



Report No: FIN-2019-59(E)

29 July 2019

# MALDIVES AIRPORTS COMPANY LIMITED

## FINANCIAL YEAR 2018



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AUDITOR GENERAL'S OFFICE

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AUDITOR GENERAL'S OFFICE



## **AUDITOR GENERAL'S REPORT**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES AIRPORTS COMPANY LIMITED**

#### **Opinion**

We have audited the financial statements of Maldives Airports Company Limited (the “Company”); the consolidated financial statements of the Company and its subsidiary (“the Group”) which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory information set out in pages 4 to 57.

In our opinion, financial statements of Maldives Airports Company Limited (“the Company”), the consolidated financial statements of the Company and its subsidiary (“the Group”) give true and fair view of the financial position of the Company and the Group as at 31 December 2018 and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Company’s and the Group’s financial reporting process.



## **Auditor's 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 auditor's 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:

- 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 and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and the Group 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 those charged with governance 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.

24<sup>th</sup> July 2019



Hassan Ziyath  
Auditor General



# MALDIVES AIRPORTS COMPANY LIMITED

31 December 2018

## Consolidated statement of comprehensive income

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2017
Revenue	5	5,141,912,457	4,399,160,597	4,746,544,013	4,025,474,455
Cost of sales and operating supplies	6	(2,379,928,173)	(1,988,827,840)	(2,308,802,267)	(1,930,429,735)
<b>Gross profit</b>		2,761,984,284	2,410,332,757	2,437,741,746	2,095,044,720
Administrative expenses	6	(1,305,864,026)	(983,647,836)	(1,135,594,736)	(819,636,028)
Selling and marketing costs	6	(8,038,323)	(50,630,516)	-	(35,714,765)
Arbitration cost reversal	39	4,118,145	48,192,256	4,118,145	48,192,256
Impairment of financial assets	21	-	(12,000,000)	-	(12,000,000)
Other operating income	8	96,343,173	3,652,733	94,783,640	2,361,863
<b>Operating profit</b>		1,548,543,253	1,415,899,394	1,401,048,795	1,278,248,046
Finance income	9	6,374,597	6,975,693	-	2,727,329
Finance expense	9	(65,787,691)	(96,368,760)	(65,787,691)	(96,368,760)
Net finance cost	9	(59,413,094)	(89,393,067)	(65,787,691)	(93,641,431)
<b>Profit before business profit tax</b>		1,489,130,159	1,326,506,327	1,335,261,104	1,184,606,615
Business profit tax charge	10	(229,841,847)	(171,728,949)	(206,616,553)	(150,970,175)
<b>Net profit/ total comprehensive income for the year</b>		1,259,288,312	1,154,777,378	1,128,644,551	1,033,636,440
<b>Net profit / total comprehensive income attributable to:</b>					
Equity holders of the parent		1,213,562,996	1,112,378,049	1,128,644,551	1,033,636,440
Non-controlling interest	29	45,725,316	42,399,329	-	-
		1,259,288,312	1,154,777,378	1,128,644,551	1,033,636,440
Earnings per share attributable to the equity holders of the Company during the year (expressed in MVR per share) - basic	11	809.04	741.59	752.43	689.09

The notes on pages 9 to 57 are an integral part of these financial statements



**MALDIVES AIRPORTS COMPANY LIMITED**

**31 December 2018**

**Consolidated statement of financial position**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2017
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	2,768,577,187	2,699,107,699	2,577,786,516	2,486,195,833
Capital work-in-progress	15	7,097,528,290	2,623,273,538	6,704,056,505	2,340,229,230
Capital advance	16	971,334,528	1,671,220,675	971,334,528	1,671,220,675
Investment properties	17	150,103,170	121,748,924	150,103,170	121,748,924
Intangible asset	18	24,530,318	16,952,980	24,377,598	16,682,622
Investment in subsidiary	19	-	-	1,848,000	1,848,000
Investment in joint venture	20	-	-	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	21	-	-	-	-
Operating lease rights	22	45,680,856	46,701,721	-	-
Deferred tax assets	32	-	28,023,931	-	19,486,387
		<u>11,057,754,349</u>	<u>7,207,029,469</u>	<u>10,429,506,317</u>	<u>6,657,411,671</u>
<b>Current assets</b>					
Inventories	23	321,809,886	325,269,333	311,735,568	312,902,570
Trade and other receivables	24	2,137,221,082	2,278,526,654	2,029,120,569	2,163,182,421
Investments in fixed deposits	25	335,035,043	188,278,200	-	-
Business profit tax recoverable	10	103,184,088	201,203,170	103,994,100	197,704,896
Cash and cash equivalents	26	665,665,192	689,494,724	536,701,965	486,522,559
		<u>3,562,915,291</u>	<u>3,682,772,081</u>	<u>2,981,552,202</u>	<u>3,160,312,446</u>
<b>Total assets</b>		<u>14,620,669,640</u>	<u>10,889,801,549</u>	<u>13,411,058,519</u>	<u>9,817,724,117</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	27	150,000,000	150,000,000	150,000,000	150,000,000
Revaluation reserve	28	539,397,362	566,117,997	539,397,362	566,117,997
Fair value reserve	28	10,386,245	10,386,245	-	-
Currency translation reserve	28	26,878,026	26,878,026	-	-
Retained earnings		<u>5,777,598,468</u>	<u>4,809,206,357</u>	<u>5,112,300,329</u>	<u>4,228,826,663</u>
		<u>6,504,260,101</u>	<u>5,562,588,625</u>	<u>5,801,697,691</u>	<u>4,944,944,659</u>
<b>Non-controlling interest</b>	29	<u>401,034,644</u>	<u>355,309,328</u>	-	-
<b>Total equity</b>		<u>6,905,294,745</u>	<u>5,917,897,953</u>	<u>5,801,697,691</u>	<u>4,944,944,659</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease rent equalisation account	30	67,768,340	53,735,231	-	-
Borrowings	31	4,718,531,276	3,160,622,728	4,718,531,276	3,160,622,728
Deferred tax liabilities	32	43,447,916	-	53,330,980	-
Employee retirement benefits obligations	33	206,042,473	-	206,042,473	-
		<u>5,035,790,006</u>	<u>3,214,357,958</u>	<u>4,977,904,729</u>	<u>3,160,622,728</u>
<b>Current liabilities</b>					
Trade and other payables	34	1,475,797,496	976,775,765	1,427,668,707	931,386,860
Borrowings	31	1,203,787,393	780,769,869	1,203,787,393	780,769,869
		<u>2,679,584,889</u>	<u>1,757,545,634</u>	<u>2,631,456,100</u>	<u>1,712,156,729</u>
<b>Total liabilities</b>		<u>7,715,374,894</u>	<u>4,971,903,592</u>	<u>7,609,360,829</u>	<u>4,872,779,457</u>
<b>Total equity and liabilities</b>		<u>14,620,669,640</u>	<u>10,889,801,549</u>	<u>13,411,058,519</u>	<u>9,817,724,117</u>

