



Dhivehin – Always Maldivian, Forever Independent

Report No.: FIN-2015-68(E)

19 August 2015

Hithadhoo Port Limited

FINANCIAL YEAR 2013



Contents

Auditor General's Report	
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash flows	6
Notes to the Financial Statements.....	7



AUDITOR GENERAL'S OFFICE
Malé, Republic of Maldives

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF HITHADHOO PORT LIMITED

Introduction

1. We have audited the accompanying financial statements of Hithadhoo Port Limited (the "Company"), which comprise the Statement of Financial Position as at 31 December 2013, and the Statement of Comprehensive Income, Changes in Equity and Cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information exhibited on page 3 to 20.

Management's Responsibility for the Financial Statements

2. 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

3. 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

4. Accumulated losses include an amount of MRf 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 2013.



Basis for Qualified Opinion (Continued)

5. As per the Memorandum of Association dated 22nd April 2009, 500,000 shares of MRf. 100/- each have been issued to the Government of Maldives ("GoM"). However, the Company has recorded only MRf. 250,000/- as its share capital as at 31st December 2013.
6. 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 MRf. 91,943,852/- as at 1st January 2011. Further above balances have been used as the opening balance for the year ended 31st December 2013.
7. 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 1st January 2011. However, we were unable to determine the correct accounting treatment and classification in the financial statements in the absence of sufficient and appropriate audit evidence.
8. 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 2013. 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 2013.
9. As disclosed in Note 17 to the financial statements, the Company has recorded an amount of MRf. 560,596/- as payable to HRP as at 31st December 2013 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 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

19th August 2015



Hassan Ziyath
Auditor General



HITHADHOO PORT LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013 MRf.	2012 MRf.
Revenue	6	6,341,985	6,834,361
Other Operating Income	7	<u>200,002</u>	<u>1,146,918</u>
		6,541,987	7,981,279
Personnel Costs	8	(6,595,716)	(8,178,282)
Operating Costs	9	(1,897,946)	(3,041,514)
Depreciation		<u>(8,231,548)</u>	<u>(8,181,079)</u>
Resulting from Operating Activities		(10,183,223)	(11,419,596)
Finance Income		<u>4,647</u>	<u>-</u>
Loss Before Tax		(10,178,576)	(11,419,596)
Tax Expense	10	-	-
Loss After Tax		<u><u>(10,178,576)</u></u>	<u><u>(11,419,596)</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 2013

	Note	2013 MRf.	2012 MRf.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	68,996,908	77,214,004
Total Non-Current Assets		<u>68,996,908</u>	<u>77,214,004</u>
Current Assets			
Trade and Other Receivables	12	139,587	286,803
Amounts Due from Related Parties	13	-	62,482
Cash and Cash Equivalents	14	182,758	1,264,250
Total Current Assets		<u>322,345</u>	<u>1,613,535</u>
Total Assets		<u><u>69,319,253</u></u>	<u><u>78,827,539</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		(24,694,906)	(14,516,330)
Total Equity		<u>67,502,446</u>	<u>77,681,022</u>
Current Liabilities			
Trade and Other Payables	17	1,157,196	1,146,517
Amount due to Related Parties	18	659,611	-
Total Current Liabilities		<u>1,816,807</u>	<u>1,146,517</u>
Total Equity and Liabilities		<u><u>69,319,253</u></u>	<u><u>78,827,539</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

..... 



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

	Opening Balance Equity MRf.	Share Capital MRf.	Accumulated Losses MRf.	Total MRf.
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	91,947,352	250,000	(14,516,330)	77,681,022
As at 1st January 2013	91,947,352	250,000	(14,516,330)	77,681,022
Loss for the year	-	-	(10,178,576)	(10,178,576)
As at 31st December 2013	91,947,352	250,000	(24,694,906)	67,502,446

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 2013

	Note	2013 MRf.	2012 MRf.
Cash Flows From Operating Activities			
Loss Before Tax		(10,178,576)	(11,419,596)
<i>Adjustments for:</i>			
Depreciation	11	8,231,548	8,181,079
Provision for Impairment Loss of Related Party Receivables	13.1	62,482	269,068
Provision for Impairment Loss of Trade and Other Receivables	12.1	209,843	-
Reversal of Provision for Impairment of Trade Receivables		-	(946,392)
Operating Loss before working capital changes		<u>(1,674,703)</u>	<u>(3,915,841)</u>
Changes In Working Capital			
Change in Trade and Other Receivables		(62,627)	1,770,627
Change in Trade and Other Payables		10,679	(491,052)
Change in Amounts Due to Related Party		659,611	(1,906,619)
Change in Amount Due from Related Parties		-	2,174,104
Net Cash from Operating Activities		<u>(1,067,040)</u>	<u>(2,368,781)</u>
Cash Flows from Investing Activities			
Purchase and Construction of Property, Plant and Equipment	11	<u>(14,452)</u>	<u>(816,890)</u>
Net Cash Used in Investing Activities		<u>(14,452)</u>	<u>(816,890)</u>
Net Decrease in Cash and Cash Equivalents		(1,081,492)	(3,185,671)
Cash and Cash Equivalents at the beginning of the Year		1,264,250	4,449,921
Cash and Cash Equivalents at the end of the year	14	<u>182,758</u>	<u>1,264,250</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 fully owned by the Government of Maldives.

