Report No: FIN-2022-14(E)

10 February 2022

FENAKA CORPORATION LIMITED
FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

Contents

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF FENAKA CORPORATION LIMITED

Qualified Opinion

We have audited the financial statements of Fenaka Corporation Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 42.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section in our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. On 7 January 2013, the Company had entered into agreements with six utility companies to transfer the custody, control and possession of assets of those six utility companies to the Company. According to the section 3(d) of the agreement, "a valuation of all the assets in the revised asset register must be completed and submitted to the Ministry of Finance and Treasury within 3 months of the completion of the verification process". The Company has carried out a valuation as at 30 June 2019, with the final report dated in December 2020. A gain on revaluation has been recognized as an addition to the Share Capital during the year ended 31 December 2019. As a result, the Company has recognized revaluation gains associated with the assets acquisition subsequent to the merger, i.e. between 7 January 2013 to December 2020, in the Share Capital. Therefore, we were unable to verify the completeness, existence and accuracy of both opening and closing balances of Share Capital as at 31 December 2020, unrecognized revaluation gains/losses related to assets acquired after 7 January 2013 and its related deferred tax impact.

2. The Company has been using the assets developed by the Ministry of Environment and Energy relating to sewerage and water systems to provide related services to the communities based in the islands where the Company has established its power stations to generate and distribute electricity to the community. The income derived from the supply of water has been recognized as part of Company's financial statements. However, the related assets and the depreciation expense have not been recorded in the Company's books of accounts to date.

3. As explained in Note 11 to the financial statement, the Company has recorded property plant and equipment at fair value. The fair value of such property was determined by an external independent valuer using desktop valuation method for the purpose of assessing the fair value as at 30th June 2019. However, the Company has not been able to provide sufficient appropriate evidence to validate the following assumptions used for the valuation.

Basis for Qualified Opinion (Continued)

- For assets where no data available and/or insufficient data provided by the Company, values of such assets were considered as 1 MVR.
- For assets where the date of construction/ date of acquisition was not available and therefore assumed as 31 December 2012.

Accordingly, we were unable to determine whether any adjustment relating to the carrying value of property, plant and equipment was necessary in the financial statements for the year ended 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Maldives, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Emphasis of matter – Restatement of comparative balances

We draw attention to Note 29 of the financial statements, which describes restatement of comparative balances in these financial statements. Our opinion is not modified in respect of this matter

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors ("the Board") is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

05th February 2022

Hussain Niyazy
Auditor General

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Note	2020 MVR	2019 MVR (Restated)*
Revenue	6	1,703,114,363	1,404,193,509
Cost of sales		(923,566,069)	(773,949,464)
Gross profit		**779,548,294**	**630,244,045**
Other income	7	3,738,339	6,705,684
Administration expenses		(683,218,145)	(593,969,716)
Selling and distribution expenses		(809,109)	(199,025)
Allowance for impairment loss on trade receivables	15.1	(34,538,544)	(22,029,771)
Profit from operations		64,720,835	20,751,217
Finance costs	8	(3,197,444)	(5,557,971)
Profit before tax	9	61,523,391	15,193,246
Tax credit / (expense)	10	4,092,320	(10,014,370)
Profit (total comprehensive income) for the year		65,615,711	5,178,876
Items that will not be reclassified to profir and loss			
Remeasurement of defined benefit liability - net of tax	20	(481,798)	(1,186,362)
Other comprehensive income for the year - net of tax		(481,798)	(1,186,362)
Total comprehensive income for the year		65,133,913	3,992,514

*Comparative information has been restated on account of correction of errors. See note 29.

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 42.

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION

AS AT	Note	31/12/2020 MVR	31/12/2019 MVR (Restated)*	1/1/2019 MVR (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	11	2,560,260,222	2,438,667,848	742,190,724
Intangible asset	12	964,893	3,298,868	2,697,349
Right of use asset	13	26,250,146	33,004,041	-
Total Non-Current Assets		2,587,475,261	2,474,970,757	744,888,073
Current assets				
Inventories	14	449,055,191	310,935,662	173,293,185
Trade and other receivables	15	318,431,951	212,959,187	277,130,554
Cash and cash equivalents	16	8,454,286	5,633,229	38,776,485
Total Current Assets		775,941,428	529,528,078	489,200,224
Total Assets		3,363,416,689	3,004,498,835	1,234,088,297
EQUITY AND LIABILITIES				
Equity				
Share capital	17	2,507,592,102	2,507,592,102	538,848,934
Accumulated losses		(418,975,321)	(484,109,234)	(488,101,748)
Total Equity		2,088,616,781	2,023,482,868	50,747,186
Non-Current Liabilities				
Interest bearing loans and borrowings	18.2	22,697,584	41,447,584	102,291,667
Lease liabilities	19.2	20,819,780	27,514,716	-
Deferred income		-	-	372,649,692
Employee defined benefit liabilities	20	27,677,629	23,810,917	19,795,277
Deferred tax liability	10.4	5,627,669	9,805,012	-
Total Non-Current Liabilities		76,822,662	102,578,229	494,736,636
Current Liabilities				
Employee defined benefit liabilities	20	2,631,076	2,432,387	2,311,752
Interest bearing loans and borrowings	18.3	110,644,403	95,447,090	58,750,000
Lease liabilities	19.1	7,873,830	7,459,773	-
Trade and other payables	21	1,076,827,937	773,098,488	627,542,723
Total Current Liabilities		1,197,977,246	878,437,738	688,604,475
Total Liabilities		1,274,799,908	981,015,967	1,183,341,111
Total Equity and Liabilities		3,363,416,689	3,004,498,835	1,234,088,297

*Comparative information has been restated on account of correction of errors. See note 29.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 42.

