gain	25	311,520	311,520
Expenses related to retirement benefit obligation	27	6,175,704	10,277,851
Operating profit before working capital changes		171,797,235	242,700,950
Changes in working capital:			
Inventories		(4,746,552)	(7,285,051)
Trade and other receivables		(142,208,994)	(28,701,817)
Trade and other payables		(13,519,964)	48,799,173
Contract assets		962,445	408,419
Contract liabilities		(151,952)	916,624
Cash flows from operating activities		12,132,218	256,838,298
Income tax paid	12.3	(14,541,467)	(11,542,712)
Interest paid	25	(13,245,656)	(10,036,042)
Interest received	22.1	2,541,014	3,979,118
Gratuity paid	27	(5,999,216)	(4,595,042)
Net cash flows (used in) / from operating activities		(19,113,107)	234,643,620



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

FOR THE YEAR ENDED 31ST DECEMBER

		2023	2022
	Note	MVR	MVR
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(78,345,729)	(69,630,835)
Acquisition of investment in hiyaa project	20	(132,426,481)	(70,540,186)
Proceeds from sale of hiyaa project apartments		86,897,462	-
Cost incurred on capital work-in-progress	14	(14,998,254)	(35,369,324)
Acquisition of intangible assets / capital work-in-progress	16	(1,691,569)	(3,818,253)
Investment in treasury bill investments	22.1	(1,220,304)	-
Funds received on withdrawal of investments	22.1	-	51,190,334
Net cash flows used in investing activities		<u>(141,784,876)</u>	<u>(128,168,264)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	25	127,146,100	31,403,100
Proceeds from issue of unsecured bonds	25	50,000,000	-
Proceeds from disposal of property, plant and equipment	14	11,198,942	-
Repayment of loans and borrowings	25	(53,896,500)	(71,840,365)
Facility fee paid during the year	25.8	(1,607,234)	-
Lease payments	26	(25,575,166)	(28,710,711)
Dividend paid	29	(20,000,000)	(16,324,208)
Net cash flows from / (used in) financing activities		<u>87,266,142</u>	<u>(85,472,184)</u>
Net (decrease) / increase in cash and cash equivalents		(73,631,841)	21,003,172
Cash and cash equivalents at beginning of the year		60,677,343	39,674,171
Cash and cash equivalents at end of the year	23	<u>(12,954,498)</u>	<u>60,677,343</u>

The figures in bracket indicate deductions.

These separate financial statements are to be read in conjunction with the related notes which form an integral part of these separate financial statements of the Company set out on pages 11 to 52. The Report of the Independent Auditors is given on pages 1 to 5.



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

1. REPORTING ENTITY

1.1 Reporting Entity

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

Principal business activities of the Company include providing harbour facilities, storage, supplies and repair and maintenance services of ships and other ocean-going vessels. Beyond the main operation, the Company constructs a housing project, and generates revenue from sale of apartments to employees.

The Company is the immediate parent of Kulhudhufushi Ports Limited which holds 51% of equity interest.

1.2 Subsidiary

Kulhudhufushi Ports Limited is a limited liability Company incorporated and domiciled in the Republic of Maldives since 12th July 2009. The Company is operating its principal business activities in Kulhudhufushi island in Northern region of Maldives by providing harbour facilities, storage, supplies and repair and maintenance services of ships.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgments 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 recognized prospectively.

a. Judgements

Information about critical judgment in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is included in the respective notes.



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

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties 31st December 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 respective notes.

i. Measurement of fair values

A number of 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;

- 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 MATERIAL ACCOUNTING POLICIES

The Company adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. However, this change had not impact to the Company's financial statements for the year ended 31st December 2023.

In addition, a number of new standards are effective from 01st January 2023, but they do not have a material effect on the Company's financial statements.



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

4. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all accounting periods presented in these financial statements, except if mentioned otherwise.

4.1 Transactions in foreign currencies

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

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

4.2 Financial instruments

(i) Classification and subsequent measurement

Financial assets

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

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

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

Financial assets- business model assessment

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets - business model assessment (Continued)

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

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

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

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

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

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial liabilities – classification, subsequent measurement and gains and losses

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

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

(ii) De-recognition

Financial assets

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

Financial liabilities

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

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

4.3 Impairment

(i) Financial assets (Including receivables)

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.



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Impairment (Continued)

(i) Financial assets (Including receivables)

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).

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.

(ii) Non-financial assets

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Share capital

Ordinary shares

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

4.5 Property, plant and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Inventories

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

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.

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

(b) Defined benefit plans

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

(c) Short-term benefits

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

4.11 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In separate financial statements Interest in subsidiaries are accounted at cost. They are initially recognized at cost, which include transaction costs. Subsequent to initial recognition, they are measured at cost less any accumulated impairment losses until the date on which control ceases.

4.12 Cash and cash equivalents

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Borrowing costs

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

4.14 Dividends

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

4.15 Provisions

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

4.16 Revenue

Performance obligations and revenue recognition policies

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

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

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

Rendering of services

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

Sale of goods

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.16 Revenue (Continued)

Other income

Other income is recognized on an accrual basis.

Interest

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

Trade receivables

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

Contract balances

Contract assets

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

Contract liabilities

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

4.17 Leases

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

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.



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 Leases (Continued)

(i) As a lessee (Continued)

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

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

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

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

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

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

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 Leases (Continued)

(i) As a lessee (Continued)

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception 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 their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

4.18 Events occurring after the reporting date

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

4.19 Finance income and finance costs

Finance income comprises interest income from investment on treasury bills, staff loans and interest income from promissory notes.

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



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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.20 Tax expense

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

• **Current tax**

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

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

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

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

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

• **Sales tax**

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

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

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



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

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 01st January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Lease back (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

6 REVENUE	2023	2022
	MVR	MVR
Income from sale of apartments (Note 20.2)	592,958,149	-
Loading the cargo (Stevedoring, Storage, Quay wall, etc.)	278,231,667	267,618,936
Unloading the cargo (Handling, Wharfage, Lashing and unlashng, etc.)	220,168,316	214,939,373
Ship arrival and pilotage services	96,974,530	86,220,224
Clearing the goods	82,866,597	75,012,844
Empty containers and vessel departure	52,237,389	55,380,481
Income from sale of electricity and water	35,592,049	33,907,957
Vessel and other equipment hiring charges	7,512,725	9,934,888
	<u>1,366,541,422</u>	<u>743,014,703</u>
6.1 CONTRACT BALANCES	31/12/2023	31/12/2022
	MVR	MVR
Contract assets	-	962,445
Contract liabilities	(3,767,900)	(3,919,852)
	<u>(3,767,900)</u>	<u>(2,957,407)</u>
7 OTHER INCOME	2023	2022
	MVR	MVR
Government grants (Note 20)	64,211,358	-
Rent income (Note 7.1)	55,486,230	51,100,031
Port entry income	6,886,212	5,448,753
Penalty and fines	1,006,220	1,217,690
Miscellaneous income	7,329,396	827,037
Gain on derecognition of leases	550,655	-
Gain on disposal of other assets	-	399,604
	<u>135,470,071</u>	<u>58,993,115</u>
7.1	Rent income consist of income generated from containers and other equipment amounting to MVR 46,007,907/- (2022 : MVR 41,931,903/-) which are rented to store vessel cargo to customers and rent income from investment property as disclosed in Note 15.	
8 OTHER OPERATING EXPENSES	2023	2022
	MVR	MVR
Cost of apartments sold (Note 20.2)	649,418,437	-
Repair and maintenance expenses	44,677,253	32,898,308
Fuel expenses	45,849,887	42,706,267
Utility expenses	32,411,451	22,491,731
Bank charges	10,368,251	8,955,109
NRV adjustment on Hiyaa Project Apartments	7,751,070	-
Advertisement and promotional expenses	7,823,563	5,363,810
Office expenses	6,280,380	7,340,359
Travelling	6,134,481	3,350,466
License and fees	5,855,461	5,539,084
Cargo clearing and gearing charges	5,034,067	1,299,072
Professional fees	3,211,287	1,819,242
CSR and public relation activities	2,775,090	1,568,315
Insurance	1,701,341	1,453,645
Discounts allowed	1,230,431	2,057,014
Lubricants and oil	764,894	1,096,190
Rent expenses	687,422	-
Hiring charges	129,626	1,124,206
Memberships and subscriptions	224,958	277,152
Loss on disposal of fixed assets	-	2,676,860
Slow moving provision for inventories	-	503,947
Other expenses	1,643,066	2,959,175
	<u>833,972,416</u>	<u>145,479,952</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