The main businesses of the Company are to provide 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 when 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 2014 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

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 amortised 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. This Standard would not have a significant impact on company's financial statements.
Amendment to IAS 32	Annual periods on or after 1st January 2014	The amendments to IAS 32 to clarify the requirement for offsetting financial instruments.	The Company will not early adopt new amendment to this standard.



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

6 REVENUE	2013 MRf.	2012 MRf.
Handling Income	1,269,220	1,379,510
Stevedoring	2,843,157	2,653,432
Wharfage	836,882	902,296
Anchoring Charges	27,770	11,880
Entry Permits	8,558	8,510
Demurage	151,406	486,337
Equipment Hire Charges	1,072,684	1,211,277
Cargo Gear Hire Charges	3,092	4,222
Towage Income	1,275	15,000
Tug Hire Charges	34,380	33,475
Berthing	45,081	41,456
Others	48,480	86,966
	<u>6,341,985</u>	<u>6,834,361</u>
7 OTHER OPERATING INCOME	2013 MRf.	2012 MRf.
Fuel Surcharges	121,492	124,061
Miscellaneous Income	1,550	76,465
Reversal of Provision for Impairment of Trade Receivables	-	946,392
Recovery of Bad Debts	76,960	-
	<u>200,002</u>	<u>1,146,918</u>
8 PERSONNEL COSTS	2013 MRf.	2012 MRf.
Salaries and Wages	3,254,556	3,266,828
Directors Allowance	40,000	897,141
Overtime	417,008	507,858
Staff Allowances	2,655,429	2,609,460
Provident Fund Contribution	228,723	234,027
Food Expenses	-	870
Staff Medical Charges	-	5,474
Uniforms	-	59,380
Staff Insurance	-	444,559
Staff Training	-	152,685
	<u>6,595,716</u>	<u>8,178,282</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

9 OPERATING COSTS

	2013	2012
	MRf.	MRf.
Telephone	113,115	100,094
Electricity	586,207	608,640
Audit Fees	107,940	92,520
Fuel Expenses	218,587	272,598
Printing and Stationery	20,760	58,557
Repair and Maintenance	166,979	1,135,910
License and Fee	67,750	43,760
Traveling and Conference	22,512	57,574
Hire Charges	6,428	9,335
Sub Contract - Stevedoring	185,911	203,855
Meeting Expenses	60	1,774
Bank Charges	24,231	14,438
Meals and Entertainment	6,169	43,279
Provision for Impairment Loss on Receivables	349,285	269,068
Other Expense	472	70,033
GST Charges	21,540	60,079
	<u>1,897,946</u>	<u>3,041,514</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 2013

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 2013 MRf.	Total 2012 MRf.
Cost							
As at 1st January	82,314,962	36,739,383	2,304,300	583,060	38,805	121,980,510	121,163,620
Additions during the year	-	-	249	11,879	2,324	14,452	816,890
As at 31st December	82,314,962	36,739,383	2,304,549	594,939	41,129	121,994,962	121,980,510
Accumulated Depreciation							
As at 1st January	23,025,460	19,869,197	1,294,421	563,238	14,190	44,766,506	36,585,427
Charge for the year	3,292,335	4,624,162	293,316	10,366	11,369	8,231,548	8,181,079
As at 31st December	26,317,795	24,493,359	1,587,737	573,604	25,559	52,998,054	44,766,506
Net Carrying Value							
As at 31st December 2013	55,997,167	12,246,024	716,812	21,335	15,570	68,996,908	
As at 31st December 2012	59,289,502	16,870,186	1,009,879	19,822	24,615		77,214,004