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

Name of the Director	Signature
Ahmed Saeed Mohamed	....
Mohamed Rasheed	....

05 February 2022

AUDITOR GENERAL'S OFFICE

FENAKA CORPORATION LIMITED
FENAKA CORPORATION LIMITED
Reg.No: C-462/2012

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Accumulated loss	Total
	MVR	MVR	MVR
As at 1 January 2019, As previously reported	538,848,934	(453,110,729)	85,738,205
Impact due to error correction **(Note 29.1)**	-	(34,991,019)	(34,991,019)
Restated balance as at 1 January 2019	538,848,934	(488,101,748)	50,747,186
Comprehensive income for the Year			
Restated profit for the year	-	5,178,876	5,178,876
Other comprehensive income for the year- net of tax	-	(1,186,362)	(1,186,362)
Transactions with owners of the Company			
Adjustment to Share Capital **(Note 17)**	1,968,743,168	-	1,968,743,168
Restated balance as at 31 December 2019	2,507,592,102	(484,109,234)	2,023,482,868
Restated balance as at 1 January 2020	2,507,592,102	(484,109,234)	2,023,482,868
Comprehensive income for the Year			
Profit for the year	-	65,615,711	65,615,711
Other comprehensive income for the year- net of tax	-	(481,798)	(481,798)
As at 31 December 2020	2,507,592,102	(418,975,321)	2,088,616,781

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 42.

AUDITOR GENERAL'S OFFICE

FENAKA CORPORATION LIMITED
FENAKA CORPORATION LIMITED Reg No: C-452/2012

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER	**Note**	**2020 MVR**	**2019 MVR**
Cash Flows from Operating Activities			
Profit before tax		61,523,391	15,193,246
Adjustments for:			
Depreciation on property plant and equipment	**11**	178,986,821	136,693,631
Amortization of intangible assets	**12**	2,983,468	1,697,604
Depreciation on right of use assets	**13**	7,471,890	7,345,226
Interest on interest bearing loans and borrowings	**8**	1,686,070	3,722,970
Interest expense on lease liabilities	**8**	1,511,374	1,834,776
Allowance for impairment loss of trade receivables	**15.1**	34,538,544	22,029,771
Impairment allowance written off during the year	**15.1**	1,883,102	-
Current service cost and interest expense of retirement benefit obligation	**20**	3,933,747	3,465,916
Operating profit before working capital changes		294,518,407	191,983,140
Changes in working capital;			
Inventories		(138,119,529)	(137,642,477)
Trade and other receivables		(141,894,410)	42,141,596
Trade and other payables		303,729,449	119,450,334
Cash flows from operating activities		318,233,917	215,932,593
Interest paid		(1,905,423)	(1,817,547)
Gratuity paid	**20**	(435,167)	(725,361)
Net cash flows from operating activities		315,893,327	213,389,685
Investing activities			
Acquisition of property, plant and equipment	**11**	(190,341,332)	(120,581,418)
Acquisition of intangible assets	**12**	(649,493)	(2,299,123)
Cost incurred on construction of capital work-in-progress	**11**	(110,237,863)	(90,390,431)
Net cash flows used in investing activities		(301,228,688)	(213,270,972)
Financing activities			
Repayment of loans	**18**	(3,333,334)	(26,052,416)
Lease payments	**19**	(8,510,248)	(7,209,554)
Net cash flows used in financing activities		(11,843,582)	(33,261,970)
Net Increase / (Decrease) in Cash and Cash Equivalents		2,821,057	(33,143,256)
Cash and Cash Equivalents at Beginning of the Year		5,633,229	38,776,485
Cash and Cash Equivalents at end of the Year	**16**	8,454,286	5,633,229

The figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 8 to 42.

FENAKA CORPORATION LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Fenaka Corporation Limited is a Company incorporated and domiciled in the Republic of Maldives, which is fully owned by the Government of Maldives as a limited liability company since 01 August 2012 under the Companies Act No.10 of 1996 with its registered office at Ministry of Finance and Treasury, Ameenee Magu, Male`, Republic of Maldives.

Principal business activities of the Company include supply of electricity, water and sewerage services in the Maldives except in Greater Male' region.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(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 prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised 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 to all periods presented in these financial statements and have been applied consistently by the Company.

