

Addu International Airport Pvt Ltd

Quarterly Report (2023 Q1)

15th May 2023

1 Financial Highlights

Details	Amount (MVT)	Percentage
Revenue	19,123,152	4% decrease compared at Q4 2022
Operating Profit / loss	(12,452,915)	Operating Loss decrease by 12% compared at Q4 2022
Earnings per Share	(28)	(28) Q4 2022
Net Profit / loss	(17,533,171)	Net Loss increase by 23%

Airport revenues come from two main sources: airport charges paid by airlines/operators for the use of airside facilities and services, and second, from passengers and concessionaires for commercial activities undertaken on airport sites (for example, retail, food and beverage, duty free).

As for AIA most of the revenue is from aeronautical facilities and services mainly and the number of beds in region plays a vital role in the operation of the Airport. Further, the number of beds operating have been reduced since the pandemic and currently there are operational around 200 beds in Addu.

Additionally, AIA will be able to increase the operating revenue by increasing the current bed capacity in Addu and providing proper connection to southern atolls from Gan Airport.

Revenue – The revenue for the company have increased by 3% compared to Q2 2022. Further, high operational costs along with the loss in revenue resulted in net losses over the quarters.

Expenses – Over the past years, the company was not able to generate sufficient revenue to cover all their direct cost and overhead expenditure. However, efforts are being made to reduce costs and to control undertaking any unreasonable expense particularly on a state where the company makes continuous losses.

Cashflow – The cashflow for the period has been manageable by holding USD funds as a lien and overdrawing MVR account.

AIA's current monthly average operating cash inflow expects between MVR 4.5 million and MVR 5 million, while average monthly operating cash outflow is MVR 6.7 million (excluding BML loan repayment and other investment), resulting in an operating cash shortfall of approximately MVR 2.2 million every month.

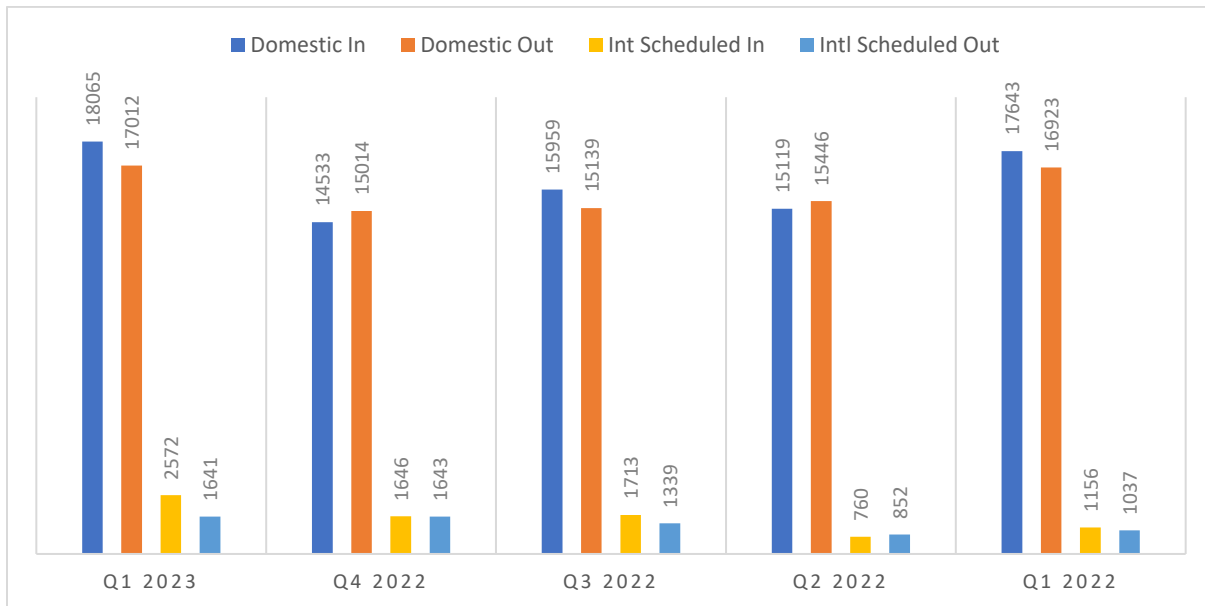
Most of the cash received are used for payroll purposes and hence, the cashflows of the company reached to stage where it is not manageable, and actions need to be taken.

