



Dhivehin - Always Maldivian, Forever Independent

Report No.: FIN-2015-25(E)

29 April 2015

Hithadhoo Port Limited

FINANCIAL YEAR 2012



Contents

Auditor General’s Report

Statement of Comprehensive Income3

Statement of Financial Position4

Statement of changes in equity5

Statement of Cash Flows.....6

Notes to the financial statements.....7



AUDITOR GENERAL'S OFFICE
Malé, Republic of Maldives

Dhivehin - Always Maldivian, Forever Independent

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF HITHADHOO PORT LIMITED

Introduction

We have audited the accompanying financial statements of Hithadhoo Port Limited, which comprise the Statement of Financial Position as at 31st December 2012, and the Statements of Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash flows for the year then ended, and the related notes exhibited on pages 3 to 20.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting principles used and the



reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Accumulated losses include an amount of MVR 190,372 pertaining to the financial year ended 31st December 2011 that was not audited by us or any other auditor. Hence, we were unable to determine whether any adjustments to the accumulated losses might have been necessary as at 31st December 2012.
2. As per the Memorandum of Association dated 22nd April 2009, 500,000 shares of MVR 100 each have been issued to the Government of Maldives ("GoM") and GoM has thereby paid for them in full. However, the Company has recorded only MVR 250,000 as its share capital as at 31st December 2012.
3. As per the addendum to the Transfer of Assets, Rights and obligations of Hithadhoo Regional Port ("HRP") dated 1st January 2011 between Maldives Ports Limited ("MPL") and Hithadhoo Port Limited ("HPL"), all the assets and liabilities owned by HRP shall be transferred to HPL on the same day. However, the Company has recorded only the net book value of property plant and equipment of MVR 91,943,852 as at 1st January 2011. Further above balances have been used as the opening balance for the year ended 31st December 2012.
4. The Company has recorded MVR 91,947,352 as opening equity balance which comprises the net book value of property plant and equipment of MVR 91,943,852 and cash in hand balance of MVR 3,500 transferred from HRP as at 1st January 2011. Therefore we were unable to determine the correct accounting treatment and classification in the financial statements in the absence of sufficient and appropriate audit evidence.
5. In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 and subsequent amendments and, relevant regulations, the Company is liable for Business Profit Tax at the rate of 15% on its taxable profits with effect from 18th July 2011. However the Company has not registered with Maldives Inland Revenue Authority as at the reporting date and has not prepared the Business Profit Tax computation for the year ended 31st December 2012. Therefore we were unable to verify the completeness and accuracy of Business Profit Tax expense and deferred tax asset or liability as at and for the year ended 31st December 2011 and 2012, in the absence of sufficient and appropriate audit evidence.
6. As disclosed in Note 17 to the financial statements, the Company has recorded an amount of MVR 560,596 as payable to HRP as at 31st December 2012, which comprises the subsequent cash receipt for the settlement of trade receivables balance of HRP as at 31st December 2010. However, as per the addendum to the Transfer of Assets, Rights and obligations of HRP dated 1st January 2011 between MPL and HPL, all the assets and liabilities owned by HRP shall be transferred to HPL and therefore, those balances should have been transferred to HPL as at 1st January 2011.



Qualified Opinion

In our opinion, except for the effects on the financial statements of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements give a true and fair view of financial position of the Company as at 31st December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

29 April 2015



Hassan Ziyath
Auditor General



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2012 MRf.	2011 MRf.
Revenue	6	6,834,361	26,427,710
Other Operating Income	7	<u>1,146,918</u>	<u>861,103</u>
		7,981,279	27,288,813
Personnel Costs	8	(8,178,282)	(7,522,744)
Operating Costs	9	(3,041,514)	(14,663,204)
Depreciation		<u>(8,181,079)</u>	<u>(8,009,227)</u>
Loss Before Tax		(11,419,596)	(2,906,362)
Tax Expense	10	-	-
Loss After Tax		<u><u>(11,419,596)</u></u>	<u><u>(2,906,362)</u></u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER

	Note	2012 MRf.	2011 MRf.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	77,214,004	84,578,193
Total Non-Current Assets		<u>77,214,004</u>	<u>84,578,193</u>
Current Assets			
Trade and Other Receivables	12	286,803	1,111,038
Amounts Due from Related Parties	13	62,482	2,505,654
Cash and Cash Equivalents	14	1,264,250	4,449,921
Total Current Assets		<u>1,613,535</u>	<u>8,066,613</u>
Total Assets		<u><u>78,827,539</u></u>	<u><u>92,644,806</u></u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	15	250,000	250,000
Opening Balance Equity	16	91,947,352	91,947,352
Accumulated Losses		<u>(14,516,330)</u>	<u>(3,096,734)</u>
Total Equity		<u>77,681,022</u>	<u>89,100,618</u>
Current Liabilities			
Trade and Other Payables	17	1,146,517	1,637,569
Amount due to Related Parties	18	-	1,906,619
Total Current Liabilities		<u>1,146,517</u>	<u>3,544,188</u>
Total Equity and Liabilities		<u><u>78,827,539</u></u>	<u><u>92,644,806</u></u>

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.