3.1 Transactions in foreign currencies

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

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

3.2 Financial instruments

(i) Classification and subsequent measurement

Financial assets

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

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

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

Financial assets- Business model assessment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial assets- Business model assessment (Continued)

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

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

AUDITOR GENERAL'S OFFICE

FENAKA CORPORATION LIMITED
Reg No: C-462/2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(i) Classification and subsequent measurement (Continued)

Financial Assets- Business model assessment (Continued)

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

(ii) De-recognition

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (Continued)

(ii) De-recognition (Continued)

Financial liabilities

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

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

3.3 Impairment

(i) Financial assets (Including receivables)

The Company recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. ECLs are probability- weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non-financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Share capital

Ordinary shares

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

3.5 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Building	Over 20 years
Distribution equipment	Over 12 years
Generation equipment	Over 10 years
Fuel storage facilities	Over 14 years
Machinery and equipment	Over 10 years
Tools and equipment	Over 7 years
Motor vehicles and vessels	Over 7 years
Furniture and fittings and communication equipment	Over 7 years
Computer and office equipment	Over 5 years
Water and sewage system	Over 10 years
Environmental survey	Over 7 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

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

3.6 Capital Work in Progress

Assets under construction as at the reporting date represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the reporting date.

3.7 Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives are as follows:

Computer Software	Over 3 years

3.8 Inventories

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

The value of each category of Inventory is determined on weighted average cost (WAC) basis.

3.9 Employee benefits

(a) Defined contribution plans

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (Continued)

(b) Defined benefit plans

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

(c) Short-term benefits

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

3.10 Cash and cash equivalents

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

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

3.11 Borrowing costs

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

3.12 Dividends

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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.

3.14 Revenue

Performance obligations and revenue recognition policies

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

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

Rendering of services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Provision of Service

Revenue from electricity fees, water distribution fees, installation, repairs and connection fees are recognized at the time of provision of services.

Sale of goods

Revenue from the sale of electrical equipment, water distribution equipment is recognized in the income statement when significant risks and rewards of the ownership have been transferred to the buyer.

Other income

Other income is recognized on an accrual basis.

Interest

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue (Continued)

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

3.15 Expenses

Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

3.16 Leases

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

(i) As a lessee

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(i) As a lessee (Continued)

liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(i) As a lessee (Continued)

Short-term leases and leases of low-value assets

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

3.17 Events occurring after the reporting date

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

3.18 Finance income and finance costs

Finance income comprises foreign exchange gains.

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

3.19 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss.

- **Current tax**

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

- **Deferred tax**

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Tax expense (Continued)

- **Deferred tax (Continued)**

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

- **Sales tax**

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- Receivables and payables that are stated with the amount of sales tax included

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

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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4. DETERMINATION OF FAIR VALUES (CONTINUED)

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

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

5. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Reference to the Contractual Framework (Amendment to IFRS 3)
- Annual improvement for the IFRS 2018 to 2020

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6 REVENUE

	2020 MVR	2019 MVR
Business electricity	150,847,131	150,897,247
Business special electricity	92,473,849	98,009,727
Domestic electricity	457,005,683	397,399,249
Government electricity	265,030,109	249,995,680
Tertiary electricity	1,198,343	-
Compensation for tariff rate difference	549,995,174	434,637,673
Covid 19 subsidy	60,373,829	-
Water distribution	29,673,705	18,979,186
Subcontracted income	96,516,540	54,274,747
	1,703,114,363	1,404,193,509

7 OTHER INCOME

	2020 MVR	2019 MVR
Other sales	3,489,690	6,393,029
Miscellaneous income	248,649	312,655
	3,738,339	6,705,684

8 FINANCE COSTS

	2020 MVR	2019 MVR (Restated)
LC interest	-	225
Interest on interest bearing loans and borrowings	1,686,070	3,722,970
Interest on lease liability	1,511,374	1,834,776
	3,197,444	5,557,971

9 PROFIT BEFORE TAX

Is stated after charging all the expenses including the following:

	2020 MVR	2019 MVR
Depreciation of property, plant and equipment	178,986,821	136,693,631
Amortization of intangible assets	2,983,468	1,697,604
Amortization of right of use assets	7,471,890	7,345,226
Personnel costs **(Note 9.1)**	383,769,602	314,341,375

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9 PROFIT BEFORE TAX (CONTINUED)

9.1 Personnel Costs

	2020 MVR	2019 MVR
Salaries and wages	165,137,040	142,388,618
Overtime	58,528,582	47,078,104
Bonus	152,500	125,000
Contribution to MRPS	11,489,150	9,824,471
Staff training expenses	61,339	306,948
Staff compensation	471,043	500,750
Directors salary and allowances	670,388	603,173
Gratuity expense	435,167	727,525
Service allowance	51,745,181	44,101,886
Other expenses and allowances	95,079,212	68,684,900
	383,769,602	314,341,375

10 TAX EXPENSE

	2020 MVR	2019 MVR (Restated)
Current tax expense **(Note 10.1)**	-	-
Deferred tax (reversed) / charged during the year **(Note 10.3/10.4)**	(4,092,320)	10,014,370
	(4,092,320)	10,014,370

10.1 Reconciliation between Accounting Profit and Taxable Income;

	2020	2019
Profit before tax	61,523,391	15,193,246
Add: Depreciation and amortization charge for the year	181,970,289	138,391,235
Other disallowable expenses	50,219,642	66,796,797
Less: Capital allowances	(184,585,471)	(174,110,010)
Other allowable expenses	(19,092,758)	(40,334,678)
Set-off against accumulated tax losses	(90,035,093)	(5,936,590)
Total taxable income	-	-
Income tax @ 15%	-	-

From 1 January 2020, in accordance with the provisions of the Income Tax Act No. 25 of 2019 and the income tax regulation No: 2020/R-21 and amendments thereto, the Company is liable for Income Tax at the rate of 15% on its taxable profits. In 2019, the Company was liable for income tax as per Business Profit Tax Act No. 5 of 2011 and subsequent amendments and regulations thereto, at the rate of 15% on its taxable profits. However, no provision for income tax has been made in this financial statements since the Company has not generated any taxable profit for the year.