1.1 Operational Highlight

- No of Aircraft Movements

	2023	2022			
	Q1	Q4	Q3	Q2	Q1
Domestic Operators					
Island Aviation Services Limited	439	438	431	399	442
Villa Air Pvt Ltd	0	0	0	0	0
Manta Air	3	31	35	89	45
Scheduled International Flights	25	21	18	12	13
Passenger Charters	0	0	0	0	0
Intl Adhoc Aircrfat	16	15	9	10	78

- Passenger Movements



2 Board Activities

2.1 Board Activities

Highlights of the board activities are as following:

- Approval of monthly cashflow report, quarterly financial reports, and financial reports.
- Approval on required procurement items required for airport operations.
- Approved to award the hotel development project to China Machinery Engineering Corporation (CMEC) in accordance with the management tender committee evaluation report.
- Approval of temporary internal hire of a residence engineer for the Gan International Airport Redevelopment Project and for the Hotel Development.
- Approval of budget for the year 2023.
- Approval on revision of company logo and seal.
- Approval of annual board plan for the year 2023.
- Approved to revise cargo handling and terminal charges at Gan International Airport.
- Adoption of reward and recognition policy.
- Discussion of arranging finances for the hotel development project.

2.2 Board Meeting

04 board meetings were held during the period ended 31st March 2023. Out of the 04 meetings 01 board meeting was an extra ordinary board meeting. The names of members of the Board, their attendance at the Board Meetings are as under:

#	Directors Name	Designation	Board meeting for the quarter
01	Mr. Azan Ahmed Zuhair	Director representing the Government and Chairperson	04/04
02	Mr. Gais Naseer	Director representing the Government and Managing Director	04/04
03	Mr. Hussain Mohamed Didi	Director representing the Government	04/04
04	Mr. Hussain Afeef	Director representing KASA	03/04
05	Mr. Ibrahim Noordeen	Director representing KASA	04/04

*Note:

1. Mr. Ahmed Marzoog resigned from AIA board effective from 25th August 2022. The company currently requires 02 additional directors to be appointed by Ministry of Finance to meet the full requirement of the board.

2. The existing number of directors appointed to the board does not meet the board composition requirement we are also facing challenges in reformulating board committee. As of now board committees are not functioning and needs to be reformulated. To maintain the governance and to make the board effective in its responsibilities and roles we are required 02 Directors from Ministry of Finance. Further we have requested Ministry of Finance over the last 03 years regarding the appointment of a director to meet the board requirements.

2.3 Committee meeting

No committee meeting was held during this quarter.

3 Ongoing project details

The contract for the Engineering Procurement and Construction (EPC) contract for the Redevelopment of Gan International Airport project was signed on 5th March 2023 between Addu International Airports Private Limited and Renaatus Projects Private Limited.

Project Management Consultancy (PMC) Contract for Redevelopment of Gan International Airport Project was signed on 22nd March 2023 between Addu International Airport Pvt Ltd and STUP Consultants Private Limited.