9 PAYROLL RELATED EXPENSES	2023	2022
	MVR	MVR
Staff allowances	274,930,313	235,035,861
Salaries and wages	146,114,099	128,523,754
Other expenses and allowances	25,774,928	15,602,395
Overtime	16,986,687	17,085,032
Staff training expenses	13,156,319	7,062,781
Gratuity expense	6,175,704	10,277,851
Pension contribution	9,655,711	8,578,516
Bonus	4,605,000	1,139,403
Amortization of prepaid staff cost (Note 21.4)	1,240,653	-
Uniform expenses	1,226,434	2,844,920
Staff compensation	684,918	1,332,858
Directors allowance	50,500	8,500
Medical expenses	43,056	42,723
	<u>500,644,322</u>	<u>427,534,594</u>
10 DEPRECIATION AND AMORTIZATION	2023	2022
	MVR	MVR
Depreciation of property, plant and equipment (Note 14)	64,812,413	64,344,666
Depreciation of right of use assets (Note 17)	20,931,400	17,856,263
Depreciation of investment property (Note 15)	1,101,728	1,043,130
Amortization of intangible assets (Note 16)	25,203	24,492
	<u>86,870,744</u>	<u>83,268,552</u>
11 NET FINANCE COSTS	2023	2022
	MVR	MVR
Finance Income		
Interest income from staff loans (Note 21.3)	9,671,980	-
Interest income from promissory notes (Note 22.2)	3,235,962	3,443,817
Interest income from investment on treasury bills (Note 22.1)	2,734,654	3,887,618
Unwinding interest on amount due from MTCC (Note 21.5)	143,076	70,236
Interest income from security deposit	50,794	-
	<u>15,836,466</u>	<u>7,401,671</u>
Finance Costs		
Interest on interest bearing loans and borrowings (Note 25.1)	(13,245,656)	(10,036,042)
Interest expense on lease liabilities (Note 26)	(7,190,092)	(7,347,713)
Interest expense on overdraft facility	(2,025,536)	-
Interest expense on unsecured bond issue (Note 25.2)	(1,750,000)	-
Amortization of loan arrangement fees (Note 25.8)	(1,204,949)	(1,141,501)
Amortization fee for overdraft arrangement fee	(800,000)	(62,500)
	<u>(26,216,233)</u>	<u>(18,587,756)</u>
Net Finance Costs	<u>(10,379,767)</u>	<u>(11,186,085)</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

12 TAX EXPENSE	2023 MVR	2022 MVR
Current tax expense (Note 12.1)	11,301,904	21,114,605
Under / (Over) provision in respect of prior year (Note 12.4)	91,365	(85,459)
Deferred tax asset reversed during the year (Note 12.2)	56,949	326,622
	<u>11,450,218</u>	<u>21,355,768</u>
12.1 Reconciliation between accounting profit and taxable income;	2023 MVR	2022 MVR
Profit before tax	71,061,591	133,958,585
Add: Depreciation charge for the year	65,939,344	65,412,288
Other disallowable expenses	29,706,778	24,284,026
Less: Capital allowances	(60,125,083)	(59,590,366)
Other allowable expenses	(30,986,602)	(23,050,497)
Less: Tax free allowance	(250,000)	(250,000)
Total taxable income	<u>75,346,029</u>	<u>140,764,036</u>
Income tax @ 15%	<u>11,301,904</u>	<u>21,114,605</u>
Effective income tax rate	15%	15%
Effective current tax rate (Note 12.5)	16.11%	15.94%

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

12.2 Deferred tax asset	31/12/2023 MVR	31/12/2022 MVR
Opening balance	13,416,341	13,103,119
<i>Items recognized in other comprehensive income</i> (Reversal) / Charged during the year	(175,572)	639,844
<i>Items recognized in profit or loss</i> Reversal during the year	(56,949)	(326,622)
Closing balance	<u>13,183,820</u>	<u>13,416,341</u>

Deferred tax assets are attributable to the following:

	31/12/2023		31/12/2022	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, plant and equipment, investment property and intangible assets	65,610,273	9,841,541	65,249,079	9,787,362
Provision for impairment on trade and other receivables	7,135,464	1,070,320	8,052,811	1,207,922
Provision for impairment of inventories	1,669,749	250,462	1,669,749	250,462
Defined benefit obligation	13,476,646	2,021,497	14,470,635	2,170,595
	<u>87,892,132</u>	<u>13,183,820</u>	<u>89,442,274</u>	<u>13,416,341</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

12 TAX EXPENSE (CONTINUED)

12.3 INCOME TAX PAYABLE	31/12/2023 MVR	31/12/2022 MVR
Opening balance	11,484,189	1,997,755
Income tax for the year (Note 12.1)	11,301,904	21,114,605
Under / (Over) provision in respect of prior year (Note 12.4)	91,365	(85,459)
Payments during the year	<u>(14,541,467)</u>	<u>(11,542,712)</u>
Closing balance	<u>8,335,991</u>	<u>11,484,189</u>

12.4 UNDER / (OVER) PROVISION IN RESPECT OF PRIOR YEAR	2023 MVR	2022 MVR
Under / (Over) provision of tax liability of prior year vs tax return	91,365	(85,459)
	<u>91,365</u>	<u>(85,459)</u>

12.5 Reconciliation of Effective Income Tax Rate

	2023		2022	
	%	MVR	%	MVR
Profit before income tax	-	71,061,591	-	133,958,585
Income tax for the year	15.00%	10,659,239	15.00%	20,093,788
Impact from reconciliation of accounting profit to taxable income	0.90%	642,666	0.76%	1,020,818
Under / (Over) provision in respect of prior year	0.13%	91,365	-0.06%	(85,459)
Deferred taxation	0.08%	56,949	0.24%	326,622
Total income tax expense (Note 12)	16.11%	11,450,219	15.94%	21,355,768

13 EARNINGS PER SHARE

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

	2023	2022
Profit for the year (in MVR)	59,611,373	112,602,817
Number of ordinary shares	4,250,000	4,250,000
Earnings per share (in MVR)	<u>14.03</u>	<u>26.49</u>