These financial statements were approved by the Board of Directors on 24 JULY 2019

Mohamed Umar Maniku  
Chairman

Moosa Solih  
Acting Managing Director



The notes on pages 9 to 57 are an integral part of these financial statements



**MALDIVES AIRPORTS COMPANY LIMITED**

**31 December 2018**

**Statement of changes in equity - Group**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Revaluation reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total
<b>Balance at 1 January 2017</b>		150,000,000	585,906,986	10,386,245	26,878,026	3,673,547,029	4,446,718,286
Realised revaluation surplus on usage	28	-	(23,281,163)	-	-	23,281,163	-
Profit for the year		-	-	-	-	1,112,378,049	1,112,378,049
Deferred tax liability reversal on realised revaluation surplus on usage	32	-	3,492,174	-	-	-	3,492,174
<b>Balance at 31 December 2017</b>		<u>150,000,000</u>	<u>566,117,997</u>	<u>10,386,245</u>	<u>26,878,026</u>	<u>4,809,206,357</u>	<u>5,562,588,625</u>
<b>Balance at 1 January 2018</b>		150,000,000	566,117,997	10,386,245	26,878,026	4,809,206,357	5,562,588,625
Changes on initial application of IFRS 9	2	-	-	-	-	(200,379,700)	(200,379,700)
<b>Restated balance at 1 January 2018</b>		<u>150,000,000</u>	<u>566,117,997</u>	<u>10,386,245</u>	<u>26,878,026</u>	<u>4,608,826,657</u>	<u>5,362,208,925</u>
Realised revaluation surplus on usage	28	-	(30,208,815)	-	-	30,208,815	-
Profit for the year		-	-	-	-	1,213,562,996	1,213,562,996
Deferred tax liability reversal on realised revaluation surplus on usage	32	-	3,488,180	-	-	-	3,488,180
Dividend	12	-	-	-	-	(75,000,000)	(75,000,000)
<b>Balance at 31 December 2018</b>		<u>150,000,000</u>	<u>539,397,362</u>	<u>10,386,245</u>	<u>26,878,026</u>	<u>5,777,598,468</u>	<u>6,504,260,101</u>

The notes on pages 9 to 57 are an integral part of these financial statements



**MALDIVES AIRPORTS COMPANY LIMITED****31 December 2018****Statement of changes in equity - Company**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Revaluation reserve	Retained earnings	Total
<b>Balance at 1 January 2017</b>		150,000,000	585,906,986	3,171,908,944	3,907,815,930
Realised revaluation surplus on usage	28	-	(23,281,163)	23,281,163	-
Profit for the year		-	-	1,033,636,440	1,033,636,440
Deferred tax liability reversal on realised revaluation surplus on usage	32	-	3,492,174	-	3,492,174
<b>Balance at 31 December 2017</b>		150,000,000	566,117,997	4,228,826,663	4,944,944,659
<b>Balance at 1 January 2018</b>		150,000,000	566,117,997	4,228,826,663	4,944,944,659
Changes on initial application of IFRS 9	2	-	-	(200,379,700)	(200,379,700)
<b>Restated balance at 1 January 2018</b>		150,000,000	566,117,997	4,028,446,963	4,744,564,959
Realised revaluation surplus on usage	28	-	(30,208,815)	30,208,815	-
Profit for the year		-	-	1,128,644,551	1,128,644,551
Dividend paid	12	-	-	(75,000,000)	(75,000,000)
Deferred tax liability reversal on realised revaluation surplus on usage	32	-	3,488,180	-	3,488,180
<b>Balance at 31 December 2018</b>		150,000,000	539,397,362	5,112,300,329	5,801,697,691



The notes on pages 9 to 57 are an integral part of these financial statements





**MALDIVES AIRPORTS COMPANY LIMITED**  
**31 December 2018**

**Consolidated statement of cash flow**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December 2018	2017	Year ended 31 December 2018	2017
<b>Cash flows from operating activities</b>					
Cash generated from operations	35	2,411,167,357	1,355,167,463	2,205,923,749	1,193,525,429
Interest paid		(65,787,691)	(96,368,760)	(65,787,691)	(96,368,760)
Business profit tax paid	10	(20,262,528)	(148,764,764)	-	(100,481,224)
Net cash generated from operating activities		2,325,117,138	1,110,033,939	2,140,136,058	996,675,445
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	14	(33,434,987)	(43,379,072)	(26,131,721)	(36,870,696)
Cost incurred on construction of capital work-in-progress	15	(4,856,003,044)	(2,051,925,109)	(4,744,474,348)	(1,886,051,153)
Proceeds from sales of property, plant and equipment		521,718	255,000	297,526	255,000
Purchase of intangible assets	18	(460,331)	(82,979)	(460,331)	(58,924)
Investment in financial assets	21	-	(12,000,000)	-	(12,000,000)
Net (investment in) /proceeds from maturing of fixed deposits		(146,756,843)	196,510,416	-	150,840,000
Interest income received		6,374,597	6,975,693	-	2,727,329
Net capital advance recovery		699,886,147	409,459,770	699,886,147	409,459,770
Net cash used in investing activities		(4,329,872,743)	(1,494,186,280)	(4,070,882,726)	(1,371,698,674)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		2,759,014,648	859,815,341	2,759,014,648	859,815,341
Repayment of borrowings		(778,088,575)	(716,901,103)	(778,088,575)	(716,901,103)
Net cash generated from financing activities		1,980,926,073	142,914,238	1,980,926,073	142,914,238
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(23,829,532)	(241,238,103)	50,179,406	(232,108,877)
Cash and cash equivalents at beginning of the year		689,494,724	930,732,827	486,522,559	718,631,436
<b>Cash and cash equivalents at end of the year</b>	26	665,665,192	689,494,724	536,701,965	486,522,559



The notes on pages 9 to 57 are an integral part of these financial statements



Notes to the consolidated financial statements

**1 General information**

Maldives Airports Company Limited is a limited liability company incorporated and domiciled in the Republic of Maldives. The registered office of the Company is located at Male' International Airport, Hulhule', Republic of Maldives. The principal activities of the company are maintaining and operating airports and all related activities.

The Government of Maldives (GoM) wholly owns shares of the Company.

The Group consists of the Company's interest in a subsidiary undertaking Maldives In-flight Catering Private Limited, a limited liability company incorporated and domiciled in the Republic of Maldives, operating a flight kitchen and a transit hotel in Maldives. The Company owns 65% of authorized and issued share capital of the subsidiary.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The consolidated financial statements of Maldives Airports Company Limited and the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment and define benefit plans measured at fair value.

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

*(a) New standards, amendments and interpretations adopted by the Group*

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the Group for the first time with effect from financial year beginning on 1 January 2018.

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRIC 22- 'Foreign currency transactions and advance consideration'
- Transfers to Investment Property – Amendments to IAS 40



## Notes to the consolidated financial statements

## 2.1 Basis of preparation (continued)

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards had been issued but were not mandatory for annual reporting periods ended 31 December 2018.