4 Financial Statements

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

4.1 Income Statement

FOR THE PERIOD ENDED	Note	Q1 2023 MVR	Q4 2022 MVR	Q3 2022 MVR	Q2 2022 MVR	Q1 2022 MVR
Revenue	1	19,123,152	20,010,049	19,444,564	19,710,331	25,468,878
Other operating income	2	1,958,109	1,857,505	1,684,753	1,607,831	2,829,393
Operating expenses	3	(33,534,176)	(39,225,212)	(33,969,166)	(34,736,192)	(37,816,602)
Impairment loss on trade and other receivables						-
Result from operating activities		(12,452,915)	(17,357,658)	(12,839,850)	(13,418,031)	(9,518,331)
Finance costs	4	(5,080,257)	(5,430,811)	(5,658,709)	(5,805,772)	(5,965,211)
Loss before tax		(17,533,171)	(22,788,469)	(18,498,560)	(19,223,802)	(15,483,542)
Tax expense						
Loss (Total comprehensive income) for the year		(17,533,171)	(22,788,469)	(18,498,560)	(19,223,802)	(15,483,542)
Basic loss per ordinary share		(22)	(28)	(46)	(48)	(39)

4.2 Statement of financial position

FOR THE PERIOD ENDED		Q1 2023 MVR	Q4 2022 MVR	Q3 2022 MVR	Q2 2022 MVR	Q1 2022 MVR
	Note					
ASSETS						
Non-current assets						
Property, plant and equipment	6	516,391,327	522,959,035	528,423,809	534,902,310	532,916,868
Intangible assets						-
Total non-current assets		516,391,327	522,959,035	528,423,809	534,902,310	532,916,868
Current assets						
Inventories	7	7,786,136	16,616,363	11,260,200	3,593,647	13,578,155
Trade and other receivables	8	4,475,038	4,212,739	13,176,452	16,270,667	29,792,087
Cash and cash equivalents	9	62,512,445	3,220,077	4,834,399	3,115,981	1,668,137
Total current assets		74,773,618	24,049,178	29,271,051	22,980,295	45,038,379
Total assets		591,164,945	547,008,214	557,694,860	557,882,605	577,955,247
EQUITY AND LIABILITIES						
Equity						
Share capital	10	649,746,107	600,000,000	320,000,000	320,000,000	320,000,000
Accumulated losses		(610,854,881)	(593,321,710)	(570,533,271)	(552,034,711)	(522,127,460)
Total Equity		38,891,226	6,678,290	(250,533,271)	(232,034,711)	(202,127,460)
Non-current liabilities						
Loans and borrowings	11	171,407,671	182,374,546	192,990,866	203,385,275	213,626,635
Total non-current liabilities		171,407,671	182,374,546	192,990,866	203,385,275	213,626,635
Current liabilities						
Loans and borrowings	11	106,379,265	81,379,265	314,490,155	298,443,024	282,395,892
Trade and other payables	12	272,110,236	274,871,962	298,341,378	285,694,845	284,060,181
Bank overdraft		2,376,549	1,704,151	2,405,731	2,394,172	
Total current liabilities		380,866,049	357,955,378	615,237,264	586,532,041	566,456,073
Total liabilities		552,273,720	540,329,924	808,228,131	789,917,316	780,082,708
Total equity and liabilities		591,164,946	547,008,214	557,694,860	557,882,605	577,955,247