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

AS AT 31ST DECEMBER 2023

14 PROPERTY, PLANT AND EQUIPMENT

As at 31st December 2023

Cost	Port	Vehicles	Furniture	Machinery,	Utensils	Capital	Total
	Infrastructure and Buildings MVR	and Vessels MVR	and Office Equipment MVR	Equipment and Tools MVR	and Other Assets MVR	Work in Progress MVR	31/12/2023 MVR
As at 01 st January	345,220,730	596,479,784	67,741,341	44,517,776	21,969,810	110,676,401	1,186,605,842
Additions during the year	1,066,516	60,818,339	7,066,116	5,668,925	3,725,833	14,998,254	93,343,983
Disposals during the year	-	(27,846,463)	(263,146)	(36,486)	(9,850)	-	(28,155,945)
Capitalized during the year	25,457,217	-	-	-	-	(25,457,217)	-
As at 31 st December	371,744,463	629,451,660	74,544,311	50,150,215	25,685,793	100,217,438	1,251,793,880
Accumulated depreciation and impairment losses							
As at 01 st January	156,756,381	332,822,739	52,594,763	41,425,323	16,253,084	2,418,463	602,270,753
Charge for the year	14,438,361	38,102,094	6,412,418	3,197,478	2,662,062	-	64,812,413
Disposals during the year	-	(16,652,208)	(263,005)	(31,940)	(9,850)	-	(16,957,003)
As at 31 st December	171,194,742	354,272,625	58,744,176	44,590,861	18,905,296	2,418,463	650,126,163
Total value of property, plant and equipment	200,549,721	275,179,035	15,800,135	5,559,354	6,780,497	97,798,975	601,667,717

14.1 The Company has fully depreciated property, plant and equipment as at 31st December 2023 amounted to MVR 211,001,450/-



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

AS AT 31ST DECEMBER 2023

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31st December 2022

	Port Infrastructure and Buildings MVR	Vehicles and Vessels MVR	Furniture and Office Equipment MVR	Machinery, Equipment and Tools MVR	Utensils and Other Assets MVR	Capital Work in Progress MVR	Total 31/12/2022 MVR
Cost							
As at 01 st January	346,470,497	542,765,198	58,116,829	44,376,022	17,022,503	76,132,422	1,084,883,470
Additions during the year	1,202,676	53,714,586	9,624,512	141,754	4,947,307	35,369,324	105,000,159
Disposals during the year	(3,277,788)	-	-	-	-	-	(3,277,788)
Capitalized during the year	825,345	-	-	-	-	(825,345)	-
As at 31 st December	345,220,730	596,479,784	67,741,341	44,517,776	21,969,810	110,676,401	1,186,605,842
Accumulated depreciation and impairment losses							
As at 01 st January	143,376,555	297,211,258	45,722,453	36,314,307	13,483,979	2,418,463	538,527,015
Charge for the year	13,980,754	35,611,481	6,872,310	5,111,016	2,769,105	-	64,344,666
Disposals during the year	(600,928)	-	-	-	-	-	(600,928)
As at 31 st December	156,756,381	332,822,739	52,594,763	41,425,323	16,253,084	2,418,463	602,270,753
Total value of property, plant and equipment	188,464,349	263,657,045	15,146,578	3,092,453	5,716,726	108,257,938	584,335,089

14.2 The Company has fully depreciated property, plant and equipment as at 31st December 2022 amounted to MVR 117,001,666/-



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

AS AT 31ST DECEMBER 2023

14 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	31/12/2023 MVR	31/12/2022 MVR
Opening balance	2,418,463	2,418,463
Closing balance	<u>2,418,463</u>	<u>2,418,463</u>

Capital work-in-progress includes an amount of MVR 24,783,732/- (2022 : MVR 24,783,732/-) which has been incurred for the construction of a tug boat for harbor operation. The construction process had been discontinued since the year 2010 due to a dispute with the constructor.

In addition to the above, capital work in progress includes the cost incurred for the construction of Thilafushi boundary wall, MNH service counter renovation, MCH workshop and MCH ground levelling project.

As at 31st December 2023, the capital work-in-progress included as amount relating to Dhoogas Guest House amounting to MVR 50,237,379/- after impairment assessment. On 29th March 2022, the Company has signed a tri-party agreement with Addu International Airport Private Limited (AIA) and the Government of Maldives (GoM), represented by Ministry of Finance (MoF) regarding the transfer of Dhoogas Guest House to AIA. As of 31st December 2023, the guest house transfer to AIA has not been completed and the consideration agreed to be set off with the dividend payable to Ministry of Finance, amounting to MVR 50,097,668/- has not been approved by the Board of Directors.

15 INVESTMENT PROPERTY	ROU	Lease hold	Total	Total
	Asset	Building	31/12/2023	31/12/2022
Cost	MVR	MVR	MVR	MVR
Opening balance	18,399,642	13,579,431	31,979,073	31,979,073
Closing balance	<u>18,399,642</u>	<u>13,579,431</u>	<u>31,979,073</u>	<u>31,979,073</u>
Accumulated depreciation				
Opening balance	1,936,804	8,316,182	10,252,986	9,209,856
Charge for the year	484,201	617,526	1,101,728	1,043,130
Closing balance	<u>2,421,005</u>	<u>8,933,708</u>	<u>11,354,714</u>	<u>10,252,986</u>
Net carrying value	<u>15,978,637</u>	<u>4,645,723</u>	<u>20,624,359</u>	<u>21,726,087</u>

Investment property comprises port complex building and the land which is located at Hilaalee Magu, Male'. This is a dual purpose property of which significant portion has been leased out to third parties. The Company has classified the portion of dual use property as an investment property since it can be leased out separately under a operating lease. The rental income recognized from this property is amounting to MVR 9,478,323/- during the year ended 31st December 2023. (2022 : MVR 9,168,128/-)

16 INTANGIBLE ASSETS	31/12/2023 MVR	31/12/2022 MVR
Cost		
Opening balance	4,339,080	4,324,844
Additions during the year	-	14,236
Transferred from CWIP (Note 16.1)	8,246,684	-
Closing balance	<u>12,585,764</u>	<u>4,339,080</u>
Accumulated amortization		
Opening balance	4,268,706	4,244,214
Amortization during the year	25,203	24,492
Closing balance	<u>4,293,909</u>	<u>4,268,706</u>
	<u>8,291,855</u>	<u>70,374</u>
Capital work in progress (Note 16.1)	-	6,555,115
Net carrying value	<u>8,291,855</u>	<u>6,625,489</u>



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

AS AT 31ST DECEMBER 2023

16 INTANGIBLE ASSETS (CONTINUED)

16.1 Capital work in progress	31/12/2023	31/12/2022
	MVR	MVR
Opening balance	6,555,115	2,751,098
Additions during the year	1,691,569	3,804,017
Capitalized during the year	(8,246,684)	-
Closing balance	<u>-</u>	<u>6,555,115</u>

The capital work in progress represents cost incurred for the implementation of Oracle ERP software.

17 RIGHT-OF-USE ASSETS	31/12/2023	31/12/2022
	MVR	MVR
Cost		
As at 1 st January	242,564,657	216,312,645
Additions during the year (Note 26.1 & 26.2)	31,277,100	21,295,828
Derecognition during the year (Note 26.2)	(22,096,950)	-
Impact on lease modification (Note 17.1)	-	4,956,184
As at 31 st December	<u>251,744,807</u>	<u>242,564,657</u>
Accumulated depreciation		
As at 1 st January	53,159,103	35,302,840
Charge for the year	20,931,400	17,856,263
Derecognition during the year (Note 26.2)	(1,524,423)	-
As at 31 st December	<u>72,566,080</u>	<u>53,159,103</u>
Net carrying value	<u>179,178,727</u>	<u>189,405,554</u>

17.1 The Company has recognized right of asset in relation to the leasehold rights obtained for industrial purposes at Male' Commercial Harbor, Port Complex, Thilafushi land and Hulhumalé International Terminal. Lease liability and right-of-use assets recognized in respect of the lease of Thilafushi land has been modified in accordance with the lease amendment agreed upon on 01st January 2022.