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

12	TRADE AND OTHER RECEIVABLES	31/12/2013	31/12/2012
		MRf.	MRf.
	Trade Receivables	1,664,938	1,602,311
	Other Receivables	1,929	1,929
	Prepayments	64,747	64,747
		<u>1,731,614</u>	<u>1,668,987</u>
	Provision for Impairment Loss on Trade Receivables	<u>(1,592,027)</u>	<u>(1,382,184)</u>
		<u>139,587</u>	<u>286,803</u>
12.1	Provision for Impairment Loss on Trade and Other Receivables		
	As at 1st January	1,382,184	-
	Provision made during the year	209,843	1,382,184
	As at 31st December	<u>1,592,027</u>	<u>1,382,184</u>
13	AMOUNTS DUE FROM RELATED PARTIES	31/12/2013	31/12/2012
		MRf.	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	705,465
	Ministry of Defence & National Security	280,121	280,121
	State Trade Organization	184,202	184,202
	Sothorn Utilities Limited	73,026	73,026
	Maldives Ports Ltd	5,426	5,426
		<u>1,490,243</u>	<u>1,490,243</u>
	Provision for Impairment Loss on Amounts due from Related Parties	<u>(1,490,243)</u>	<u>(1,427,761)</u>
		<u>-</u>	<u>62,482</u>
13.1	Provision for Impairment Loss on Amounts due from Related Parties		
	As at 1st January	1,427,761	1,158,692
	Provision made during the year	62,482	269,069
	As at 31st December	<u>1,490,243</u>	<u>1,427,761</u>
14	CASH AND CASH EQUIVALENTS	31/12/2013	31/12/2012
		MRf.	MRf.
	Cash in hand	29,472	133,806
	Balances with Banks	153,286	1,130,444
		<u>182,758</u>	<u>1,264,250</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

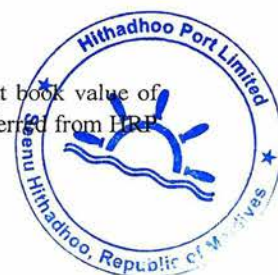
The issued and fully paid up share capital comprises of 2,500 (2011 : 2,500) ordinary shares of MRf. 100/- each.

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 HPRF as at 1st January 2011.



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

17 TRADE AND OTHER PAYABLES

	31/12/2013	31/12/2012
	MRf.	MRf.
Trade Payables	252,786	306,415
Payable to Hithadhoo Regional Port	560,596	560,596
Other Payables	92,354	68,245
Accruals	251,460	211,261
	<u>1,157,196</u>	<u>1,146,517</u>

18 AMOUNTS DUE TO RELATED PARTY

	31/12/2013	31/12/2012
	MRf.	MRf.
Maldives Port Limited	659,611	-
	<u>659,611</u>	<u>-</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	
	31/12/2013	31/12/2012
	MRf	MRf
Trade and Other Receivables	1,666,867	1,604,240
Amounts Due from Related Parties	1,490,243	1,490,243
Balances with banks	153,286	1,130,444
	<u>3,310,396</u>	<u>4,224,927</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(iii) Credit Risk (Continued)

Impairment Losses

	31/12/2013		31/12/2012	
	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	12,077	-	5,529	-
Past Due 0-30 days	380	-	1,929	-
Past Due 31-60 days	-	-	-	-
Past Due 61-180 days	-	-	35,431	-
More than 180 days	3,144,653	3,082,270	3,051,594	2,809,945
Total	3,157,110	3,082,270	3,094,483	2,809,945

The Company believes that the outstanding balances 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 2013

	Carrying Amount MRf	0-12 Months MRf
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	1,157,196	1,157,196
Amount due to Related Parties	659,611	659,611
	1,816,807	1,816,807



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

FOR THE YEAR ENDED 31ST DECEMBER 2013

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (Continued)

31st December 2012

Carrying Amount MRf	0-12 Months MRf
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Financial Liabilities (Non- Derivative)

Trade and Other Payables	1,146,517	1,146,517
	<u>1,146,517</u>	<u>1,146,517</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:

	31/12/2013 US\$	31/12/2012 US\$
Cash and Cash Equivalents	47,863	43,802
Trade and Other Receivables	107,973	31,481
	<u>155,836</u>	<u>75,283</u>

The following significant exchange rate applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2013	2012	31/12/2013	31/12/2012
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 2013

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

24 COMPARATIVE FIGURES

Comparative figures have been reclassified wherever appropriate to confirm with the current year presentation.

25 RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2013 MRf.	Amount 2012 MRf.	Balance as at 31/12/2013 MRf.	Balance as at 31/12/2012 MRf.
Fuel Supplies Maldives Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	- - -	- - 11,628	- - 11,628
Maldives National Shipping Limited	Common Ownership of Government of the Republic of Maldives	Sales Settlements	- -	- -	- 210,187	- 210,187
Maldives National Disaster Management Centre	Common Ownership of Government of the Republic of Maldives	Sales Settlements	- -	- -	- 20,188	- 20,188
Maldives Transport & Contracting Company	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	299,450 - -	705,465 - -	705,465 - -
Ministry of Defence & National Security	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	- - (28,106)	- 280,121 -	- 280,121 -
State Trade Organization	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	- - (568,259)	184,202 - -	184,202 - -
Sothorn Utilities Limited	Common Ownership of Government of the Republic of Maldives	Sales Purchases Settlements	- - -	24,005 - -	73,026 - -	73,026 - -
Maldives Ports Ltd	Common Ownership of Government of the Republic of Maldives	Sales Purchases Borrowings	- - 659,611	5,426 - 5,426	(659,611) 5,426 -	- 5,426 -

25.1 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. 40,000/- as remuneration to the key management personnel during during the year ended 31st December 2013. (2012 : MRf. 897,141/-)