4.3 Cash flow statement

FOR THE PERIOD ENDED	Note	Q1 2023 MVR	Q4 2022 MVR	Q3 2022 MVR	Q2 2022 MVR	Q1 2022 MVR
Cash flow from operating activities						
Loss before tax		(17,533,171)	(22,788,469)	(18,498,560)	(19,223,802)	(15,483,542)
Loss before working capital changes		(5,763,290)	20,710,509	(5,758,876)	(6,270,310)	(2,682,439)
Changes in:						
Inventories		8,830,227	(5,356,162)	(7,666,553)	9,984,508	(1,462,077)
Trade and other receivables		(262,300)	8,963,713	3,094,215	2,837,974	(4,410,811)
Trade and other payables		(2,761,726)	(23,469,417)	12,646,533	1,634,664	8,420,384
Cash generated from / (Used in) operating activities		42,912	852,279	2,315,320	8,186,836	(134,943)
Interest paid		(5,080,257)	(5,430,811)	(5,658,709)	(5,805,772)	(5,965,211)
Net cash used in operating activities		(5,037,345)	(4,578,532)	(3,343,389)	2,381,065	(6,100,154)
Cash flows from investing activities						
Purchase of property, plant and equipment		(121,917)	(1,761,416)	(602,474)	(9,133,163)	(611,004)
Net cash used in investing activities		(121,917)	(1,761,416)	(602,474)	(9,133,165)	(610,984)
Cash flows from financing activities						
Proceeds from issue of share capital		49,746,107	-	-	-	-
Proceeds from loans and borrowings						-
Repayment of borrowings		(10,966,875)	(10,616,321)	(10,394,409)	(10,241,359)	(10,081,920)
Proceeds from shareholders loan		25,000,000	16,043,527	16,047,131	16,047,131	16,047,131
Net Cash from operating activities		63,779,232	5,427,206	5,652,722	5,805,772	5,965,211
Net (decrease) / increase in cash and cash equivalents		58,619,970	(912,742)	1,706,859	(946,328)	(745,929)
Cash and cash equivalents at beginning of the year		1,515,926	2,428,668	721,809	1,668,137	2,414,066
Cash and cash equivalents at end of the year		60,135,897	1,515,926	2,428,668	721,809	1,668,137

4.4 Note to the financial statement.

(All amounts are shown in Maldivian Rufiyaa unless otherwise stated)

1 REVENUE	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	MVR	MVR	MVR	MVR	MVR
Jet fuel revenue	13,708,583	15,968,464	15,445,212	15,575,307	19,759,480
Ground handling charge	2,900,080	1,862,372	2,007,508	2,044,101	2,506,532
Landing fees	974,290	962,032	1,016,529	1,082,947	1,283,083
Parking fee	727,209	460,650	186,239	225,888	1,250,791
Ancillary Charges	293,134	262,294	259,133	228,216	173,090
Passenger service charge	380,142	373,041	402,623	429,948	387,559
Cargo handling /terminal income	135,114	112,896	111,719	122,723	102,843
Other income	4,600	8,300	15,600	1,200	5,500
	19,123,152	20,010,049	19,444,564	19,710,331	25,468,878
2 OTHER OPERATING INCOME					
Rent income	1,565,800	1,559,657	1,423,185	1,364,128	2,388,576
Lounge income	103,314	68,773	11,180	35,158	177,330
Miscellaneous income	273,275	205,471	225,186	184,148	239,422
Electric fee	15,720	23,603	25,203	24,397	24,065
	1,958,109	1,857,505	1,684,753	1,607,831	2,829,393
3 OPERATING EXPENSES					
Jet fuel expenses	8,830,227	12,425,300	9,913,900	10,356,711	14,233,620
Employee benefit expense (Note 3.1)	13,225,011	11,788,428	11,811,134	11,060,955	11,949,990
Depreciation of property, Plant and equipment	6,689,625	7,226,189	7,080,975	7,147,721	6,835,891
Amortization of intangible assets	-	-	-	-	-
Electricity charges	971,649	1,288,256	757,526	1,476,176	824,626
Supplies and requisites	879,144	1,798,571	703,546	762,101	837,290
Subscription expenses	593,667	1,104,217	468,521	536,373	290,668
Consultancy expenses	172,491	40,169	585,960	815,872	462,600
Freight and duty charges	175,285	692,946	236,659	139,219	480,089
Repair and maintenance expenses	243,025	1,009,692	312,857	905,891	245,706
Fuel expenses	204,628	207,524	222,626	103,411	158,603
Telephone expenses	63,312	55,318	407,070	66,813	72,186
Uniform expenses	195,988	21,804	16,181	52,205	950
Insurance expenses	324,056	347,538	324,408	345,024	514,946
Bank charges	139,087	97,440	58,706	72,640	88,075
Travelling expenses	109,210	256,249	342,655	127,355	110,540
Directors Remuneration	110,400	74,145	129,650	86,070	191,230
Fines and penalties	480,193	529,686	364,217	456,946	176,018
Printing and stationery	10,075	22,338	30,999	24,991	26,176
Others	117,104	239,402	201,578	199,718	317,397
	33,534,176	39,225,212	33,969,166	34,736,192	37,816,602
3.1 Employee benefit expense					
Wages and salaries	5,885,268	5,517,310	5,344,251	4,534,638	5,725,934
Allowances	6,817,659	5,521,075	5,424,603	5,985,717	5,745,360
Training expenses	50,241	256,248	564,012	73,512	45,237
Pension contribution	411,462	384,873	370,464	359,351	352,578
Staff insurance	60,380	108,921	107,805	107,738	80,881
	13,225,011	11,788,428	11,811,134	11,060,955	11,949,990
5 FINANCE COSTS					
Interest on bank loans	5,080,257	5,430,811	5,658,709	5,805,772	5,965,211
	5,080,257	5,430,811	5,658,709	5,805,772	5,965,211