18 INVESTMENT IN SUBSIDIARY	Interest held	31/12/2023	31/12/2022
		MVR	MVR
Kulhudhufushi Port Limited	51%	<u>52,040,800</u>	<u>52,040,800</u>

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

19 INVENTORIES	31/12/2023	31/12/2022
	MVR	MVR
Spare parts	74,778,270	69,316,027
Goods in transit	-	715,691
Less: Provision for slow moving inventories (Note 19.1)	(1,669,749)	(1,669,749)
	<u>73,108,521</u>	<u>68,361,969</u>



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

AS AT 31ST DECEMBER 2023

19 INVENTORIES (CONTINUED)

19.1 Provision for slow moving inventories	31/12/2023 MVR	31/12/2022 MVR
Opening balance	1,669,749	1,165,802
Provision charged during the year	-	503,947
Closing balance	<u>1,669,749</u>	<u>1,669,749</u>

20 INVESTMENT IN HIYAA PROJECT

	31/12/2023 MVR	31/12/2022 MVR
As at 1 st January	595,577,717	525,037,531
Additions during the year	132,426,481	70,540,186
Derecognized during the year (Note 20.2)	(649,418,437)	-
Provision for impairment set off against government grant (Note 20.3)	(7,751,070)	-
As at 31 st December	<u>70,834,691</u>	<u>595,577,717</u>

20.1 Social Housing Project

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

The Company has received a certificate of completion from W&A Overseas Private Limited (The Contractor of the project) which shows that the project is 98.55% completed as at 31st December 2023 and the project was considered as completed in 2023 and the Company has allocated the residential apartments in the Hiyaa Project to their existing staff after evaluation based on a criteria. These staff have entered into agreements and payment plans (over different interest rates and for a period of 20-25 years with a further option for one off payment) for the sale of the residential apartments, after which the apartment will be transferred to their name.

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

- 20.2** The investment in Hiyaa Project consists of 534 apartments which constructed with an intention of selling to employees of the company. Consequently, the Company has sold 475 apartments during the year and derecognized the related cost of sold apartments amounting to MVR 649,418,437/- for the year ended 31st December 2023. The cost of the sold apartments have been determined by calculating the cost per square feet and the Company has determined the cost to be completed by involving the specialists of the Company.

The recognized loss of the apartment sales is given below,

	2023 MVR	2022 MVR
Income from sale of apartments recognized as revenue	592,958,149	-
Cost of apartments sold recognized as other expenses	(649,418,437)	-
Government grants as other income (Note 20.3)	56,460,288	-
Net loss on sale of apartments	<u>-</u>	<u>-</u>

- 20.3** As per the letter dated 26th December 2023, the Ministry of Finance has approved to provide a government grant to compensate the loss arising from apartment sale amounting to MVR 56,460,288/- and NRV adjustment arising on Hiyaa Project Apartments amounting to MVR 7,751,070/-. As disclosed in Note 29 to the financial statements, these grants have been provided by way of netting off the dividend payable as at 31st December 2023.



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

AS AT 31ST DECEMBER 2023

21 TRADE AND OTHER RECEIVABLES	31/12/2023 MVR	31/12/2022 MVR
Trade receivables	21,138,255	27,352,579
Less: allowance for impairment loss on trade receivables (Note 21.1)	(6,880,201)	(7,797,548)
	<u>14,258,054</u>	<u>19,555,031</u>
Amount due from related parties (Note 21.2)	63,020,269	56,713,983
Staff loans (Note 21.3)	409,671,815	-
Prepaid staff cost (Note 21.4)	103,830,074	-
Advance payment to Housing Development Corporation Limited (Note 21.6)	138,195,000	-
Prepayments and advances	24,758,486	27,971,681
Deposits	14,389,838	10,080,780
Receivable from MTCC (Note 21.5)	15,688,029	17,990,836
GST receivable	8,240,720	-
Other receivables	5,310,717	7,289,260
Less: allowance for impairment loss on other receivables	(255,263)	(255,263)
	<u>797,107,739</u>	<u>139,346,308</u>
Maturity analysis		
Trade and other receivables - current	302,690,043	130,503,773
Trade and other receivables - non-current	494,417,696	8,842,535
	<u>797,107,739</u>	<u>139,346,308</u>
21.1 Allowance for impairment loss on trade receivables	31/12/2023 MVR	31/12/2022 MVR
Opening balance	7,797,548	7,217,497
(Reversal) / Provision during the year	(917,347)	580,051
Closing balance	<u>6,880,201</u>	<u>7,797,548</u>
21.2 Amounts due from related parties	31/12/2023 MVR	31/12/2022 MVR
Hithadhoo Port Limited	33,920,790	18,318,595
Kulhudhufushi Port Private Limited	10,466,928	17,963,538
Maldives State Shipping Company Private Limited	10,166,573	10,287,671
State Trading Organization PLC	2,354,720	1,963,722
Maldives Transport & Contracting Company PLC	1,744,562	1,598,767
Maldives Industrial Fisheries Company	1,007,570	1,872,133
Road Development Corporation Limited	88,560	76,447
Maldives Gas Private Limited	78,822	54,650
Maldives Airports Company Limited	30,396	5,426
Maldives National Defense Force	27,283	27,283
Fenaka Corporation Limited	16,612	64,564
Dhivehi Raajjeyge Gulhun PLC	6,000	-
Maldives Road Development Company	-	1,530,181
Male' Water & Sewerage Company	-	18,107
Housing Development Corporation	-	20,829
Other Government Owned Organizations	3,111,453	2,912,071
	<u>63,020,269</u>	<u>56,713,983</u>

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



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

AS AT 31ST DECEMBER 2023

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

21.3 As disclosed in Note 20.2 the Company has sold 475 apartments during the year 31st December 2023. The Company has sold these apartments similar to granting staff loans to their employees. The loans are bearing an interest rates of 6% to 10% for a tenure period of 20 to 25 Years.

	31/12/2023 MVR	31/12/2022 MVR
Initial recognition of staff loans	399,999,835	-
Interest income for the year	9,671,980	-
Closing balance	<u>409,671,815</u>	<u>-</u>

21.4 The Company has determined the fair value of these loans by using the interest rate of 10% and the related fair value loss has been considered as a prepaid staff cost during the year ended 31st December 2023.

	31/12/2023 MVR	31/12/2022 MVR
Initial recognition of prepaid staff cost	105,070,727	-
Amortization for the year	(1,240,653)	-
Closing balance	<u>103,830,074</u>	<u>-</u>

21.5 Pursuant to the agreement signed between the Company, Ministry of Finance, Ministry of Transport and Civil Aviation and Maldives Transport and Contracting Company PLC (MTCC) dated 01 July 2021 and its subsequent amendment, the Company has discontinued the operations of public transportation service provided in Male' City, Addu City, Fuvahmulah City and Laamu Atoll as at that date. Accordingly, the Company has transferred all its assets, resources, and liabilities of the transport operation to MTCC. The final amount to be received from MTCC as at 01 July 2021 was MVR 24,951,465 to pay in 120 instalments over 10 years and as at 31 December 2023 it was recorded as MVR 15,688,029/- after fair value adjustment. In order to assess the fair value of the amount due from MTCC, interest rate was considered at the market rate of 3% for government loans, and the loss applicable to the transaction was recognized in finance costs. Additionally, the Company will continue to unwind the loss recognized over the 10 years.