The financial statements were approved by the board of Directors and signed on its behalf of;

Name of the Director

MOHAMED JUNAID

MAHDI IMAD

Signature



30th May 2014

HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2012

	Opening Balance Equity MRf.	Share Capital MRf.	Accumulated Losses MRf.	Total MRf.
As at 1st January 2011	-	250,000	(190,372)	59,628
Assets transferred from Hithadhoo Regional Port	91,947,352	-	-	91,947,352
Loss for the year	-	-	(2,906,362)	(2,906,362)
As at 31st December 2011	<u>91,947,352</u>	<u>250,000</u>	<u>(3,096,734)</u>	<u>89,100,618</u>
As at 1st January 2012	91,947,352	250,000	(3,096,734)	89,100,618
Loss for the year	-	-	(11,419,596)	(11,419,596)
As at 31st December 2012	<u>91,947,352</u>	<u>250,000</u>	<u>(14,516,330)</u>	<u>77,681,022</u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2012 Mrf.	2011 Mrf.
Cash Flows From Operating Activities			
Loss Before Tax		(11,419,596)	(2,906,362)
<i>Adjustments for:</i>			
Depreciation	11	8,181,079	8,009,227
Provision for Impairment Loss of Related Party Receivables	9	269,068	3,487,268
Reversal of Provision for Impairment of Trade Receivables		(946,392)	-
Operating (loss) / profit before working capital changes		<u>(3,915,841)</u>	<u>8,590,133</u>
Changes In Working Capital			
Change in Trade and Other Receivables		1,770,627	(3,439,615)
Change in Trade and Other Payables		(491,052)	1,365,362
Change in Amounts Due to Related Party		(1,906,619)	1,906,619
Change in Amount Due from Related Parties		2,174,104	(3,664,346)
Net Cash from Operating Activities		<u>(2,368,781)</u>	<u>4,758,153</u>
Cash Flows from Investing Activities			
Purchase and Construction of Property, Plant and Equipment	11	<u>(816,890)</u>	<u>(615,467)</u>
Net Cash Used in Investing Activities		<u>(816,890)</u>	<u>(615,467)</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents		(3,185,671)	4,142,686
Cash and Cash Equivalents at the beginning of the Year		4,449,921	303,735
Cash and Cash Equivalents transferred from Hithadhoo Regional Port		-	3,500
Cash and Cash Equivalents at the end of the year	14	<u><u>1,264,250</u></u>	<u><u>4,449,921</u></u>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 7 to 20. The Report of the Independent Auditors is given on pages 1 to 2.



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Hithadhoo Port Limited (the “Company”) is a Company incorporated and domiciled in the Republic of Maldives as a limited liability company since 12th July 2009 under the Companies Act No. 10 of 1996 with its registered office at Ministry of Finance and Treasury, Ameen Magu, Male’ 20379, Republic of Maldives. The Company is 100% owned by the Government of Maldives and is domiciled in the Maldives.

The main businesses of the Company are to provide of harbour facilities, storage, supplies and repair and maintenance services to ships and other ocean going vessels.

2 BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Company’s financial statements is included in the respective notes.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company during the year.

3.1 Transactions in Foreign Currencies

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



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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Transactions in Foreign Currencies (Continued)

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

3.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative)

- Receivables
- Cash and cash equivalents

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses. Receivables comprise trade and other receivables and amount due from related parties.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

(ii) Financial liabilities (Non-derivative)

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.



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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Financial liabilities (Non-derivative) (Continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has trade and other payables and amount due to related party as non-derivative financial liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) 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.

3.3 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.



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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, Plant and Equipment (Continued)

(iii) Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Port Infrastructure and Buildings	Over 25 years
Vehicles and Vessels	Over 8 years
Furniture and Office equipment	Over 5 years
Machinery and Tools	Over 3 - 4 years
Kitchen Equipments	Over 3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month in which the property, plant and equipment is ready for use.