- IFRS 16 'Leases'

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group is in the process of evaluating the potential impact and not yet completed the detail assessment.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact to the Group.

## 2.2 Changes in accounting policies

## IFRS 9 Financial instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. In accordance with the transitional provision in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Note	2018
Closing retained earnings 31 December 2017- IAS 39/IAS 18		4,809,206,357
Increase in provision for trade and other receivable excluding pre-payments	2.2. (iii)	(236,979,910)
Increase in deferred tax asset relating to impairment provision	32	36,600,210
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018		<u>(200,379,700)</u>
Opening retained earnings 1 January 2018 - IFRS 9		<u>4,608,826,657</u>



## Notes to the consolidated financial statements

## 2.2 Changes in accounting policies (continued)

**i. Classification and measurement of financial instruments on adoption of IFRS 9**

On 1 January 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassifications have no impact to Group's retained earnings.

IFRS 9 largely retains the existing requirement in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies relating to financial liabilities.

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

*(a) Reclassification from loans and receivable to amortised cost*

Receivables and cash and cash equivalents that would have previously been classified as loans and receivables are now classified at amortised cost.

*(b) Reclassification from available-for-sale to FVOCI*

The Group elected to present in OCI changes in the fair value of its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. There was no impact from the reclassification of these investments, as the carrying amount of the investment is nil as at the end of the reporting period.

*(c) Reclassification from held-to-maturity to amortised cost*

Investments in fixed deposits classified as held-to maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings.

*(d) Reclassifications of financial instruments on adoption of IFRS 9*

On the date of initial application, 1 January 2018, the financial instruments of the Group/ Company were as follows:

**Group**

	Measurement category		Carrying amount	
	39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)
<b>Financial assets</b>				
Trade and other receivable excluding pre-payments	Loans and receivable - amortised cost	Amortised cost	2,029,928,379	1,792,948,469
Investments in fixed deposits	Held to maturity	Amortised cost	188,278,200	188,278,200
Equity investment	Available-for-sale	FVOCI	-	-



## Notes to the consolidated financial statements

## 2.2 Changes in accounting policies (continued)

(d) Reclassifications of financial instruments on adoption of IFRS 9 (continued)

**Group (continued)**

	Measurement category		Carrying amount	
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)
<b>Financial assets</b>				
Cash and cash equivalents	Loans and receivable - amortised cost	Amortised cost	689,494,724	689,494,724
<b>Financial liabilities</b>				
Trade and other payables	Amortised cost	Amortised cost	929,035,570	929,035,570
Borrowings	Amortised cost	Amortised cost	3,941,392,597	3,941,392,597

**Company**

	Measurement category		Carrying amount	
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)
<b>Financial assets</b>				
Trade and other receivable excluding pre-payments	Loans and receivable - amortised cost	Amortised cost	1,922,957,514	1,685,977,604
Investments in fixed equity investment	Held to maturity Available-for- sale	Amortised cost FVOCI	-	-
Cash and cash equivalents	Loans and receivable - amortised cost	Amortised cost	486,522,559	486,522,559
<b>Financial liabilities</b>				
Trade and other payables	Amortised cost	Amortised cost	886,531,901	886,531,901
Borrowings	Amortised cost	Amortised cost	3,941,392,597	3,941,392,597

**ii. Impairment of financial assets**

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.



## Notes to the consolidated financial statements

## 2.2 Changes in accounting policies (continued)

## iii. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following tables reconciles the carrying amounts of the Group's/Company's financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Group

	IAS 39 carrying amount 31 Dec 2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1 Jan 2018
<b>Loans and receivables (IAS 39)/financial assets at amortised cost (IFRS 9)</b>				
Trade and other receivables	2,029,928,379	-	(236,979,910)	1,792,948,469
Investment in fixed deposits	188,278,200	-	-	188,278,200
Cash and cash equivalents	689,494,724	-	-	689,494,724
<b>Total</b>	<b>2,907,701,303</b>	<b>-</b>	<b>(236,979,910)</b>	<b>2,670,721,393</b>

Company

	IAS 39 carrying amount 31 Dec 2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1 Jan 2018
<b>Loans and receivables (IAS 39)/financial assets at amortised cost (IFRS 9)</b>				
Trade and other receivables	1,922,957,514	-	(236,979,910)	1,685,977,604
Cash and cash equivalents	486,522,559	-	-	486,522,559
<b>Total</b>	<b>2,409,480,073</b>	<b>-</b>	<b>(236,979,910)</b>	<b>2,172,500,163</b>

The total remeasurement loss of MVR 236,979,910 was recognised in opening retained earnings for the Group and Company as at 1 January 2018. Further information on the measurement of the impairment allowance under IFRS 9 can be found in note 3.1. (b) *Credit risk*.



Notes to the consolidated financial statements

**2.2 Changes in accounting policies (continued)**

**IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time requires judgment.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1st January 2018). Accordingly the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirement in IFRS 15 have not generally been applied to comparative information.

A new five-step process must be applied before revenue can be recognised:

- i. identify contracts with customers,
- ii. identify the separate performance obligation,
- iii. determine the transaction price of the contract,
- iv. allocate the transaction price to each of the separate performance obligations, and
- v. recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- i. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- ii. Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- iii. The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- iv. There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

IFRS 15 did not have a significant impact on the Group's revenue recognised under the previous standards accounting policies with respect to the revenue streams.



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Notes to the consolidated financial statements

**2.3 Consolidation**

*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

*(b) Joint arrangements*

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has only joint

Joint ventures

Interests in joint ventures are accounted for using the equity method (refer (c) below), after initially being recognised at cost in the consolidated statement of financial position.

*(c) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.11.





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Notes to the consolidated financial statements

**2.3 Consolidation (continued)**

*(d) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

**2.4 Principles of consolidation and equity accounting**

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**2.5 Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Maldivian Rufiyaa ("MVR") which is the Group's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

**2.6 Property, plant and equipment**

All property, plant and equipment, except vehicles and ground handling equipment are recognised at fair value based on periodic, valuations by external independent valuers, less subsequent depreciation. Vehicles and ground handling equipment are recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



## Notes to the consolidated financial statements

**2.6 Property, plant and equipment (continued)**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leased land and buildings constructed therein, the shorter lease term as follows:

Buildings on leasehold land	20 -50 years
Jetties, roads, pavements, landscaping and other structures	50 years
Other buildings	5-25 years
Oil store tanks	17 years
Runway, taxiway and apron	25 years
Machinery and equipment	2-10 years
Furniture, fittings and fixtures	3-5 years
Heavy vehicles	10 years
Motor vehicles	10 years
Crockery, cutlery, linen and fabrics	3 years
Laundry, kitchen and housekeeping equipment	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

**2.7 Investment properties**

Investment property are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently cost less accumulated depreciation. However, if there is an impairment in value, other than of a temporary nature, the carrying amount is reduced to recognize the decline



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Notes to the consolidated financial statements

**2.7 Investment properties (continued)**

Depreciation on investment properties is recognized on a straight line basis over the following estimated useful lives.