10.2 Accumulated tax losses

	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
Opening balance	241,315,012	360,652,459	271,603,949
Tax loss for the year	-	-	145,659,364
Set-off against taxable profit	(90,035,093)	(5,936,590)	-
Write off during the year	-	(113,400,857)	(56,610,854)
Closing balance	151,279,919	241,315,012	360,652,459

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10 TAX EXPENSE (CONTINUED)

10.3 Deferred Tax Asset

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	48,686,867	-
Items recognized in other comprehensive income		
Charged during the year	85,023	209,358
Items recognized in profit or loss		
(Reversed) / Charged during the year	(8,082,161)	48,477,509
Closing balance	40,689,729	48,686,867

10.4 Deferred Tax Liability

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	58,491,879	-
(Reversed) / Charged during the year	(12,174,481)	58,491,879
Closing balance	46,317,398	58,491,879
Net deferred tax liability	(5,627,669)	(9,805,012)

10.5 Recognized Deferred Tax Asset

	31/12/2020		31/12/2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Allowance for impairment loss on trade receivables	89,676,232	13,451,435	57,020,790	8,553,119
Employee defined benefit liabilities	30,308,705	4,546,306	26,243,304	3,936,496
Accumulated tax losses	151,279,919	22,691,988	241,315,012	36,197,252
	271,264,856	40,689,729	324,579,106	48,686,867

10.6 Recognized Deferred Tax Liability

	31/12/2020		31/12/2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, plant and equipment and Intangible assets	308,782,652	46,317,398	389,945,862	58,491,879
	308,782,652	46,317,398	389,945,862	58,491,879

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10 TAX EXPENSE (CONTINUED)

10.7 Unrecognized deferred tax assets

Unrecognized deferred tax assets are attributable to the followings;

	31/12/2020		31/12/2019		1/1/2019	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property, plant and equipment and Intangible assets	-	-	-	-	402,071,737	60,310,760
Allowance for impairment loss on trade receivables	-	-	-	-	34,991,019	5,248,653
Employee defined benefit liabilities	-	-	-	-	22,107,029	3,316,054
Accumulated tax losses	-	-	-	-	360,652,459	54,097,869
	-	-	-	-	819,822,243	122,973,336

Deferred tax assets on accumulated tax losses have been recognized in the financial statement for the year ended 31 December 2020 after considering the forecasted taxable profits of the Company for the next 3 years.

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11 PROPERTY PLANT AND EQUIPMENT

	Land	Buildings	Distribution equipment	Generation equipment	Fuel Storage facilities	Machinery and equipment	Tools and equipment
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost / Revaluation Amount							
Opening balance	155,502,869	717,945,360	561,783,435	651,943,112	80,949,191	9,566,408	11,990,874
Transfer from accumulated depreciation	-	-	-	-	-	-	-
Additions during the year	-	-	25,455,504	131,857,874	5,162,085	2,290,146	3,423,104
Revalution surplus	-	-	-	-	-	-	-
Transferred from CWIP **(Note 11.1)**	-	56,267,709	-	-	-	-	-
Closing balance	155,502,869	774,213,069	587,238,939	783,800,986	86,111,276	11,856,554	15,413,978
Accumulated Depreciation							
Opening balance	-	20,845,706	31,205,880	65,166,397	3,430,883	1,674,098	1,859,481
Transferred to asset	-	-	-	-	-	-	-
Charge for the year	-	36,627,101	43,532,156	82,034,744	5,906,787	704,125	1,062,174
Closing balance	-	57,472,807	74,738,036	147,201,141	9,337,670	2,378,223	2,921,655
As at 31 December 2020	155,502,869	716,740,262	512,500,903	636,599,845	76,773,606	9,478,331	12,492,323
As at 31 December 2019	155,502,869	697,099,654	530,577,555	586,776,715	77,518,308	7,892,310	10,131,393

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11 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	Motor Vehicle & Vessels	Furniture & fittings and communication equipment	Computer and office equipment	Water and sewerage system	Environmental Survey	Total 31/12/2020	Total 31/12/2019 (Restated)
	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost / Revaluation Amount							
Opening balance	14,292,646	15,626,760	17,993,225	3,862,795	1,494,805	2,242,951,481	1,116,792,370
Transferred from accumulated depreciation	-	-	-	-	-	-	(616,854,167)
Additions during the year	104,181	5,244,045	14,003,032	2,801,361	-	190,341,332	120,581,418
Revaluation surplus	-	-	-	-	-	-	1,622,431,860
Transferred from CWIP **(Note 11.1)**	-	-	-	-	-	56,267,709	-
Closing balance	14,396,827	20,870,805	31,996,257	6,664,156	1,494,805	2,489,560,522	2,242,951,481
Accumulated Depreciation							
Opening balance	4,549,150	2,108,355	4,897,329	899,829	523,182	137,160,290	617,320,826
Transfer to asset	-	-	-	-	-	-	(616,854,167)
Charge for the year	1,400,752	2,536,388	4,120,442	837,931	224,221	178,986,821	136,693,631
Closing balance	5,949,902	4,644,743	9,017,771	1,737,760	747,403	316,147,111	137,160,290
As at 31 December 2020	8,446,925	16,226,062	22,978,486	4,926,396	747,402	2,173,413,411	
As at 31 December 2019	9,743,496	13,518,405	13,095,896	2,962,966	971,623		2,105,791,191
Capital work in progress **(Note 11.1)**						386,846,811	332,876,657
						2,560,260,222	2,438,667,848