3.4 Impairment

(i) Financial Assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.



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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment (Continued)

(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 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.

3.5 Employee 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.

3.6 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.

3.7 Revenue

Significant categories of revenue comprise services rendered such as stevedoring, handling, wharfage, port dues, tug boat hire and equipment hire income. Revenue is recognized when such services are rendered. Revenue from berthing fees and demurrage income is recognized on accrual basis.

3.8 Expenses

All expenses incurred in running the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year.

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



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

4 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Financial liabilities (Non-derivative)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2013. None of these is expected to have a significant effect on the financial statements of the Company.

Title	Effective Date	Description	Expected adoption date and impact on the Company
IFRS 9 "Financial Instruments"	Annual period beginning on or after 1 st January 2018.	This IFRS requires that entity classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.	The Company will not early adopt this standard. The adoption of this standard is not expected to have a significant impact on the Company's assets and liabilities.
IAS 32 "Financial Instruments: Presentation"	Annual periods beginning on or after 1 st January 2014.	Amendments to this IFRS clarify the offsetting criteria by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.	The Company will not early adopt new amendment to this standard. The adoption of this standard is not expected to have a significant impact on the Company's assets and liabilities.



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

6 REVENUE	2012 MRf.	2011 MRf.
Handling Income	1,379,510	6,933,659
Stevedoring	2,653,432	11,353,134
Wharfage	902,296	4,783,201
Anchoring Charges	11,880	16,680
Entry Permits	8,510	26,874
Demurage	486,337	1,228,723
Equipment Hire Charges	1,211,277	1,416,935
Cargo Gear Hire Charges	4,222	14,535
Towage Income	15,000	-
Tug Hire Charges	33,475	153,251
Berthing	41,456	432,339
Others	86,966	68,379
	<u>6,834,361</u>	<u>26,427,710</u>
7 OTHER OPERATING INCOME	2012 MRf.	2011 MRf.
Fuel Surcharges	124,061	435,167
Non Operational Income	57,635	418,167
Miscellaneous Income	18,830	7,769
Reversal of Provision for Impairment of Trade Receivables	946,392	-
	<u>1,146,918</u>	<u>861,103</u>
8 PERSONNEL COSTS	2012 MRf.	2011 MRf.
Salaries and Wages	3,266,828	2,889,586
Directors Allowance	897,141	1,078,000
Overtime	507,858	974,451
Daily Allowances	23,130	149,880
Special Allowances	220,208	700,745
Long Service and Allowance	39,936	36,517
Hardship Allowance	1,605,330	-
Risk Allowance	339,240	-
Uniform Allowance	49,050	-
Food Allowance	95,310	547,290
Laundry Allowance	57,577	36,017
Flag Allowance	186	1,095
Ramazan Allowance	153,280	156,660
Transport Allowance	26,213	306,448
Provident Fund Contribution	234,027	157,617
Food Expenses	870	37,750
Staff Medical Charges	5,474	-
Uniforms	59,380	288,122
Staff Insurance	444,559	141,019
Staff Training	152,685	21,547
	<u>8,178,282</u>	<u>7,522,744</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

9 OPERATING COSTS

	2012	2011
	MRf.	MRf.
Telephone	100,094	57,632
Electricity	608,640	318,339
Audit Fees	92,520	51,000
Fuel Expenses	272,598	1,180,488
Postage	648	1,268
Printing and Stationery	57,909	51,439
Office Maintenance	63,546	157,857
License and Fee	43,760	53,045
Traveling and Conference	57,574	186,582
Hire Charges	9,335	3,893,760
Sub Contract - Stevedoring	200,817	2,196,762
Periodicals, Books and News Papers	-	10,055
Insurance	27,091	298,003
Cargo Gears	-	51,530
Meeting Expenses	1,774	24,929
Other Charges	150	-
Picnic Expense	2,250	-
Pilotage	2,004	-
Boat Charge	600	-
Consultant Fee	35,000	-
Bank Charges	14,438	39,201
Repair and Maintenance - Port Infrastructure	317,868	330,351
Repair and Maintenance - Office Equipment and Others	112,110	87,153
Repair and Maintenance - Vehicles and Vessels	642,386	1,759,319
Overtime Stevedoring	3,038	-
Fine Charges	2,598	2,868
Advertisement	-	33,552
Meals and Entertainment	43,279	100,556
Winch Operations	-	46,006
Provision for Impairment Loss on Trade Receivables	-	2,328,576
Provision for Impairment Loss on Amounts due from Related Parties	269,068	1,158,692
Miscellaneous Expense	340	195,881
GST Charges	60,079	48,360
	<u>3,041,514</u>	<u>14,663,204</u>

10 TAX EXPENSE

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 and subsequent amendments and, relevant regulations, the Company is liable for Business Profit Tax at the rate of 15% on its taxable profits.