6	Property,Plant and Equipemnt	Q1 2023 MVR	Q4 2022 MVR	Q3 2022 MVR	Q2 2022 MVR	Q1 2022 MVR
	Property,plant equipment-Cost					
	Buildings:Cost	16,780,286	16,780,286	16,780,286	16,780,286	16,780,286
	Computer Equipment:Cost	8,435,281	8,375,729	8,115,485	8,082,485	8,027,128
	Furniture and Fittings:Cost	10,902,346	10,867,551	10,587,054	10,587,053	8,311,390
	Land	245,956,105	245,956,105	245,956,105	245,956,105	245,956,105
	Motor Vehicles:Cost	47,279,517	47,279,517	47,279,517	47,279,516	45,352,032
	Office Equipment:Cost	1,942,434	1,928,976	1,829,679	1,374,924	1,374,924
	Plant and Machinery:Cost	14,925,980	14,911,868	13,882,739	13,794,983	8,926,679
	Runways, Taxiways and Aprons:Cost	343,348,409	343,348,409	343,348,409	343,348,409	343,348,409
	Software:Cost	1,912,422	1,912,422	1,912,422	1,912,422	1,912,422
	Tools and Electrical Equipments:Cost	1,916,187	1,916,187	1,814,879	1,813,242	1,806,889
		693,398,967	693,277,050	691,506,574	690,929,426	681,796,264
6.1	Property,plant equipment-Accumulated Depreciation					
	Buildings:Depreciation	(6,541,178)	(6,373,375)	(6,205,573)	(6,037,770)	(5,869,967)
	Computer Equipment:Depreciation	(7,806,093)	(7,759,986)	(7,406,051)	(7,062,913)	(6,723,041)
	Furniture and Fittings:Depreciation	(7,320,203)	(7,174,544)	(6,888,637)	(6,624,428)	(6,353,798)
	Land:Depreciation	(33,188,990)	(31,960,018)	(30,731,045)	(29,502,073)	(28,273,100)
	Motor Vehicles:Depreciation	(25,083,683)	(23,901,695)	(22,718,629)	(21,536,642)	(20,312,012)
	Office Equipment:Depreciation	(878,203)	(790,103)	(690,734)	(620,576)	(559,805)
	Plant and Machinery:Depreciation	(4,732,678)	(4,374,122)	(3,958,480)	(3,611,949)	(3,234,913)
	Runways, Taxiways and Aprons:Depreciat	(93,746,923)	(90,313,439)	(86,879,955)	(83,446,472)	(80,012,987)
	Software:Depreciation	(1,912,422)	(1,912,422)	(1,912,422)	(1,912,422)	(1,912,422)
	Tools and Electrical Equipments:Depreciat	(1,576,765)	(1,537,809)	(1,479,798)	(1,435,105)	(1,390,584)
		(182,787,139)	(176,097,514)	(168,871,325)	(161,790,350)	(154,642,629)
6.2	CWIP					
	Capital Work In progress	5,779,499	5,710,552	5,763,233	5,763,233	5,730,552
	CWP- Gan Upgrading Project	-	-	0	0	0
	226 Repair & Maintenance:226 002 Seapl	-	68,947	25,325	-	32,680
		5,779,499	5,779,499	5,788,559	5,763,233	5,763,233
		121,917	1,761,416	602,474	9,133,163	611,004
		516,391,327	522,959,035	528,423,809	534,902,310	532,916,868
7	INVENTORIES					
	Jet fuel	5,171,761	14,001,988	8,434,557	768,004	10,752,512
	Spares and others	2,614,375	2,614,375	2,825,643	2,825,643	2,825,643
		7,786,136	16,616,363	11,260,200	3,593,647	13,578,155