	2023 MVR	2022 MVR
Balance as at 01 st January	3,376,257	3,446,493
Unwinding interest during the year	(143,076)	(70,236)
Balance as at 31 st December	<u>3,233,181</u>	<u>3,376,257</u>

21.6 The Company has made an advance payment in relation to the purchase of a 2,152,780 sq ft land in Thilafushi, as per the agreement made with Housing Development Corporation (HDC) (agreement number HDC/LDS/LS-2023/37). This agreement was entered into for the purpose of constructing an international, local and bulk port in Thilafushi island. The Company is currently seeking finance arrangement to complete the payment to HDC and is also in the process of finalizing the contractor to complete the port development project.



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

AS AT 31ST DECEMBER 2023

22 OTHER FINANCIAL ASSETS	31/12/2023 MVR	31/12/2022 MVR
Investment in Treasury Bills (Note 22.1)	74,985,657	73,571,713
Receivable from MMPRC (Note 22.2)	79,622,296	76,386,334
	<u>154,607,953</u>	<u>149,958,047</u>
22.1 Investment in Treasury Bills	31/12/2023 MVR	31/12/2022 MVR
Balance as at 1 st January	73,571,713	123,131,638
Investments made during the year	1,220,304	-
Withdrawals during the year	-	(51,190,334)
Interest income for the year	2,734,654	3,887,618
Interest income received	(2,541,014)	(2,257,209)
Balance as at 31 st December	<u>74,985,657</u>	<u>73,571,713</u>

The Company has invested in Treasury Bills issued by the Government of Maldives. As at 31st December 2023, the Company held un-matured Treasury bills with a face value of MVR 75,000,000/- (2022 : MVR 75,000,000/-) and interest receivable amount of MVR 193,640/- (2022 : MVR 1,630,409/-). The investment in Treasury bills issued by the Government of Maldives is measured at amortized cost as at the reporting date.

22.2 Receivable from MMPRC	31/12/2023 MVR	31/12/2022 MVR
Opening balance	76,386,334	76,876,475
Settlements during the year	-	(2,212,050)
Interest income for the year	3,235,962	3,443,817
Interest received during the year	-	(1,721,909)
Closing balance	<u>79,622,296</u>	<u>76,386,334</u>

Receivable from Maldives Marketing and Public Relation Corporation (MMPRC) amounting to MVR. 79,622,296/- includes two promissory notes which originally matured on 31st March and 27th April 2015 had been rolled over until 30th December 2015 and 25th March 2018 respectively. These notes are yet to be settled as at reporting date. However, as per the agreement signed with the MMPRC dated 14th February 2020, the MMPRC has agreed to pay the receivable balance within 15 years with an interest rate of 4.6% per annum. The Company has not received an interest income during the year ended 31st December 2023. (2022: MVR 1,721,909/-)

23 CASH AND CASH EQUIVALENTS	31/12/2023 MVR	31/12/2022 MVR
Cash in hand	144,185	246,950
Cash at banks	19,609,431	85,940,929
Cash and cash equivalent in the Statement of Financial Position	<u>19,753,616</u>	<u>86,187,879</u>
Bank overdraft	(32,708,114)	(25,510,536)
Cash and cash equivalent for the purpose of cash flows	<u>(12,954,498)</u>	<u>60,677,343</u>



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

AS AT 31ST DECEMBER 2023

24	SHARE CAPITAL	31/12/2023 MVR	31/12/2022 MVR
	Authorized share capital		
	5,000,000 ordinary shares of MVR.100/- each	<u>500,000,000</u>	<u>500,000,000</u>
	Issued and fully paid		
	4,250,000 ordinary shares of MVR.100/- each	<u>425,000,000</u>	<u>425,000,000</u>
24.1	Dividends and voting rights		
	The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' meetings of the Company.		
	During the year ended 31 st December 2023, the Board of Directors of the Company has declared a dividend of MVR 67,561,690/- (2022: MVR 37,980,102/-).		
25	LOANS AND BORROWINGS	31/12/2023 MVR	31/12/2022 MVR
	Secured loans (Note 25.1)	153,307,163	80,148,328
	Unsecured bonds (Note 25.2)	<u>51,750,000</u>	<u>-</u>
		<u>205,057,163</u>	<u>80,148,328</u>
25.1	Secured loans	31/12/2023 MVR	31/12/2022 MVR
	Balance as at 1 st January	81,173,969	121,299,714
	Borrowings during the year	127,146,100	31,403,100
	Unwinding of moratorium gain	311,520	311,520
	Repayments during the year	(53,896,500)	(71,840,365)
	Interest for the year	13,245,656	10,036,042
	Interest paid during the year	<u>(13,245,656)</u>	<u>(10,036,042)</u>
	Balance as at 31 st December	154,735,089	81,173,969
	Unamortized facility fee (Note 25.8)	<u>(1,427,926)</u>	<u>(1,025,641)</u>
		<u>153,307,163</u>	<u>80,148,328</u>
25.2	Unsecured bonds	31/12/2023 MVR	31/12/2022 MVR
	Unsecured bond issued (Note 25.7)	50,000,000	-
	Interest expense for the year	<u>1,750,000</u>	<u>-</u>
		<u>51,750,000</u>	<u>-</u>
25.3	Sources of finance	31/12/2023 MVR	31/12/2022 MVR
	Bank of Maldives PLC - Loan II (Note 25.4)	38,707,892	54,592,538
	Bank of Ceylon (Note 25.5)	17,599,271	25,555,790
	Commercial Bank of Maldives (Note 25.6)	97,000,000	-
	Unsecured bond (Note 25.7)	<u>51,750,000</u>	<u>-</u>
		<u>205,057,163</u>	<u>80,148,328</u>



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

AS AT 31ST DECEMBER 2023

25 LOANS AND BORROWINGS (CONTINUED)

25.4 Bank of Maldives PLC - Loan II

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

The Company has secured the loan by;

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

The above loan facility of MVR 178,000,000/- has been amended with a moratorium period of six months starting from April 2020 to September 2020. Interest accrued during the moratorium period will be capitalized to the loan at the end of the moratorium period. Further, the Company has borrowed MVR 30,146,100/- amount of loan as at 31st December 2023 in order to purchase equipment and vessels for Company operations. During the year, the Company has repaid an amount of MVR 15,884,646/-.

25.5 Bank of Ceylon

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

The Company has been granted a moratorium period of six months for the above loan facility commencing from 01 June 2020. Further, the Company is liable to pay funded interest of term loan facility of USD 90,000/- and MVR 300,000/- to Bank of Ceylon Male' branch within 24 months from the end of the moratorium to absorb the deferred interest for the moratorium period of above aforesaid term loans.

25.6 Commercial Bank of Maldives

The Company has obtained loan facility from the Commercial Bank of Maldives (the Bank), amounting to MVR. 97,000,000/- on 28th May 2023 for the purpose of part finance of land purchase in Thilafushi Phase 2 with regard to a development of a port. The loan carries fixed interest rate of 8.75%. The loan is due to repay over 48 months with equal monthly instalment of MVR 2,402,351/- payable after 12 months grace period. The Company has secured the loan by primary mortgage over the Port Complex (Block 207) premises. As per the agreement, the Company is required to obtain a comprehensive insurance policy of MVR 48,520,000/- in the joint names of the Bank and the Company, covering the risks of fire, riots, civil commotion, burglary, explosions, malicious damages and natural perils, with the original policy to be lodged with the bank.

25.7 Unsecured bond

The Company has issued an unsecured private bond which listed in Viyana Platform by Maldives Stock Exchange amounting to MVR 50,000,000/- during the year 2023. These bonds carry an interest rate of 7% per annum for 07 years from the allotment date of 04th July 2023. Interest payments are made every six months after the date of allotment, until the bond is fully redeemed. The cumulative redemption as at 31st December 2023 equals to MVR 51,750,000/-.