Buildings on leasehold land 20 -50 years

On the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of investment property.

*Reclassification of property plant and equipment under investment property*

The Group has decided to reclassify part of buildings from property, plant and equipment to investment property from 1 January 2017. The buildings related to investment properties were transferred at valuation and are considered as the cost of these assets from the date of transfer and subsequently measured at cost less accumulated depreciation.

**2.8 Intangible assets**

*Computer software*

Costs associated with maintaining computer software programmed are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the required criteria are met.

Other development expenditures that do not meet the required criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed ten years.

**2.9 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



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Notes to the consolidated financial statements

**2.10 Operating lease rights**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**2.11 Financial assets (Non-derivative)**

*Policy applicable from 1st January 2018*

*(i) Classification*

From 1 January 2018, the Group classifies its financial assets in the following measurement

- those to be measured subsequently at fair value (either through OCI or through profit or loss),
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

*(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:



Notes to the consolidated financial statements

2.11 Financial assets (Non-derivative) (continued)

(iii) Measurement

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1 for further details.



Notes to the consolidated financial statements

**2.11 Financial assets (Non-derivative) (continued)**

*Policy applicable before 1st January 2018*

*Classification*

The Group classifies its financial assets in the following categories: held to maturity instruments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

*(a) Held to maturity investments*

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale and those that meet the definition of loans and receivables.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the reporting date.

*(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the reporting date.

*Recognition and measurement*

When a financial asset is recognized initially, an entity shall measure it at its fair value plus transactions cost that are directly attributable to the acquisition or issue of the financial asset. Loans and receivables shall be measured at amortized cost using the effective interest method.

Held to maturity investments shall be measured at amortized cost using the effective interest method.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, shall be measured at cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Notes to the consolidated financial statements

**2.11 Financial assets (Non-derivative) (continued)**

*Policy applicable before 1st January 2018 (continued)*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

**2.12 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out method and weighted average cost method. Cost of inventory includes purchases, transport and handling costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses. Where necessary, provision is made in the financial statements for obsolete, slow-moving and defective inventory.

Group value its inventory as below;

<b>Cost formulae used</b>	<b>Inventory type</b>
FIFO	Fuel, spare parts and consumables
Weighted average	Duty-free

**2.13 Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group holds the trade receivables with the objective to collect the contractual cash flows. See note 24 for further information about the Group's accounting for trade receivables and note 3.1 (c) for a description of the Group's impairment policies.

**2.14 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**2.15 Share capital**

Ordinary shares are classified as equity.

**2.16 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated after adjusting the interest accrued, repayments of principal and interest. Interest on borrowings are recognized on accrual basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date or if the borrowings are only repayable on the availability of net cash flows of the Group and such availability is not anticipated for at least 12 months after the reporting date.



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Notes to the consolidated financial statements

**2.17 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**2.18 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

**2.19 Current and deferred business profit tax**

The tax expenses for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity.

The current business profit tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax

The Group is liable to business profit tax at rate of 15%, if the taxable profit of the year exceeds MVR 500,000.

Deferred business profit tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred business profit tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred business profit tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred business profit tax asset is realized or the deferred business profit tax liability is settled.

Deferred business profit tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.





Notes to the consolidated financial statements

**2.19 Current and deferred business profit tax (continued)**

Deferred business profit tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred business profit tax assets and liabilities relate to business profit taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.20 Employee benefits**

*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the balance sheet.

*Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to Maldives Government pension scheme and will have no legal or constructive obligation to pay further amounts. Both employer and employee contribute 7% to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees. All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives.

*Defined benefit plans*

Defined benefit plans is an amount of benefit that an employee receive on retirement, usually dependent on one or more factors such as age, completed years of service and compensation. The Group's net obligation in respect of defined benefit plans are 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. Discounting was done by using the Maldives Government treasury bills interest rate as there is no deep corporate bond market in Maldives. The calculation was performed by a qualified actuary, Messrs Charan Gupta Consultants Pvt Ltd in India, using the projected unit credit method.

The interest cost is calculated by applying discounting rate to the opening balance of the defined benefit obligations. This cost is included in employee benefit expense in the consolidated statement of statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.



Notes to the consolidated financial statements

2.21 Revenue

*Policy applicable from 1st January 2018*

Revenue is recognised as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. Revenue is measured based on the consideration in a contract with a customer.

The following provides the information about the nature and timing of the satisfaction of performance obligations in contract with customers:

*(a) Sales of goods*

The performance obligation is satisfied when the goods are handed over to customers. Revenue is recognized when the Group satisfies its performance obligation towards the customer.

Non traffic revenue is primarily generated from contracts with airlines for the provision of jet fuels and sale of duty-free products to individual passengers. Revenue is recognised as the goods are delivered as follows:

- Fuel sales : On the basis of quantity sold, when product delivered to the customer.
- Duty-free goods sales : On the basis of item price displayed in the product, when product accepted by the customer.

*(b) Sales of services*

The performance obligation relating to the rendering of services is satisfied when the services are consumed by the customer. Revenue is recognized with reference to the time of services are rendered.

Traffic revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Navigation charges : On the basis of maximum take-off weight, when the aircraft entered into the Maldives air space.
- Landing charges : On the basis of the particular aircraft type, when the aircraft lands on the runway.
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight.
- Ground handling : On the basis of the particular aircraft type or basis of maximum take-off weight, when the service is consumed.
- Departure control system charges : On the basis of the particular aircraft type, when the service is performed and consumed by customer.

Other non traffic revenue mainly consists of provision of cargo handling and terminal services, lounge operation charges, utility sales, rent and lease charges.

- Lounge utilisation charges : On per passenger basis as they utilise.
- Cargo income : On the basis of volume handled.
- Utility charges : On the basis of volume consumed by the customer.



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Notes to the consolidated financial statements

2.21 Revenue (continued)

*Policy applicable from 1st January 2018 (continued)*

All the revenues are billed on a monthly basis.

The nature and timing of the satisfaction of performance obligation were not significantly affected to the Group compare with previous accounting standard.

*(c) Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method.

*(d) Other revenues earned are recognized on the following basis:*

Dividends - shareholders' right to receive the payment is established

Rental - as it accrues

*(e) Consignment commission*

The Group sells souvenir items to the travelers on behalf of two consigners. Consignment commission is recognised at the point in time of delivering the souvenir items to the traveler, based on the rate agreed with the principals.

Income is recognized on an accrual basis in accordance with the substance of the relevant contracts.

*Policy applicable before 1st January 2018*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

*(a) Sales of goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer, with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Sales of goods are recognized when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

*(b) Sales of services*

Sales of services are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of actual service provided as a proportion of the total services to be provided.

*(c) Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method.