11.1 Capital Work in Progress (CWIP)

	Total 31/12/2020	Total 31/12/2019 (Restated)
Opening balance	332,876,657	242,486,226
Additions during the year	110,237,863	90,390,431
Transferred to PPE	(56,267,709)	-
Closing balance	386,846,811	332,876,657

11 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

11.2 The capital work in progress represents the costs incurred for the construction and relocation of power houses, construction of office blocks and fuel tanks and construction and extension of store facilities in various islands.

12 INTANGIBLE ASSETS

	31/12/2020 MVR	31/12/2019 MVR
Cost		
Opening balance	8,871,208	6,572,085
Additions during the year	649,493	2,299,123
Closing balance	9,520,701	8,871,208
Accumulated Amortization		
Opening balance	5,572,340	3,874,736
Amortization during the year	2,983,468	1,697,604
Closing balance	8,555,808	5,572,340
Net Book Value	964,893	3,298,868

Intangible assets of the Company include primarily the "Microsoft NAV" accounting software and the "HCMS" human resource software.

13 RIGHT-OF-USE ASSETS

	31/12/2020 MVR	31/12/2019 MVR (Restated)
Cost		
Opening balance	40,349,267	-
Adjustment due to initial application of IFRS 16	-	40,349,267
Additions during the year	717,995	-
Closing balance	41,067,262	40,349,267
Accumulated Depreciation		
Opening balance	7,345,226	-
Charge for the year	7,471,890	7,345,226
Closing balance	14,817,116	7,345,226
Net Carrying Value	26,250,146	33,004,041

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14 INVENTORIES

	31/12/2020 MVR	31/12/2019 MVR
Fuel stock	25,337,829	26,505,152
Lube oil	10,534,301	6,366,456
Engineering, electrical and distribution spares	373,208,401	251,055,249
Tools and general items	39,974,660	27,008,805
	449,055,191	310,935,662

15 TRADE AND OTHER RECEIVABLES

	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
Trade receivables	339,994,587	222,099,015	308,110,257
Less: Allowance for impairment of trade receivables **(Note 15.1)**	(89,676,232)	(57,020,790)	(34,991,019)
	250,318,355	165,078,225	273,119,238
Prepayments and advances	68,102,552	47,299,358	2,483,098
Deposits	11,044	4,604	-
Other receivables	-	577,000	1,528,218
	318,431,951	212,959,187	277,130,554

15.1 Allowance for impairment of trade receivables

	31/12/2020 MVR	31/12/2019 MVR (Restated)	1/1/2019 MVR (Restated)
Restated opening balance	57,020,790	34,991,019	-
Recognized during the year	34,538,544	22,029,771	34,991,019
Written off during the year	(1,883,102)	-	-
Closing balance	89,676,232	57,020,790	34,991,019

16 CASH AND CASH EQUIVALENTS

	31/12/2020 MVR	31/12/2019 MVR
Cash in hand	2,099,696	3,972,523
Cash at banks	6,354,590	1,660,706
Cash and cash equivalent in the statement of cash flow	8,454,286	5,633,229

17 SHARE CAPITAL

	31/12/2020 MVR	31/12/2019 MVR (Restated)
Authorized share capital		
280,000,000 ordinary shares of MVR.10/- each	2,800,000,000	2,800,000,000
Issued and fully paid		
250,759,210 ordinary shares of MVR.10/- each	2,507,592,102	2,507,592,102

On 7 January 2013, the Company had entered into agreements with six utility companies to transfer the custody, control and possession of assets of those six utility companies to the Company. According to the section 3(d) of the agreement, a valuation of all the assets in the revised asset register must be completed and submitted to the Ministry of Finance and Treasury within 3 months of the completion of the verification process. However, the Company has carried out a valuation as at 30 June 2019 and the gain on revaluation has been recognized as an addition to the Share Capital during the year ended 31 December 2019.

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17 SHARE CAPITAL (CONTINUED)

17.1 Dividends and Voting Rights

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' meetings of the Company.

No dividend has been declared by the Board of Directors of the Company for the year ended 31 December 2020. (2019: Nil)

18 LOANS AND BORROWINGS

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	136,894,674	161,041,667
Interest capitalized during the year	1,686,070	3,722,970
Repayments during the year	(3,333,334)	(26,052,416)
Interest paid during the year	(1,905,423)	(1,817,547)
Closing balance	133,341,987	136,894,674

18.1 Sources of Finance

	31/12/2020 MVR	31/12/2019 MVR
Unsecured Loans		
Ministry of Finance and Treasury (MoFT) **(Note 18.5)**	89,027,350	88,322,584
State Trading Organization (STO) **(Note 18.6)**	44,314,637	48,572,090
Total Loans and Borrowings	133,341,987	136,894,674