During the year, the Company has issued bonds to both retail and institutional investors where key institutional investors holding 97% from the total unsecured bonds as at 31st December 2023. Accordingly, Allied Insurance Company of the Maldives holds bond amounts to MVR 15,000,000/- and Maldives Pension Administration Office holds MVR 33,500,000/- amount of bonds with seven years maturity which carry interest rate of 7% per annum.



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

AS AT 31ST DECEMBER 2023

25 LOANS AND BORROWINGS (CONTINUED)

25.8 Unamortized facility fee	31/12/2023	31/12/2022
	MVR	MVR
Balance as at 01 st January	1,025,641	2,167,142
Facility fee paid during the year	1,607,234	-
Amortization during the year	<u>(1,204,949)</u>	<u>(1,141,501)</u>
Balance as at 31 st December	<u>1,427,926</u>	<u>1,025,641</u>

25.9 Maturity Analysis	31/12/2023	31/12/2022
	MVR	MVR
Current		
Bank of Maldives PLC - Loan II	38,707,892	50,774,811
Bank of Ceylon	8,117,897	8,176,576
Commercial Bank of Maldives	12,128,149	-
Unsecured bond	<u>1,750,000</u>	<u>-</u>
	<u>60,703,938</u>	<u>58,951,387</u>

Non-Current		
Bank of Maldives PLC - Loan II	-	3,817,727
Bank of Ceylon	9,481,374	17,379,214
Commercial Bank of Maldives	84,871,851	-
Unsecured bond	<u>50,000,000</u>	<u>-</u>
	<u>144,353,225</u>	<u>21,196,941</u>

Repayment of outstanding loan capital are as follows;	31/12/2023	31/12/2022
	MVR	MVR
Less than one year	69,863,238	61,519,392
More than one year, less than two years	22,281,439	12,737,571
More than two year, less than three years	24,311,185	6,917,005
More than three year, less than five years	<u>90,029,227</u>	<u>-</u>
	<u>206,485,089</u>	<u>81,173,969</u>

26 LEASE LIABILITIES	31/12/2023	31/12/2022
	MVR	MVR
Balance as at 01 st January	206,915,849	202,026,835
Additions during the year (Note 26.1)	24,625,989	21,295,828
Derecognition during the year (Note 26.2)	<u>(14,468,748)</u>	<u>-</u>
Impact on lease modification	-	4,956,184
Interest for the year	7,190,092	7,347,713
Repayment during the year	<u>(25,575,166)</u>	<u>(28,710,711)</u>
Balance as at 31 st December	<u>198,688,016</u>	<u>206,915,849</u>

The Company has recognized right of asset in relation to the leasehold rights obtained for industrial purposes at Male' Commercial Harbor, Port Complex, Thilafushi land and Hulhumalé International Terminal.



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

AS AT 31ST DECEMBER 2023

26 LEASE LIABILITIES (CONTINUED)

26.1 The Company has obtained the lease right of the premises known as the Renaatus Ithaamuiy Unit RC-1-04 in Hulhumale for the purposes of operating a daycare center and an office in the premises for 10 years period with Housing Development Corporation Limited as at the year ended 31st December 2023.

26.2 As per the agreement number HDC/ILL/LS-2023/15 signed on 11th May 2023 with Housing Development Corporation Limited for the plot number LOT S4-34, both parties agreed to merge the plots S4-29 and S4-34 which had entered in to agreements HDC/LDL/2022/01 dated 10th January 2022 and HDC/LDL/2022/11 dated 14th March 2022 respectively. The Company has decided to merge the plots and recognize as a addition of lease right for the purpose of labor accommodation and operation of a boatyard and a vessel repair garage in Thilafushi. Therefore, the previous two lease rights have been derecognized during the year.

26.3 Maturity analysis	31/12/2023	31/12/2022
	MVR	MVR
Non - current liability	183,735,265	189,358,118
Current liability	14,952,751	17,557,731
	<u>198,688,016</u>	<u>206,915,849</u>
26.4 Maturity analysis of future contractual undiscounted cashflows	31/12/2023	31/12/2022
	MVR	MVR
Less than one year	14,952,751	17,557,731
Between one and five years	61,112,591	73,270,038
More than five years	223,474,413	224,025,699
	<u>299,539,755</u>	<u>314,853,468</u>
26.5 Amounts recognized in profit or loss	2023	2022
	MVR	MVR
Interest on lease liability	7,190,092	7,347,713
Amortization on right of use asset	20,931,400	17,856,263
Depreciation of investment property	1,101,728	1,043,130
	<u>29,223,220</u>	<u>26,247,106</u>
26.6 Amounts recognized in statement of cash flows	31/12/2023	31/12/2022
	MVR	MVR
Payments of lease rentals during the year	<u>25,575,166</u>	<u>28,710,711</u>
27 DEFINED BENEFIT OBLIGATION	31/12/2023	31/12/2022
	MVR	MVR
Opening balance	14,470,635	4,522,200
Current service cost	5,510,054	10,069,830
Interest cost	665,650	208,021
Remeasurement of defined benefit obligation	(1,170,477)	4,265,626
Benefits paid during the year	(5,999,216)	(4,595,042)
Closing balance	<u>13,476,646</u>	<u>14,470,635</u>



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

AS AT 31ST DECEMBER 2023

27 DEFINED BENEFIT OBLIGATION (CONTINUED)

27.1 Maturity analysis	31/12/2023 MVR	31/12/2022 MVR
Employee defined benefit liabilities - Current	4,531,459	3,876,336
Employee defined benefit liabilities - Non - Current	8,945,187	10,594,299
	<u>13,476,646</u>	<u>14,470,635</u>

27.2 Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation.

	2023 MVR	2022 MVR
<i>Amounts recognized in profit or loss</i>		
Current service cost	5,510,054	894,013
Past service cost (Note 27.3)	-	9,175,817
Interest cost	665,650	208,021
	<u>6,175,704</u>	<u>10,277,851</u>

27.3 As per the actuarial valuation as at 31st December 2022, past service cost including curtailment losses amounting to MVR 9,175,817/- .

27.4 Amount recognized in other comprehensive income

Actuarial gain / (loss) on obligation	1,170,477	(4,265,626)
Tax impact	(175,572)	639,844
Actuarial gain / (loss) on obligation net of tax	<u>994,905</u>	<u>(3,625,782)</u>

27.5 The actuarial valuation for the year ended at 31st December 2023 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

	2023	2022
Discounting rate	7.00%	4.60%
Future salary increase	2.50%	5.00%
Retirement age	65	65
Weighted average duration	5.09	5.03
Mortality rate inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)

* IALM - Indian Assured Lives Mortality

During the year, 7% has been revised as the discounting rate for the purpose of the actuarial valuation, in order to be in line with the discounting rates applicable to the Company. During the year 2023, the Company has issued bonds at a rate of 7%.