*(d) Other revenues earned are recognized on the following basis:*

Dividends - shareholders' right to receive the payment is established

Rental - as it accrues

Income is recognized on an accrual basis in accordance with the substance of the relevant agreements.



## Notes to the consolidated financial statements

## 2.22 Dividend distribution

Dividend distribution to the Group's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

## 3 Financial risk management

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors on specific areas such as foreign exchange risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The company has a substantial portion of its revenue realised in United States Dollar. Currency exposure arising from the import of capital items and other materials are presently met out of revenue received in United States Dollars.

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	31 December 2018		31 December 2017	
	US\$	SGD	US\$	SGD
Cash and cash equivalents	28,659,708	-	38,385,891	-
Trade and other receivables	107,459,285	998,374	148,447,919	750,205
Investments in fixed deposits	21,727,305	-	12,210,000	-
Trade and other payables	(50,397,014)	(55,517)	(49,820,477)	-
Borrowings	(384,067,359)	-	(255,602,633)	-
	(276,618,074)	942,857	(106,379,300)	750,205

## Sensitivity analysis

5 percent strengthening/ weakening of Maldivian Rufiyaa against United States Dollars and Singapore Dollar as at 31 December 2018 and 31 December 2017, would have increased/ decreased profit by the amount shown below, based on the Group's monetary assets and liabilities. The analysis assumes that all other variables remain constant.

	Strengthening	Weakening
31 December 2018		
US\$ 5% movement	(213,272,535)	213,272,535
SGD 5% movement	531,863	(531,863)
31 December 2017		
US\$ 5% movement	(82,018,440)	82,018,440
SGD 5% movement	431,809	(431,809)



## Notes to the consolidated financial statements

## 3.1 Financial risk factors

	Average rate		As at 31 December	
	2018	2017	2018	2017
1 MVR: SGD	0.089	0.089	0.089	0.087
1 MVR: USD	0.065	0.065	0.065	0.065

In respect of the monetary assets and liabilities denominated in US\$, the Group has a limited currency exposure on such balances since the Maldivian Rufiyaa is pegged to the US\$ within a band to fluctuate within +/- 20% of the mid-point of exchange rate.

*(ii) Cash flow and fair value interest rate risk*

The Group has short-term deposits with commercial banks and investments in Government treasury bills, which are the interest bearing assets. The Group also has fixed interest bearing borrowings. The Group does not have any control over interest rate or any hedge instrument to manage the risk arising out of fixed interest rate.

*(b) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain liquidity by keeping adequate cash and short-term deposits in banks.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**Group**

	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
<b>At 31 December 2018</b>				
Trade and other payables	1,417,245,087	-	-	-
Borrowings	199,502,726	1,004,284,667	56,446,548	4,662,084,728
<b>At 31 December 2017</b>				
Trade and other payables	929,035,570	-	-	-
Borrowings	191,473,682	589,296,188	738,068,018	2,422,554,710

**Company**

	Less than 3 months	Between 3 months and 1 Year	1 and 2 Years	2 Years and above
<b>At 31 December 2018</b>				
Trade and other payables	1,370,073,464	-	-	-
Borrowings	199,502,726	1,004,284,667	56,446,548	4,662,084,728
<b>At 31 December 2017</b>				
Trade and other payables	886,531,901	-	-	-
Borrowings	191,473,682	589,296,188	738,068,018	2,422,554,710



Notes to the consolidated financial statements

**3 Financial risk management**

**3.1 Financial risk factors (continued)**

*(c) Credit risk*

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), and deposits with banks and financial institutions, as well as credit exposures to ordinary customers, including outstanding receivables.

*(i) Risk management*

Most of the aero customers are reputed airlines with the global presence and non aero customer mainly includes government related SOEs. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

*(ii) Security*

For some trade receivables the Group obtains security in the form of bank guarantees and cash deposits. i.e. bank guarantee vary for 1 to 3 months, which can be called upon if the counterparty is in default under the terms of the agreement.

*(iii) Impairment of financial assets*

The Group has following financial assets that are subject to IFRS 9's expected credit loss model:

- Trade receivables - others and related parties
- Other receivables
- Other financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investment in fixed deposits
- Cash and cash equivalents

While investment in financial assets at fair value through other comprehensive income (FVOCI), investment in fixed deposits, other financial assets at amortised cost and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment losses were immaterial.

*- Trade receivables - others and related parties*

The Group applies the IFRS 9 simplified approach of measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the past experience on recovery and default.



## Notes to the consolidated financial statements

## 3.1 Financial risk factors (continued)

(c) Credit risk (continued)

- Trade receivables - others and related parties (continued)

The expected loss rates are based on the payment profiles of sales over a period of 48 months and 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted by a loss allowance matrix developed by the Group considering the macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has selected GDP of the region/ country of the customer and/ or jet fuel price to be most relevant factors. Accordingly developed a loss allowance matrix based on expected changes in the GDP of the region/ country and/ or jet fuel price and applied to the historical loss rates.

On that basis, the loss allowance of the Company as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for trade receivables that were subjected to expected credit loss calculation.

## Scheduled airlines

31st December 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.4%	1.0%	3.3%	5.8%	9.2%	
Gross carrying amount – trade receivables	99,454,192	48,254,268	14,918,483	4,167,610	10,254,557	177,049,111
Loss allowance	420,311	477,851	491,228	240,506	945,127	2,575,023
1st January 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	0.5%	1.1%	2.9%	6.3%	9.2%	
Gross carrying amount – trade receivables	77,507,709	33,894,391	9,930,893	5,569,186	9,194,773	136,096,952
Loss allowance	384,710	373,969	288,968	351,353	847,450	2,246,450

## Non-scheduled airlines

31st December 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	15%	27%	44%	73%	93%	
Gross carrying amount – trade receivables	27,021,168	1,958,384	468,829	160,883	55,093,147	84,702,410
Loss allowance	3,996,002	519,897	208,517	117,171	50,995,346	56,836,933



**MALDIVES AIRPORTS COMPANY LIMITED**

**31 December 2018**

**Notes to the consolidated financial statements**

**3.1 Financial risk factors (continued)**

*(c) Credit risk (continued)*

**Non-scheduled airlines**

<b>1st January 2018</b>	<b>Current</b>	<b>Past due less than 30 days</b>	<b>Between 31 days and 60 days</b>	<b>Between 61 days and 90 days</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	19%	28%	49%	85%	93%	
Gross carrying amount – trade receivables	21,119,300	1,648,507	496,823	888,213	54,016,496	78,169,340
Loss allowance	3,936,397	465,686	244,479	758,504	49,998,776	55,403,842

**Non-aero**

<b>31st December 2018</b>	<b>Current</b>	<b>Past due less than 30 days</b>	<b>Between 31 days and 60 days</b>	<b>Between 61 days and 90 days</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	13%	16%	45%	75%	93%	
Gross carrying amount – trade receivables	12,834,623	10,100,230	916,838	879,120	29,658,606	54,389,416
Loss allowance	1,614,537	1,624,310	409,361	655,338	27,581,647	31,885,193