8 TRADE AND OTHER RECEIVABLES

Financial assets					
Trade receivables	23,412,087	24,025,995	24,903,288	24,422,282	24,131,551
Less: Impairment loss on trade receivable	(23,044,478)	(23,044,478)	(23,044,478)	(23,044,478)	(23,113,847)
	367,610	981,517	1,858,810	1,377,804	1,017,704
Receivables from related parties	9,797,862	9,421,920	14,806,341	19,904,306	15,555,832
Less : Impairment loss on amount due from	(8,936,497)	(8,936,497)	(8,936,497)	(8,936,497)	(322,705)
	1,228,975	1,466,940	7,728,654	12,345,613	16,250,831
		-			
Non-financial assets		-			
Prepayments	124,146	124,146	342,431	3,536,775	12,824,186
Other receivables	3,121,917	2,621,653	5,105,366	388,279	17,173,572
			5,447,797	3,925,054	29,997,758
Less: Impairment loss on OR			-	-	(16,456,502)
			5,447,797	3,925,054	13,541,256
	4,475,038	4,212,739	13,176,452	16,270,667	29,792,087

9 CASH AND CASH EQUIVALENTS

Cash in hand	64,400	42,858	44,691	49,572	93,518
Balances with banks	62,448,045	3,177,219	4,789,709	3,066,409	1,574,619
	62,512,445	3,220,077	4,834,399	3,115,981	1,668,137

10 Equity & Retained Earnings**Authorized Share Capital**

Authorized Share Capital comprises of 800,000/- (Q4 2022 : 800,000) ordinary shares of MVR.1,000/- each.

Issued Share capital

Share Capital	600,000,000	320,000,000	320,000,000	320,000,000	320,000,000
Proceeds received for shares issued	49,746,107	280,000,000	-	-	-
Balance as at	649,746,107	600,000,000	320,000,000	320,000,000	320,000,000
Opening Balance R/E	(593,321,710)	(570,533,271)	(552,034,711)	(532,810,909)	(517,327,365)
Profit/ Loss (Total comprehensive income)	(17,533,171)	(22,788,439)	(18,498,560)	(19,223,802)	(15,483,542)
Closing Balance R/E	(610,854,881)	(593,321,710)	(570,533,271)	(552,034,711)	(532,810,907)
	38,891,226	6,678,290	(250,533,271)	(232,034,711)	(212,810,907)

Explanation to Note 10:

Reference is made to the Shareholders Resolution number: SR2022/01 where in the shareholders passed the resolution to increase authorized share capital of the company from MVR 400 million to MVR 800 million.

The main reason to increase the share capital was to make up equity to positive status as due to increase in loss over the years the equity of company entered negative state.

Further, it was approved after the share capital is increased the funds received for BML loan repayment from shareholders will be adjusted to Equity. However, then also the Equity is negative as at 31/12/2022.

Thus, after consent from the shareholders during 2023 the Board of Directors resolved that.