18.2 Non-Current Liability

Ministry of Finance and Treasury (MoFT)	22,697,584	41,447,584
	22,697,584	41,447,584

18.3 Current Liability

Ministry of Finance and Treasury (MoFT)	66,329,766	46,875,000
State Trading Organization (STO)	44,314,637	48,572,090
	110,644,403	95,447,090

18.4 Maturity Analysis

	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 Years MVR	Balance at 31/12/2020 MVR
Ministry of Finance and Treasury	66,329,766	18,750,000	3,947,584	-	89,027,350
State Trading Organization	44,314,637	-	-	-	44,314,637
	110,644,403	18,750,000	3,947,584	-	133,341,987

18.5 Ministry of Finance and Treasury (MoFT)

In accordance with Shariah concept, Maldives Islamic Bank Private Limited (MIB/Seller) and Fenaka Corporation Limited (Purchaser) entered in to a Murabahah Financial Arrangement on 21 September 2014 to purchase 77 generator sets, cables and distribution boxes for the purpose of electricity generation. As per the agreement, the above specified goods were sold for a Murabahah price of MVR 103,405,989/-, which includes a profit margin of MVR 5,784,202/- (Cost: MVR 97,621,787/-). During 2014 MoFT paid the full outstanding amount to MIB on behalf of the Company. Accordingly the Company recognizes the outstanding loan payable balance to MoFT as at 31 December 2020. The loan carries fixed interest rate of 1.39% per annum and the loan has to be repaid after a grace period of 6 months over 96 monthly installments of MVR 1,562,500/- each starting from April 2015.

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18 LOANS AND BORROWINGS (CONTINUED)

18.6 State Trading Organization (STO)

In accordance with Sharia concept, State Trading Organization PLC (STO) and Fenaka Corporation Limited entered in to a Mudharahbah Financial Arrangement on 12 November 2017 to repay outstanding invoices owing to Fuel Supplies Maldives Private Limited, a subsidiary company of STO. As per the agreement, the amount taken to repay the outstanding invoices is MVR 120,000,000/-, and in addition a profit margin of MVR 9,600,000/-. The loan carries fixed interest rate of 4.7% per annum and the loan has to be repaid over 36 monthly installments of MVR 3,333,333/- each starting from December 2017.

19 LEASE LIABILITIES

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	34,974,489	-
Adjustment due to initial application of IFRS 16	-	40,349,267
Additions during the year	717,995	-
Interest expense for the year	1,511,374	1,834,776
Repayment during the year	(8,510,248)	(7,209,554)
Closing balance	28,693,610	34,974,489

19.1 Current

	Maturity	31/12/2020 MVR	31/12/2019 MVR
Port Complex Building	**2024**	4,720,151	3,997,865
Danka House	**2024**	1,636,148	1,556,514
L.Gan Naasaree Building	**2034**	31,173	29,656
All other leases	**2021**	307,463	729,332
		7,873,830	7,459,773

19.2 Non Current

	Maturity	31/12/2020 MVR	31/12/2019 MVR
Port Complex Building	**2024**	15,301,247	20,021,398
Danka House	**2024**	4,944,034	6,580,182
L.Gan Naasaree Building	**2034**	564,520	595,694
All other leases	**2021**	9,979	317,442
		20,819,780	27,514,716

In relation to the lease liability recognized for Port Complex Building, the Company has reasonable expectation that the extension option mentioned in the clause 2 of the agreements between the Company and Maldives Port Limited, will be executed. Accordingly, extend period of 2 years have been applied for the calculation.

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20 DEFINED BENEFIT OBLIGATION

	31/12/2020 MVR	31/12/2019 MVR
Opening balance	26,243,304	22,107,029
Current service cost	3,015,231	2,692,170
Interest cost	918,516	773,746
Actuarial loss on obligation	566,821	1,395,720
Benefits paid during the year	(435,167)	(725,361)
Closing balance	30,308,705	26,243,304

Employee defined benefit liabilities - Current	2,631,076	2,432,387
Employee defined benefit liabilities - Non - current	27,677,629	23,810,917
	30,308,705	26,243,304

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

Amounts Recognized in Profit or Loss

Current service cost	3,015,231	2,692,170
Interest cost	918,516	773,746
	3,933,747	3,465,916

Amount Recognized in Other Comprehensive Income

Actuarial loss on obligation	566,821	1,395,720
Tax impact	(85,023)	(209,358)
Actuarial loss on obligation net of tax	481,798	1,186,362

The actuarial valuation for the year ended 31 December 2020 was carried out by a professionally qualified actuary, Charan Gupta Consultants Private Limited based on the following key assumption.

	2020	2019
Discounting rate	3.50%	3.50%
Future salary increase	5.00%	5.00%
Retirement age	65	65
Mortality rate inclusive of provision for disability	Global Health Observatory Data	Global Health Observatory Data

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20 DEFINED BENEFIT OBLIGATION (CONTINUED)

Sensitivity Analysis

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

A sensitivity was carried out as follows,

	2020	
	MVR +1%	MVR -1%
Impact of the change in salary increase		
- Impact to present value of obligation at the end of the year	1,321,652	(1,321,652)
Impact of the change in discount rate		
- Impact to present value of obligation at the end of the year	1,348,155	(1,348,155)

21 TRADE AND OTHER PAYABLES

	31/12/2020 MVR	31/12/2019 MVR
Trade payables	1,055,449,504	768,175,874
Accrued expenses	6,412,254	482,909
Refundable deposits	102,688	17,670
Construction retention	12,142,911	1,716,991
Other payables	2,720,580	2,705,044
	1,076,827,937	773,098,488

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

Overview

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

Risk management framework

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

(i) Credit Risk

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.