<b>1st January 2018</b>	<b>Current</b>	<b>Past due less than 30 days</b>	<b>Between 31 days and 60 days</b>	<b>Between 61 days and 90 days</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	12%	15%	38%	62%	93%	
Gross carrying amount – trade receivables	13,416,958	8,050,633	1,070,205	858,923	33,604,324	57,001,042
Loss allowance	1,675,144	1,241,345	408,699	529,089	31,251,051	35,105,328

**Related parties - state owned enterprises**

<b>31st December 2018</b>	<b>Current</b>	<b>Past due less than 30 days</b>	<b>Between 31 days and 60 days</b>	<b>Between 61 days and 90 days</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	13%	15%	18%	22%	28%	
Gross carrying amount – trade receivables	12,687,804	10,289,172	20,582,234	15,959,444	90,385,759	149,904,413
Loss allowance	1,633,264	1,581,492	3,626,647	3,524,143	25,553,642	35,919,188





## Notes to the consolidated financial statements

## 3.1 Financial risk factors (continued)

*(c) Credit risk (continued)*

## Related parties - state owned enterprises

1st January 2018	Current	Past due less than 30 days	Between 31 days and 60 days	Between 61 days and 90 days	More than 90 days past due	Total
Expected loss rate	13%	16%	18%	23%	29%	
Gross carrying amount – trade receivables	17,976,783	16,070,284	16,119,203	18,083,901	72,634,570	140,884,741
Loss allowance	2,353,051	2,536,907	2,915,200	4,088,446	20,973,879	32,867,483

*- Receivables from Government Ministries and Departments*

Receivables from Government Ministries and Departments consist of other receivables and portion of trade receivables from related parties. The Company assesses the credit quality of its receivables Government Ministries and Departments taking into account their financial position, past experience and other factors. The Company is dealing with Government Ministries and Departments and has not experienced historical credit losses during the past years. Therefore, expected credit loss allowance for receivables Government Ministries and Departments were determined by considering the loss of time value of money. The Company management calculated the expected credit losses on these assets by discounting the future cash flows using the Company's weighted average cost of capital.

On that basis, the Company's the loss allowance for Receivables from Government Ministries and Departments as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) were as follows:

	31 December 2018	1 January 2018
Gross carrying amount		
- Trade receivables - related parties	72,061,028	65,447,119
- Other receivables	1,221,460,985	1,289,051,178
Loss allowance		
- Trade receivables - related parties	8,059,322	11,310,577
- Other receivables	99,071,737	189,847,463

## 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payable) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.



## Notes to the consolidated financial statements

## 3.2 Capital risk management (continued)

The gearing ratios at 31 December 2018 and 31 December 2017 were as follows:

	Group		Company	
	2018	2017	2018	2017
Total borrowings (Note 31)	5,922,318,669	3,941,392,597	5,922,318,669	3,941,392,597
Trade and other payables (Note 34)	1,475,797,496	976,775,765	1,427,668,707	931,386,860
Less: Cash and cash equivalents (Note 26)	(665,665,192)	(689,494,724)	(536,701,965)	(486,522,559)
Net debt	6,732,450,972	4,228,673,638	6,813,285,411	4,386,256,898
Total equity	6,905,294,746	5,917,897,953	5,801,697,691	4,944,944,659
Total capital	13,637,745,718	10,146,571,591	12,614,983,102	9,331,201,557
<b>Gearing ratio</b>	49%	42%	54%	47%

The gearing ratios of the Group and the Company in 2018 have increased due to increase in total borrowings during the year.

## 3.3 Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 3.4 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 5 Revenue

	Group		Company	
	2018	2017	2018	2017
<b>Traffic revenue</b>				
Landing fee	242,083,958	207,732,515	242,083,958	207,732,515
Parking fee	50,018,475	53,380,019	50,018,475	53,380,019
Navigation fee	91,199,203	80,311,733	91,199,203	80,311,733
Ground handling charges	440,378,273	399,483,020	440,378,273	399,483,020
Departure control system	54,453,478	46,401,447	54,453,478	46,401,447
	<u>878,133,387</u>	<u>787,308,734</u>	<u>878,133,387</u>	<u>787,308,734</u>
<b>Non traffic revenue</b>				
Fuel sales	2,427,882,994	1,929,741,057	2,428,490,432	1,929,741,057
Duty-free sales	711,628,936	688,534,129	711,628,936	688,534,129
Rent and lease charges	129,222,568	113,021,385	139,389,036	124,223,032
Cargo income	202,683,552	149,619,771	203,808,724	149,619,771
Utility sales	46,373,462	38,767,907	78,815,096	76,052,386
Lounge income	119,550,891	98,672,319	119,550,891	98,672,319
Consignment commission	132,095,428	121,870,467	132,095,428	121,870,467
Revenue share	24,354,217	22,280,529	24,354,217	22,280,529
Miscellaneous income	20,231,722	16,540,535	22,428,339	19,381,908
Passenger related charges	7,849,527	7,790,123	7,849,527	7,790,123
	<u>3,821,873,297</u>	<u>3,186,838,221</u>	<u>3,868,410,626</u>	<u>3,238,165,721</u>

Fuel sales increase is predominantly due to increase in fuel price in the international market as well as the quantity sold during the year.

**Other revenue sources**

Room revenue	120,287,102	122,807,625	-	-
Cabin handling	42,523,025	39,010,919	-	-
Catering	197,150,513	183,371,618	-	-
Food and beverages	70,221,045	69,734,498	-	-
Miscellaneous income	11,724,088	10,088,982	-	-
	<u>441,905,773</u>	<u>425,013,642</u>	-	-
<b>Total revenue</b>	<u>5,141,912,457</u>	<u>4,399,160,597</u>	<u>4,746,544,013</u>	<u>4,025,474,455</u>

## 6 Breakdown of expenses by nature

	Group		Company	
	2018	2017	2018	2017
<b>Cost of sales and operating supplies:</b>				
Fuel cost	1,528,733,234	1,195,687,119	1,528,733,234	1,195,687,119
Duty-free cost of goods sold	410,434,601	409,178,121	410,434,601	409,178,121
Employee benefit expenses (Note 7.1)	265,265,677	218,252,793	265,265,677	218,252,793
Depreciation (Note 6.1)	96,710,621	99,907,013	96,710,621	99,907,013
Other operating supplies	78,784,040	65,802,794	7,658,134	7,404,689
	<u>2,379,928,173</u>	<u>1,988,827,840</u>	<u>2,308,802,267</u>	<u>1,930,429,735</u>



**MALDIVES AIRPORTS COMPANY LIMITED**

31 December 2018

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**Breakdown of expenses by nature (continued)**