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

11 PROPERTY, PLANT AND EQUIPMENT

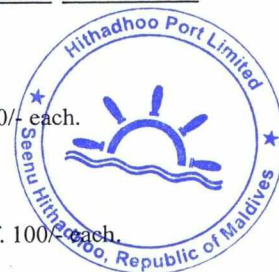
	Port Infrastructure and Buildings MRf.	Vehicles and Vessels MRf.	Furniture and Office Equipment MRf.	Machinery, Equipment and Tools MRf.	Kitchen Equipment MRf.	Total 2012 MRf.	Total 2011 MRf.
Cost							
As at 1st January	82,314,962	36,739,383	1,525,673	576,547	7,055	121,163,620	28,100
Transferred during the year	-	-	-	-	-	-	120,520,052
Additions during the year	-	-	778,627	6,513	31,750	816,890	615,467
As at 31st December	82,314,962	36,739,383	2,304,300	583,060	38,805	121,980,510	121,163,620
Accumulated Depreciation							
As at 1st January	19,732,861	15,302,002	1,040,546	504,928	5,090	36,585,427	-
Transferred during the year	-	-	-	-	-	-	28,576,200
Charge for the year	3,292,599	4,567,195	253,875	58,310	9,100	8,181,079	8,009,227
As at 31st December	23,025,460	19,869,197	1,294,421	563,238	14,190	44,766,506	36,585,427
Net Carrying Value							
As at 31st December 2012	59,289,502	16,870,186	1,009,879	19,822	24,615	77,214,004	
As at 31st December 2011	62,582,101	21,437,381	485,127	71,619		84,578,193	



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

12	TRADE AND OTHER RECEIVABLES	31/12/2012 MRf.	31/12/2011 MRf.
	Trade Receivables	1,602,311	2,987,684
	Other Receivables	1,929	1,783
	Prepayments	64,747	450,147
		<u>1,668,987</u>	<u>3,439,614</u>
	Provision for Impairment Loss on Trade Receivables	<u>(1,382,184)</u>	<u>(2,328,576)</u>
		<u>286,803</u>	<u>1,111,038</u>
13	AMOUNTS DUE FROM RELATED PARTIES	31/12/2012 MRf.	31/12/2011 MRf.
	Fuel Supplies Maldives Limited	11,628	11,628
	Maldives National Shipping Limited	210,187	210,187
	Maldives National Disaster Management Centre	20,188	20,188
	Maldives Transport & Contracting Company PLC	705,465	783,086
	Ministry of Defence & National Security	280,121	308,227
	State Trade Organization	184,202	2,244,529
	Sothorn Utilities Limited	73,026	49,021
	Maldives Ports Ltd	5,426	-
		<u>1,490,243</u>	<u>3,664,346</u>
	Provision for Impairment Loss on Amounts due from Related Parties	<u>(1,427,761)</u>	<u>(1,158,692)</u>
		<u>62,482</u>	<u>2,505,654</u>
13.1	Provision for Impairment Loss on Amounts due from Related Parties		
	As at 1st January	1,158,692	1,158,692
	Provision made during the year	269,069	-
	As at 31st December	<u>1,427,761</u>	<u>1,158,692</u>
14	CASH AND CASH EQUIVALENTS	31/12/2012 MRf.	31/12/2011 MRf.
	Cash in hand	133,806	120,909
	Balances with Banks	1,130,444	4,329,012
		<u>1,264,250</u>	<u>4,449,921</u>
15	SHARE CAPITAL		
15.1	Authorized		
	The authorized share capital comprises of 2,500,000 (2011 : 2,500,000) ordinary shares of MRf. 100/- each.		
15.2	Issued and Fully Paid		
	The issued and fully paid up share capital comprises of 2,500 (2011 : 2,500) ordinary shares of MRf. 100/- each.		
15.3	Dividend 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.		
16	Opening Balance Equity		
	The Company has recorded MRf. 91,947,352/- as opening equity balance which comprises the net book value of property plant and equipment of MRf. 91,943,852/- and cash in hand balance of MRf. 3,500/- transferred from HRP as at 1 st January 2011.		