27.6 Sensitivity analysis

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

A Sensitivity was carried out as follows,

	2023	
	MVR	MVR
<i>Impact of the change in salary increase (+0.50% / -0.50%)</i>		
- Impact to present value of obligation at the end of the year	496,248	(494,489)
<i>Impact of the change in discount rate (+0.50% / -0.50%)</i>		
- Impact to present value of obligation at the end of the year	(490,071)	491,366



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

AS AT 31ST DECEMBER 2023

28 TRADE AND OTHER PAYABLES	31/12/2023	31/12/2022
	MVR	MVR
Trade payables	57,872,367	22,129,776
Accrued expenses	8,331,367	8,493,384
Refundable deposits	13,676,691	14,869,256
Other payables	3,773,610	4,440,737
	<u>83,654,035</u>	<u>49,933,153</u>
Payable for development and sale right (Note 28.1)	49,837,162	49,837,162
Amount due to related parties (Note 28.2)	16,117,036	43,536,366
Payable to Contractors	42,841,455	22,832,419
Advances received on Sale of Apartments - Hiyaa Flats	4,272,688	44,106,564
	<u>196,722,376</u>	<u>210,245,664</u>
28.1	According to the agreement signed between the Company and Housing Development Corporation Limited (HDC) on 15 th November 2017, the Company shall pay within 24 months from 15 th November 2017, an amount at a rate of MVR 1,500/- per square feet less the cost for the development of bare shell ground floor as the consideration for development and sale rights. Accordingly, the Company has recognized an amount of MVR 49,837,162/- as payable to HDC for the development and sale right as at 31 st December 2023 (2022: MVR 49,837,162/-).	
28.2	Amounts due to related parties	
	31/12/2023	31/12/2022
	MVR	MVR
Ministry of Finance and Treasury	14,335,947	14,925,952
Fuel Supplies Maldives Pte Limited	1,077,125	1,828,620
Road Development Corporation Limited	495,311	476,411
Maldives Transport & Contracting Company PLC	178,086	1,399,149
State Trading Organization PLC	20,756	44,439
Maldives Airports Company Limited	8,465	8,173
State Electric Company Limited	1,346	-
Kulhudhufushi Port Private Limited	-	23,289,131
Maldives Customs Service	-	192,652
Ministry of Economic Development	-	48,000
Ministry of Islamic affairs	-	8,750
Housing Development Corporation	-	1,315,089
	<u>16,117,036</u>	<u>43,536,366</u>
29	DIVIDEND PAYABLE TO MINISTRY OF FINANCE	
	31/12/2023	31/12/2022
	MVR	MVR
Opening balance	291,277,299	269,621,405
Dividend declared during the year	67,561,690	37,980,102
Dividend payments during the year	(20,000,000)	(16,324,208)
Set off against the loss arising from Hiyaa project (Note 20.3)	(64,211,358)	-
Closing balance	<u>274,627,631</u>	<u>291,277,299</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

(i) Credit risk

Exposure to credit risk

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

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

	Carrying Amount	
	31/12/2023	31/12/2022
	MVR	MVR
Trade and other receivables	33,703,346	36,669,808
Staff loan	409,671,815	-
Amounts due from related parties	63,020,269	56,713,983
Balances with banks	19,609,431	85,940,929
Contract assets	-	962,445
Other financial assets	154,607,953	149,958,047
	<u>680,612,814</u>	<u>330,245,212</u>

Expected credit loss assessment

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

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

Measurement of ECL

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

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

Trade and other receivables

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Expected credit loss assessment (Continued)

(i) Credit risk (Continued)

Impairment losses	31/12/2023			31/12/2022		
	Weighted average loss rate	Gross carrying amount	Loss allowance	Weighted average loss rate	Gross carrying amount	Loss allowance
		MVR	MVR		MVR	MVR
<i>The aging of trade receivables at the reporting date was:</i>						
0-30 days past due	0.12%	12,849,171	15,304	0.05%	16,784,535	8,565
31-60 days past due	0.83%	357,256	2,948	0.41%	739,918	3,037
61-90 days past due	2.14%	170,466	3,654	1.25%	93,077	1,164
91-120 days past due	4.21%	409,749	17,242	2.74%	33,351	912
121-150 days past due	6.00%	78,641	4,721	4.09%	16,046	655
151-180 days past due	9.45%	199,356	18,835	6.74%	20,077	1,353
181-365 days past due	24.46%	339,053	82,934	27.85%	335,852	93,528
Over 365 days	100.00%	6,734,563	6,734,563	82.41%	9,329,722	7,688,333
Total		<u>21,138,255</u>	<u>6,880,201</u>		<u>27,352,579</u>	<u>7,797,548</u>

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

Amounts due from related parties

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

Balances with bank

The Company held favorable cash and cash equivalents of MVR 19,609,431/- as at 31st December 2023 (2022 : MVR 85,940,929/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

Staff Loan receivable

Management believes that there is no credit risk from staff loans arising from the sold apartments to their employees. The loans are carrying an interest rates ranging from 6% to 10% over 20 to 25 years. Additionally, the Company and employees have agreed that the Company retains ownership of the apartment until full payment is settled as per the agreement terms.

Other financial assets

Management believes that there is no credit risk from other financial assets which including the investment of treasury bills and receivables from MMPRC since Ministry of Finance as their common shareholder, with ownership held by the Government of Maldives.

(ii) Liquidity risk

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

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

31 st December 2023	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (Non-derivative)						
Trade and other payables	168,001,285	168,001,285	168,001,285	-	-	-
Loans and borrowings	205,057,163	206,485,089	69,863,238	22,281,439	24,311,185	90,029,227
Amounts due to related parties	16,117,036	16,117,036	16,117,036	-	-	-
Lease Liabilities	198,688,016	299,539,756	14,952,751	17,182,180	43,930,412	223,474,413
Bank overdraft	32,708,114	32,708,114	32,708,114	-	-	-
	<u>620,571,614</u>	<u>722,851,280</u>	<u>301,642,424</u>	<u>39,463,619</u>	<u>68,241,597</u>	<u>313,503,640</u>

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

31 st December 2022	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial liabilities (Non-derivative)						
Trade and other payables	114,109,350	114,109,350	114,109,350	-	-	-
Loans and borrowings	80,148,329	81,173,969	61,519,392	12,737,571	6,917,005	-
Amounts due to related parties	43,536,366	43,536,366	43,536,366	-	-	-
Lease Liabilities	206,915,849	314,853,469	24,115,586	17,425,876	49,286,308	224,025,699
Bank overdraft	25,510,536	25,510,536	25,510,536	-	-	-
	<u>470,220,430</u>	<u>579,183,690</u>	<u>268,791,230</u>	<u>30,163,447</u>	<u>56,203,313</u>	<u>224,025,699</u>

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk

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

(a) Interest rate risk

Profile

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

	Carrying Amount	
	31/12/2023	31/12/2022
	MVR	MVR
Fixed rate instruments		
Other financial assets	154,607,953	149,958,047
Loans and borrowings	(205,057,163)	(80,148,328)
	<u>(50,449,210)</u>	<u>69,809,719</u>

(b) Currency risk

Exposure to currency risk

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

	31/12/2023		
	USD	EUR	SGD
Cash and cash equivalents	459,823	23,036	-
Trade and other receivables	77,496	-	-
Trade and other payables	(167,819)	(18,503)	(9,779)
Loans and borrowings	(939,946)	-	-
Gross exposure	<u>(570,446)</u>	<u>4,532</u>	<u>(9,779)</u>
	31/12/2022		
	USD	EUR	SGD
Cash and cash equivalents	1,163,516	23,036	-
Trade and other receivables	155,833	-	-
Trade and other payables	(696,762)	(70,441)	-
Loans and borrowings	(1,371,677)	-	-
Gross exposure	<u>(749,090)</u>	<u>(47,405)</u>	<u>-</u>

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2023	2022	31/12/2023	31/12/2022
1 EUR : MVR	16.90	16.75	16.89	16.52
1 SGD : MVR	11.55	11.45	11.56	11.49
1 US\$: MVR	15.42	15.42	15.42	15.42