	Group		Company	
	2018	2017	2018	2017
<b>Administrative expenses:</b>				
Depreciation on property, plant and equipment (Note 6.1)	150,034,497	137,036,365	119,660,043	106,765,518
Depreciation on investment properties (Note 17)	6,672,837	3,678,843	6,672,837	3,678,843
Amortisation charges (Note 18)	4,934,242	4,650,144	4,835,014	4,467,479
Employee benefit expense (Note 7.1)	692,584,716	491,948,912	625,246,996	434,085,963
Repair and maintenance	57,623,875	49,316,899	57,623,875	49,316,899
Insurance	26,482,904	23,014,265	26,482,904	23,014,265
Fuel and consumables	97,346,288	83,797,892	97,346,288	83,797,892
Professional fees	13,169,635	11,829,579	12,570,830	10,885,027
Legal expenses	525,129	1,482,039	525,129	1,482,039
Bank charges and commission	16,582,695	15,360,862	16,582,695	15,360,862
License charges	3,009,333	3,780,364	3,009,333	3,780,364
Import duty and freight charges	9,977,947	5,074,375	9,977,947	5,074,375
Subscription expense	22,310,720	16,881,429	22,310,720	16,881,429
Functions and celebration expense	6,274,484	3,956,053	6,274,484	3,956,053
Fiftieth anniversary expense	-	123,281	-	123,281
Printing and stationaries	3,889,532	4,289,115	3,889,532	4,289,115
Garbage disposal charges	8,490,566	9,271,274	8,490,566	9,271,274
Loss on disposal of property, plant and equipment	28,910,590	2,760,932	28,910,590	2,760,932
Loss on disposal of investment properties	22,512,588	-	22,512,588	-
Exchange loss	2,085,388	1,517,636	1,972,745	1,436,835
Others	132,446,061	113,877,577	60,699,620	39,207,583
	<b>1,305,864,026</b>	<b>983,647,836</b>	<b>1,135,594,736</b>	<b>819,636,028</b>
<b>Selling and marketing costs:</b>				
Other distribution costs	3,574,896	4,474,005	-	-
Impairment of trade receivables	4,463,427	46,156,511	-	35,714,765
	<b>8,038,323</b>	<b>50,630,516</b>	<b>-</b>	<b>35,714,765</b>

**6.1 Depreciation expenses classified as:**

Administrative expenses (Note 6)	150,034,497	137,036,365	119,660,043	106,765,518
Cost of sales and operating supplies (Note 6)	96,710,621	99,907,013	96,710,621	99,907,013
	<b>246,745,118</b>	<b>236,943,378</b>	<b>216,370,664</b>	<b>206,672,531</b>

**7 Employee benefit expense**

	Group		Company	
	2018	2017	2018	2017
Salaries and wages	590,264,819	564,255,770	546,980,093	527,999,449
Staff welfare	3,563,663	16,816,411	3,563,663	3,359,670
Overtime	30,283,267	27,972,103	28,079,857	25,953,239
Pension fund contribution	17,945,674	19,316,561	17,235,830	18,698,404
Staff transportation expenses	18,764,126	18,173,577	18,764,126	18,173,577
Training and development	20,141,747	14,475,227	19,936,831	14,086,504
Accommodations	7,208,038	7,437,416	7,208,038	7,437,416
Employee retirement benefits expenses	211,154,479	-	211,154,479	-
Other benefits	58,524,580	41,754,640	37,589,756	36,630,497
	<b>957,850,393</b>	<b>710,201,705</b>	<b>890,512,673</b>	<b>652,338,756</b>



**MALDIVES AIRPORTS COMPANY LIMITED**

31 December 2018

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**7 Employee benefit expense (continued)**

7.1 Employee benefit expenses classified as:				
Administrative expenses (Note 6)	692,584,716	491,948,912	625,246,996	434,085,963
Cost of sales and operating supplies (Note 6)	265,265,677	218,252,793	265,265,677	218,252,793
	<u>957,850,393</u>	<u>710,201,705</u>	<u>890,512,673</u>	<u>652,338,756</u>

**8 Other operating income**

	Group		Company	
	2018	2017	2018	2017
Exchange gain	1,978,508	2,156,444	1,978,508	2,156,444
Sundry income	1,771,580	1,496,289	212,047	205,419
Reversal of impairment provision on trade receivables	92,593,085	-	92,593,085	-
	<u>96,343,173</u>	<u>3,652,733</u>	<u>94,783,640</u>	<u>2,361,863</u>

**9 Net finance cost**

	Group		Company	
	2018	2017	2018	2017
<b>Finance income</b>				
Interest on treasury bills	-	2,727,329	-	2,727,329
Interest on deposits	6,374,597	4,248,364	-	-
	<u>6,374,597</u>	<u>6,975,693</u>	<u>-</u>	<u>2,727,329</u>
<b>Finance expense</b>				
Interest on corporate bond	(51,767,155)	(86,209,626)	(51,767,155)	(86,209,626)
Bank loan interest	(13,634,296)	(10,159,134)	(13,634,296)	(10,159,134)
Profit share on islamic finance facility	(386,240)	-	(386,240)	-
	<u>(65,787,691)</u>	<u>(96,368,760)</u>	<u>(65,787,691)</u>	<u>(96,368,760)</u>
<b>Net finance cost</b>	<u>(59,413,094)</u>	<u>(89,393,067)</u>	<u>(65,787,691)</u>	<u>(93,641,431)</u>

**10 Business profit tax**

	Group		Company	
	2018	2017	2018	2017
Current tax	118,281,610	23,889,142	93,710,796	-
Deferred tax charge (Note 32)	111,560,237	147,839,807	112,905,757	150,970,175
	<u>229,841,847</u>	<u>171,728,949</u>	<u>206,616,553</u>	<u>150,970,175</u>

Reconciliations between business profit tax expenses and the accounting profit :

	Group		Company	
	2018	2017	2018	2017
<b>Profit before tax</b>	1,489,130,159	1,326,506,327	1,335,261,104	1,184,606,615
Add: Tax effect on expenses not allowed for tax purpose	86,893,247	71,309,624	47,231,804	26,160,303
Less: Tax effect of income not subject to tax	(29,475,114)	(32,030,189)	-	(3,642,663)
Adjustment due to the established deferred tax base in previous year	(13,769,312)	(221,275,538)	(4,799,223)	(200,406,422)
Taxable profit	<u>1,532,778,980</u>	<u>1,144,510,224</u>	<u>1,377,693,685</u>	<u>1,006,717,833</u>
Less: tax free allowance	(500,000)	(500,000)	(250,000)	(250,000)
Adjustment in respect of previous year	-	849,436	-	-
Taxable profit for the year	<u>1,532,278,980</u>	<u>1,144,859,660</u>	<u>1,377,443,685</u>	<u>1,006,467,833</u>
Business profit tax @ 15%	<u>229,841,847</u>	<u>171,728,949</u>	<u>206,616,553</u>	<u>150,970,175</u>



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**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**10 Business profit tax (continued)**

(b) Business profit tax recoverable

	Group		Company	
	2018	2017	2018	2017
As at 1 January	(201,203,170)	(76,327,548)	(197,704,896)	(97,223,672)
Tax charge for the year	118,281,610	23,889,142	93,710,796	-
Tax paid during the year	(20,262,528)	(148,764,764)	-	(100,481,224)
As at 31 December	<u>(103,184,088)</u>	<u>(201,203,170)</u>	<u>(103,994,100)</u>	<u>(197,704,896)</u>

**11 Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2018	2017	2018	2017
Profit attributable to equity holders of the	1,213,562,996	1,112,378,049	1,128,644,551	1,033,636,440
Weighted average number of ordinary shares in	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (MVR)	<u>809.04</u>	<u>741.59</u>	<u>752.43</u>	<u>689.09</u>

**12 Dividends**

At the annual general meeting held on 30 May 2018, a final dividend of MVR 50 per share amounting to MVR 75,000,000 was declared in respect of 2017 to the Government of Maldives, which has been accounted as appropriation of profit in the statement of changes in equity during the year.