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

17 TRADE AND OTHER PAYABLES	31/12/2012	31/12/2011
	MRf.	MRf.
Trade Payables	306,415	912,280
Payable to Hithadhoo Regional Port	560,596	560,596
Other Payables	68,245	63,245
Accruals	211,261	101,448
	<u>1,146,517</u>	<u>1,637,569</u>
18 AMOUNTS DUE TO RELATED PARTIES	31/12/2012	31/12/2011
	MRf.	MRf.
Maldives Transport & Contracting Company PLC	-	377,071
State Trading Organization PLC	-	1,492,068
	<u>-</u>	<u>1,906,619</u>

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) Risk management framework

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

(iii) Credit Risk

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

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

	Carrying Amount	
	31/12/2012	31/12/2011
	MRf	MRf
Trade and Other Receivables	1,604,240	2,989,467
Amounts Due from Related Parties	1,490,243	3,664,346
Balances with banks	1,130,444	4,329,012
	<u>4,224,927</u>	<u>10,982,825</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(iii) Credit Risk (Continued)

Impairment Losses

	31/12/2012		31/12/2011	
	Gross MRf	Impairment MRf	Gross MRf	Impairment MRf
The aging of trade and other receivables and amounts due from related parties at the reporting date was:				
Not Past Due	5,529	-	-	-
Past Due 0-30 days	1,929	-	837,924	-
Past Due 31-60 days	(1,773)	-	25,110	-
Past Due 61-180 days	37,205	-	1,236,121	-
More than 180 days	3,051,594	2,809,945	4,554,658	3,487,268
Total	<u>3,094,483</u>	<u>2,809,945</u>	<u>6,653,813</u>	<u>3,487,268</u>

The Company believes that the outstanding are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, no further provision for impairment is necessary in respect of trade and other receivables and amount due from related parties.

(iv) 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.

31st December 2012	Carrying Amount MRf	0-12 Months MRf
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	1,146,517	1,146,517
	<u>1,146,517</u>	<u>1,146,517</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (Countinued)

31st December 2011

Financial Liabilities (Non- Derivative)

	Carrying Amount MRf	0-12 Months MRf
Trade and Other Payables	1,637,569	1,637,569
Amount due to Related Parties	1,906,619	1,906,619
	<u>3,544,188</u>	<u>3,544,188</u>

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

(v) 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 optimising the return.

(a) Interest Rate Risk

There are no interest bearing borrowing or lending by the Company. Hence, the Company does not face any interest rate risk as at the reporting date.

(b) Currency risk

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

	31/12/2012 US\$	31/12/2011 US\$
Cash and Cash Equivalents	43,802	31,377
Trade and Other Receivables	31,481	45,750
	<u>75,283</u>	<u>77,127</u>

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
US\$ 1 : MRf	<u>15.42</u>	<u>14.56</u>	<u>15.42</u>	<u>15.42</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2012

20 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the reporting date.

21 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since reporting date which require or disclosure in the financial statements.

22 CONTINGENT LIABILITIES

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

23 DIRECTORS RESPONSIBILITY

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

24 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2012 MRf.	Amount 2011 MRf.	Balance as at 31/12/2012 MRf.	Balance as at 31/12/2011 MRf.
Fuel Supplies Maldives Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	30,000 (12,000) (6,372)	- - 11,628	- - 11,628
Maldives National Shipping Limited	Common Ownership of Government of the Republic of Maldives	Sales Settlements	- -	569,701 (359,514)	- 210,187	- 210,187
Maldives National Disaster Management Centre	Common Ownership of Government of the Republic of Maldives	Sales Settlements	- -	20,188 -	- 20,188	- 20,188
Maldives Transport & Contracting Company	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	299,450 - -	783,086 (605,611) 228,540	705,465 - -	783,086 (377,071) -
Ministry of Defence & National Security	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - (28,106)	308,227 - -	- 280,121 -	- 308,227 -
State Trade Organization	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - (568,259)	2,244,529 (1,492,068) -	184,202 - -	2,244,529 (1,492,068) -
Sothorn Utilities Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	24,005 - -	95,652 - -	65,826 - -	49,021 - -
Ministry of Finance & Treasury	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	1,062,244 (1,062,244) -	- - -	- - -
Maldives Ports Ltd	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	5,426 - -	- - -	5,426 - -	- - -

24.1 Transactions with Key Management Personnel

The Board of Directors of the Company are the members of key management personnel. The Company has paid an amount of MRf. 897,141/- as remuneration to the key management personnel during the year ended 31st December 2012. (2011:MRf. 1,078,000/-)