1. Call MVR 280,000,000.00 (Two hundred and Eighty Million Rufiyaa) of the uncalled share capital whereby Government of Maldives shall pay up MVR 196,000,000.00 and KASA Holdings Pvt Ltd shall pay up MVR 84,000,000.00 as their equity contribution.
2. Furthermore, it is resolved that the payable amount by the shareholders will be adjusted against the funds received from shareholders as of 31st December 2022 for BML loan repayment amounting MVR 235,940,032/- according to shareholder contribution.
3. Further, the balance unadjusted amount of MVR 44,059,968.00 to be adjusted against for Government of Maldives (MVR 30,841,978/-) from the payable amount of MVR 226,188,491/- transferred to MOF from STO back in 2020 and for KASA Holdings Pvt Ltd (MVR 13,217,990/-) from the Shareholder Loan MVR 30,408,729/- received from KASA Holdings Pvt Ltd back in 2018.
4. It is further resolved that the above-mentioned Journal entries shall be made as of 31st December 2022.

Further, during March 2023 MOF credited our account the budgeted Loan repayment amount for FY 2023. Thus, it was proposed.

1. TO Call **MVR 64,188,525.60** (Sixty-Four Million One Hundred and Eighty-Eight Thousand Five Hundred and Twenty-five Rufiyaa and Sixty Laari) of the uncalled share capital whereby Government of Maldives shall pay up **MVR 44,931,967.92** and KASA Holdings Pvt Ltd shall pay up **MVR 19,256,557.68** as their equity contribution.
2. To adjust the Share capital according to the funds received for loan repayment during the FY 2023

11 LOANS AND BORROWINGS

Bank of Maldives Plc (Note 11.1)	235,596,197	246,563,071	257,179,392	267,567,814	277,815,160
Shareholders loan (Note 11.2)	42,190,739	17,190,739	250,301,630	234,254,498	218,207,367
	277,786,936	263,753,810	507,481,022	501,822,312	496,022,527

11.1 Bank of Maldives Plc

Opening balance	246,563,072	287,897,081	267,573,801	277,815,160	287,897,081
Proceeds from loans and borrowings					
Interest charge for the period	5,080,257	22,860,503	5,658,709	5,805,772	5,965,211
Repayment of borrowings	(16,047,132)	(64,194,512)	(16,053,118)	(16,047,131)	(16,047,131)
Closing balance	235,596,197	246,563,072	257,179,392	267,573,801	277,815,160

11.2 Shareholders loan

Opening balance	17,190,739	202,163,840	234,254,498	218,207,367	202,160,235
Proceeds from loans and borrowings	25,000,000	64,184,921	16,047,131	16,047,131	16,047,131
Adjusting Sharecapital	-	(249,158,022)			
Closing balance	42,190,739	17,190,739	250,301,630	234,254,498	218,207,367

11.3 Maturity Analysis

Non-current liabilities					
Bank of Maldives Plc	171,407,671	182,374,546	192,990,866	203,385,275	213,626,635
Current liabilities					
Bank of Maldives Plc	64,188,526	64,188,526	64,188,526	64,182,539	64,188,526
Shareholders loan	42,190,739	17,190,739	250,301,630	234,254,498	218,207,367
Total Loans and borrowings	277,786,936	263,753,811	507,481,022	501,822,312	496,022,527

12 TRADE AND OTHER PAYABLES

Trade payables	4,361,760.61	2,617,155.59	4,767,665.61	4,125,962	4,159,139
	-	-	-	-	63,605
Customer Deposits	15,892,971	17,961,379	8,617,846	6,956,690	5,666,516
Redundancy benefit payable	960,366	960,366	960,366	960,366	960,366
Accrued expenses	1,557,666	1,656,399	4,674,035	1,464,352	650,029
Other payables	6,022,320	6,342,011	6,736,597	7,171,917	7,383,360
Amount due to related parties (Note 12.1)	243,315,152	245,334,651	272,584,869	265,015,558	265,177,166
	272,110,236	274,871,962	298,341,378	285,694,845	284,060,181

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BANK OVERDRAFT

Bank A/C No 7702-700603-001	(2,376,549)	(1,704,151)	(2,405,731)	(2,394,172)	
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