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Exposure to credit risk

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

	Carrying Amount	
	31/12/2020	31/12/2019
	MVR	MVR
Trade and other receivables	250,329,399	165,082,829
Balances with banks	6,354,590	1,660,706
	256,683,989	166,743,535

Expected credit loss assessment under IFRS 9

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

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

Measurement of ECL

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

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

Trade and other receivables

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

Impairment Losses	31/12/2020			31/12/2019		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
The aging of trade receivables at the reporting date was:						
0-30 days past due	1%	135,689,029	1,207,050	5%	116,342,678	5,575,241
31-60 days past due	12%	45,984,190	5,672,579	19%	10,143,934	1,969,448
61-90 days past due	6%	15,654,015	1,014,661	23%	8,023,835	1,876,688
91-120 days past due	11%	12,718,257	1,384,652	34%	7,611,844	2,561,241
121-150 days past due	27%	11,195,361	3,011,530	12%	3,537,202	414,217
151-180 days past due	33%	7,727,677	2,545,424	19%	3,407,459	649,904
181-365 days past due	53%	45,301,745	23,879,208	48%	16,213,888	7,750,467
Over 365 days	78%	65,724,313	50,961,128	64%	56,818,175	36,223,584
Total		339,994,587	89,676,232		222,099,015	57,020,790

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Credit Risk (Continued)

Expected credit loss assessment under IFRS 9 (Continued)

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

Balances With Banks

The Company held cash and equivalents (Cash at Bank) of MVR. 6,354,590/- as at 31 December 2020 (2019 : MVR. 1,660,706/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

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22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk

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

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

31 December 2020	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial Liabilities (Non- Derivative)						
Trade and other payables	1,070,415,683	1,070,415,683	432,954,195	577,877,859	59,583,629	-
Loans and borrowings	133,341,987	133,341,987	110,644,403	18,750,000	3,947,584	-
Leases	28,693,610	30,370,303	7,883,110	7,580,731	14,386,462	520,000
	1,232,451,280	1,234,127,973	551,481,708	604,208,590	77,917,675	520,000

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

31 December 2019	Carrying Amount MVR	Contractual Cashflows MVR	0-12 Months MVR	1-2 Years MVR	2-5 Years MVR	More than 5 years MVR
Financial Liabilities (Non- Derivative)						
Trade and other payables	772,615,579	772,615,579	370,114,180	216,831,990	185,669,409	-
Loans and borrowings	136,894,674	136,894,674	48,572,090	46,875,000	41,447,584	-
Leases	34,974,489	38,913,040	8,542,736	7,883,111	20,964,839	1,522,354
	944,484,742	948,423,293	427,229,006	271,590,101	248,081,832	1,522,354

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

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Market Risk

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

(a) Interest Rate Risk

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

	Carrying Amount	
	31/12/2020	31/12/2019
	MVR	MVR
Fixed Rate Instruments		
Loans and borrowings	133,341,987	136,894,674
	133,341,987	136,894,674

(b) Currency Risk

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

	31/12/2020	31/12/2019
	USD	USD
Cash and cash equivalents	63,559	87,622
Trade and other payables	4,123,895	8,003,160
Gross Exposure	4,187,454	8,090,782

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	2020	2019	31/12/2020	31/12/2019
1 US$: MVR	15.42	15.42	15.42	15.42

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

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Capital management

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

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

	31/12/2020 MVR	31/12/2019 MVR
Total liabilities	1,274,799,908	981,015,967
Less: Cash and cash equivalents	(8,454,286)	(5,633,229)
Net debt	1,266,345,622	975,382,738
Total equity	2,088,616,781	2,023,482,868
Debt to capital ratio	0.61	0.48

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

23 EVENTS AFTER THE REPORTING DATE

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

24 DIRECTORS' RESPONSIBILITY

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

25 CONTINGENT LIABILITIES

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

26 CAPITAL COMMITMENTS

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

27 COVID-19 PANDEMIC

Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the Government in Maldives to mitigate its spread have impacted the Company. This has negatively impacted the Company's financial performance during the year and also its liquidity position.

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27 COVID-19 PANDEMIC (CONTINUED)

Most of the business segments of the Company operate in essential service category. Therefore COVID-19 pandemic had a moderate impact on the Company's general business routines and the Company evaluated the resilience of its businesses considering factors such as profitability, cash reserves, and potential sources of financing facilities: if required and possibility of differing non - essential capital expenditure. Having considered the above, management is satisfied that the Company has adequate resources to continue in operational existence for foreseeable future.

Also, to respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimize the Company's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing expenses

Based on these factors, management has a reasonable expectation that the Company has adequate resources and sufficient loan facility headroom.

28 RELATED PARTY TRANSACTIONS

The Government of Maldives holds 100% (2019: 100%) of the voting rights of the Company as at 31 December 2020 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to International Accounting Standards 24 Related Party Disclosures.