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital management

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

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

	2023	2022
	MVR	MVR
Total liabilities	933,383,837	843,972,352
Less: Cash and cash equivalents	(19,753,616)	(86,187,879)
Net debt	913,630,221	757,784,473
Total equity	1,057,015,961	1,063,971,373
Debt to capital ratio	0.86	0.71

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

(v) Accounting classifications and fair values

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

	Carrying amount		Fair Value				
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets not measured at fair value							
Balance with banks	19,609,431	-	19,609,431	-	-	-	-
Trade and other receivables	668,519,179	-	668,519,179	-	-	-	-
Other financial assets	154,607,953	-	154,607,953	-	-	-	-
	842,736,563	-	842,736,563	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	196,722,376	196,722,376	-	-	-	-
Interest bearing loans and borrowings	-	205,057,163	205,057,163	-	-	-	-
Lease liabilities	-	198,688,016	198,688,016	-	-	-	-
Bank overdraft	-	32,708,114	32,708,114	-	-	-	-
	-	633,175,669	633,175,669	-	-	-	-



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Accounting classifications and fair values (Continued)

31 st December 2022	Carrying amount		Fair Value				
	Financial assets at amortized cost MVR	Other financial liabilities MVR	Total MVR	Level 1	Level 2	Level 3	Total
				MVR	MVR	MVR	
Financial assets not measured at fair value							
Balance with banks	85,940,929	-	85,940,929	-	-	-	-
Trade and other receivables	111,374,627	-	111,374,627	-	-	-	-
Other financial assets	149,958,047	-	149,958,047	-	-	-	-
	347,273,603	-	347,273,603	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	210,245,664	210,245,664	-	-	-	-
Interest bearing loans and borrowings	-	80,148,329	80,148,329	-	-	-	-
Lease liabilities	-	206,915,849	206,915,849	-	-	-	-
Bank overdraft	-	25,510,536	25,510,536	-	-	-	-
	-	522,820,378	522,820,378	-	-	-	-



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

31 EVENTS AFTER THE REPORTING DATE

The shareholders of the Company has approved a change in the group structure which consists of a change in shareholding of the subsidiary, Kulhudhufushi Ports Private Limited, from 51% to 99%, with remaining 1% being held by related party, Hithadhoo Port Limited (whereby previously 49% was held directly by the Government of Maldives, represented by the Ministry of Finance). The shareholders of the Company has approved an acquisition of 99% of shareholding of Hithadhoo Ports Limited (which was previously a related party with common ownership by the Government of Maldives), whereby 1% will be held by Kulhudhufushi Ports Limited (prior to this, 100% of shareholding was held by the government of Maldives). As per the email communication with Ministry of Finance this share transfer and acquisition is effective from 28th April 2024.

The Company has initiated port facilities in Ha. Ulighan as well as bunkering facilities in L. Gahdhoo and S. Hulhumeedhoo. The Company also has plans to issue MVR 50,000,000 new bonds during the second quarter of 2024, and additionally, a sinking fund arrangement has been signed with First National Finance Corporation as of 31st March 2024, to have a fund value of MVR 25,000,000/- at the end of five years.

Effective April 2024, the Company has started collecting its stevedoring income charge in United States Dollars in addition to Maldivian Rufivaa.

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

32 DIRECTORS' RESPONSIBILITY

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

33 COMPARATIVE INFORMATION

Certain reclassifications have been made to the comparative figures to enhance comparability and fair presentation of financial statements. As a result, the following balances have been amended in the statement of Financial Position and the related notes as shown below. These reclassifications have not resulted in changes to the profit for the year, total assets, total liabilities, or total net assets previously reported as at 31st December 2022.

	As Previously Reported MVR	31/12/2022 Adjustments MVR	Reclassified Amount MVR
Statement of comprehensive income			
Revenue	794,114,734	(51,100,031)	743,014,703
Other income	7,893,084	51,100,031	58,993,115
Statement of financial position			
Non-current assets			
Trade and other receivables	83,506,961	(74,664,426)	8,842,535
Current assets			
Trade and other receivables	132,225,681	(1,721,908)	130,503,773
Other financial assets	73,571,713	76,386,334	149,958,047

The comparative balances of revenue and other income is relating to the reclassification of rent income and trade and other receivables and other financial assets have been changed due to the reclassification of MMPRC outstanding balance relating to promissory notes as at 31st December 2022. This reclassification has been made solely for the purpose of fair presentation.

34 CONTINGENT LIABILITIES

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

35 CAPITAL COMMITMENTS

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

36 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 100% (2022: 100%) of the voting rights of the Company as at 31 December 2023 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31st December 2023, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions	2023	2022
	MVR	MVR
<i>Services provided</i>		
Maldives State Shipping Company Private Limited	137,625,176	80,285,018
Hithadhoo Port Limited	27,321,379	1,790,432
Fenaka Corporation Limited	11,084,981	10,444,392
Maldives Transport & Contracting Company PLC	9,958,415	8,672,682
Male' Water & Sewerage Company	1,958,277	4,068,100
Maldives Airports Company Limited	1,626,802	46,862,399
State Electric Company Limited	1,241,176	586,085
Waste Management Corporation Limited	225,899	90,667
Housing Development Corporation	218,385	328,719
State Trading Organization PLC	210,056	19,530,328
Island Aviation Services Limited	176,392	352,585
Maldives Industrial Fisheries Company	83,167	3,780,108
Maldives Gas Private Limited	219	832,146
Fuel Supplies Maldives Pte Limited	-	82,224
Maldives National Defense Force	-	3,065
	<u>191,730,325</u>	<u>177,708,949</u>

(i) Transactions (Continued)

Purchases	2023	2022
	MVR	MVR
Housing Development Corporation	57,641,418	16,253,197
Fuel Supplies Maldives Pte Limited	44,729,799	40,946,883
State Electric Company Limited	30,129,267	15,360,729
Maldives Transport & Contracting Company PLC	14,049,383	6,263,165
Maldives Customs Service	10,906,192	3,638,917
Male' Water & Sewerage Company	5,598,990	3,170,715
Waste Management Corporation Limited	3,220,216	2,413,437
Island Aviation Services Limited	1,299,681	576,228
State Trading Organization PLC	880,101	2,709,144
Maldives Gas Private Limited	141,610	233,320
Maldives Airports Company Limited	40,500	1,417,794
Fenaka Corporation Limited	-	417,515
Maldives State Shipping Company Private Limited	-	312,650
	<u>168,637,156</u>	<u>93,713,694</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2023

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Transactions with subsidiaries	Nature of the transactions	2023	2022
		MVR	MVR
Kulhudhufushi Port Private Limited	Service provided	9,816,454	2,796,716
	Purchases	918,587	1,568,915

(iii) Loans and borrowings	2023		2022	
	Loan MVR	Interest MVR	Loan MVR	Interest MVR
Bank of Maldives PLC	38,707,892	6,389,666	54,592,538	10,036,043
	<u>38,707,892</u>	<u>6,389,666</u>	<u>54,592,538</u>	<u>10,036,043</u>

(Refer Note 25.1 for the movement in the current year)

(iv) Collectively, but not individually significant transactions

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

(v) Transactions with the key management personnel

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR 801,600/- as emoluments to key management personnel during the year ended 31st December 2023 (2022: MVR 618,208/-).

37 PURPOSE OF THE SEPARATE FINANCIAL STATEMENTS

The financial statements are the separate financial statements of the Parent Company and the consolidated financial statements of the Group are prepared and presented separately. These separate financial statements are prepared based on the requirement of the management of the Company in order to submit the financial statements along with the tax return of the Company to the Maldives Inland Revenue Authority.