During the year ended 31 December 2020, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions	**2020 MVR**	**2019 MVR**
Services Provided		
State Trading Organization PLC	3,336,828	4,701,375
Maldives Transport & Contracting Company PLC	591,571	194,169
Maldives Road Development Company	38,245	2,236
Maldives Industrial Fisheries Company	127,530	123,564
Maldives Gas Private Limited	5,361	-
Waste Management Corporation Limited	319,059	25,372
Maldives Ports Limited	300,241	258,309
Island Aviation Services Limited	213,880	37,782
Male' Water & Sewerage Company	106,356	131,949
	5,039,071	5,474,756

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Transactions (Continued)

Purchases	2020 MVR	2019 MVR
Maldives Transport & Contracting Company PLC	15,243,920	23,019,605
Male' Water & Sewerage Company	15,966,507	8,777,113
Fuel Supplies Maldives Pte Limited	800,041,610	776,584,932
Maldives Customs Service	400,117	1,757,960
Island Aviation Services Limited	535,842	3,078,536
State Electric Company Limited	20,479,560	24,521,681
	852,667,556	837,739,827

(ii) Loans and borrowings

	2020		2019	
	Loan MVR	Interest MVR	Loan MVR	Interest MVR
Ministry of Finance and Treasury (MoFT)	89,027,350	704,766	88,322,584	954,278
State Trading Organization (STO)	44,314,637	981,304	48,572,090	2,768,692
	133,341,987	1,686,070	136,894,674	3,722,970

(Refer **note 18** for the movement in the current year)

(iii) Collectively, but not individually significant transactions

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

(iv) Transactions with the Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of key management personnel. The Company has paid MVR 670,388/- as emoluments to key management personnel during the year ended 31 December 2020 (2019: MVR 603,173-).

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29 RESTATEMENT OF COMPARATIVE BALANCES - CORRECTION OF ERRORS

During the year, it was discovered that the Company had not assessed impairment provision for trade receivable balance reflected in the financial statements for the year ended 31 December 2018 and 31 December 2019 as inline with IFRS 9. As a result, accumulated losses had been understated by MVR 34,991,019/- and trade and other receivables had been overstated by MVR 34,991,019/- and MVR 55,137,688/- respectively as at 31 December 2018 and 31 December 2019.

Further, It was observed that the Company had not accounted for its leased assets as per the requirements of IFRS 16 for the year ended 31 December 2019 and had passed erroneous entries to property plant and equipment while erroneously recognizing the revaluation gain as an addition to the share capital. As a result of that, property, plant and equipment had been overstated by MVR 17,463,399/- and right of use assets and lease liability had been understated by MVR 33,004,041/- and MVR 34,974,489/- respectively as at 31 December 2019. Accordingly, these errors have been corrected by restating each of the affected financial statement line items for the prior years in accordance with International Accounting Standards (IAS) 8, Changes in Accounting Estimates and Errors. The following tables summarize the impact on the Company's financial statements.

29.1 *As at 1 January 2019*

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Trade and other receivables	312,121,573	(34,991,019)	277,130,554
Other assets	956,957,743		956,957,743
Total assets	1,269,079,316	(34,991,019)	1,234,088,297
Total liabilities	1,183,341,111	-	1,183,341,111
Accumulated losses	(453,110,729)	(34,991,019)	(488,101,748)
Total equity	85,738,205	(34,991,019)	50,747,186

29.2 *As at 31 December 2019*

a. Statement of Financial Position	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Property, plant and equipment	2,456,131,247	(17,463,399)	2,438,667,848
Right of use Assets	-	33,004,041	33,004,041
Trade and other receivables	268,096,875	(55,137,688)	212,959,187
Other assets	319,867,759	-	319,867,759
Total assets	3,044,095,881	(39,597,046)	3,004,498,835
Deferred tax liability	-	9,805,012	9,805,012
Lease Liability	-	34,974,489	34,974,489
Other liabilities	936,236,466	-	936,236,466
Total liabilities	936,236,466	44,779,501	981,015,967
Share capital	2,525,055,501	(17,463,399)	2,507,592,102
Accumulated losses	(417,196,086)	(66,913,148)	(484,109,234)
Total equity	2,107,859,415	(84,376,547)	2,023,482,868

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29 RESTATEMENT OF COMPARATIVE BALANCES - CORRECTION OF ERRORS (CONTINUED)

29.2 *As at 31 December 2019 (Continued)*

b. Statement of Comprehensive Income	As Previously Reported MVR	Adjustments MVR	Restated Balance MVR
Gross profit	630,244,045	-	630,244,045
Other income	6,705,684	-	6,705,684
Administration expenses	(597,112,866)	3,143,150	(593,969,716)
Selling and distribution expenses	(199,025)	-	(199,025)
Finance costs	(3,723,195)	(1,834,776)	(5,557,971)
Allowance for impairment loss on trade receivables	-	(22,029,771)	(22,029,771)
Profit before tax	35,914,643	(20,721,397)	15,193,246
Income tax	-	(10,014,370)	(10,014,370)
Profit for the year	35,914,643	(30,735,767)	5,178,876
Remeasurement of defined benefit liability - net of tax	-	(1,186,362)	(1,186,362)
Total comprehensive income for the year	35,914,643	(31,922,129)	3,992,514

c. Statement of Cash Flows

There is no impact to statement of cash flows for the year ended 31 December 2019.

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