**13 Financial instruments**

(a) Financial instrument by category

	Group		Company	
	2018	2017	2018	2017
<b>Amortised cost</b>				
Trade receivables - others and related parties	487,596,730	484,193,312	403,830,719	387,797,961
Other receivables	1,135,028,220	1,299,626,692	1,122,389,248	1,289,051,178
Other financial assets at amortised cost	181,504,083	246,108,375	181,504,083	246,108,375
Cash and cash equivalents	665,665,192	689,494,724	536,701,965	486,522,559
Investment in fixed deposits	335,035,043	188,278,200	-	-
	<u>2,804,829,268</u>	<u>2,907,701,303</u>	<u>2,244,426,015</u>	<u>2,409,480,073</u>

**Fair value through other comprehensive income**

Investment in equity of Addu International Airport Private Limited

	-	-	-	-
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**Amortised cost**

Trade and other payables excluding non-financial liabilities

	1,417,245,087	929,035,570	1,370,073,464	886,531,901
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Borrowings

	5,922,318,669	3,941,392,597	5,922,318,669	3,941,392,597
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	<u>7,339,563,756</u>	<u>4,870,428,167</u>	<u>7,292,392,133</u>	<u>4,827,924,498</u>
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## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 13 Financial instruments (continued)

## (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

## Trade receivables including related parties

Counter parties without external credit rating :

	Group		Company	
	2018	2017	2018	2017
Group i	209,183,881	136,250,619	209,183,881	136,250,619
Group ii	62,551,039	96,438,311	26,259,915	60,147,202
	<u>271,734,920</u>	<u>232,688,930</u>	<u>235,443,796</u>	<u>196,397,821</u>

Group i - Aero customers

Group ii - Non aero customers

## Cash at bank and fixed deposits

	Group		Company	
	2018	2017	2018	2017
<b>Cash at bank</b>				
Bank of Maldives	435,463,957	511,671,889	356,716,682	447,134,286
Bank of Ceylon	21,453,945	4,887,541	21,453,945	4,887,541
HSBC	-	771	-	771
State Bank of India	78,934,421	135,443,485	36,362,955	7,443,658
Mauritius Commercial bank	102,243,616	4,331,653	102,243,616	4,331,653
Habib Bank Limited	6,153,218	6,153,218	-	-
	<u>644,249,157</u>	<u>662,488,557</u>	<u>516,777,198</u>	<u>463,797,909</u>

## Amortised cost

## Fixed deposit

Bank of Maldives	335,035,043	188,278,200	-	-
	<u>335,035,043</u>	<u>188,278,200</u>	<u>-</u>	<u>-</u>

The banks in Maldives have not been rated.



**MALDIVES AIRPORTS COMPANY LIMITED**

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**Notes to the consolidated financial statements (continued)**

**14 Property, plant and equipment - Group**

	<b>Buildings and island infra- structures</b>	<b>Machinery and equipment</b>	<b>Furniture, fittings and fixtures</b>	<b>Vehicles and ground handling equipment</b>	<b>Office and other equipment</b>	<b>Crookery linen and fabric</b>	<b>Kitchen and house keeping equipment</b>	<b>Total</b>
<b>Year ended 31 December 2017</b>								
Opening net book amount	2,214,737,035	275,975,923	20,905,717	277,765,216	32,595,305	3,342,793	3,442,603	2,828,764,590
Additions	2,390,928	11,631,203	10,669,074	6,180,393	9,035,722	-	3,471,751	43,379,072
Transfer from CWIP (Note 15)	73,673,842	82,949,762	31,904	7,331,934	1,160,990	-	-	165,148,431
Disposal - cost	-	(10,462,803)	-	(7,505)	(31,588)	-	-	(10,501,896)
- accumulated depreciation	-	7,446,872	-	7,505	31,588	-	-	7,485,965
Reclassification as investment property - carrying value	(98,225,085)	-	-	-	-	-	-	(98,225,085)
Depreciation charge (Note 6.1)	(112,546,750)	(55,308,205)	(8,133,258)	(47,899,281)	(10,234,163)	(134,169)	(2,687,552)	(236,943,378)
Closing net book amount	<u>2,080,029,970</u>	<u>312,232,752</u>	<u>23,473,437</u>	<u>243,378,261</u>	<u>32,557,853</u>	<u>3,208,624</u>	<u>4,226,802</u>	<u>2,699,107,699</u>
<b>At 31 December 2017</b>								
Cost or valuation	2,841,886,740	710,605,582	73,781,777	540,936,071	106,694,460	12,259,270	33,196,902	4,319,360,802
Accumulated depreciation	(761,856,770)	(398,372,830)	(50,308,341)	(297,557,809)	(74,136,607)	(9,050,646)	(28,970,101)	(1,620,253,103)
Net book amount	<u>2,080,029,970</u>	<u>312,232,752</u>	<u>23,473,437</u>	<u>243,378,261</u>	<u>32,557,853</u>	<u>3,208,624</u>	<u>4,226,802</u>	<u>2,699,107,699</u>
<b>Year ended 31 December 2018</b>								
Opening net book amount	2,080,029,970	312,232,752	23,473,437	243,378,261	32,557,853	3,208,624	4,226,802	2,699,107,699
Additions	-	9,563,078	6,019,214	10,887,687	4,953,978	-	2,011,030	33,434,987
Transfer from CWIP (Note 15)	281,269,349	29,506,859	-	-	1,362,753	-	-	312,138,961
Disposal - cost	(33,011,675)	(2,592,696)	(622,413)	-	(437,805)	-	(1,971,247)	(38,635,836)
- accumulated depreciation	3,902,834	2,493,421	570,586	-	435,415	-	1,874,239	9,276,495
Depreciation charge (Note 6.1)	(121,842,639)	(58,863,078)	(7,587,762)	(45,329,322)	(10,180,320)	-	(2,941,997)	(246,745,118)
Closing net book amount	<u>2,210,347,840</u>	<u>292,340,335</u>	<u>21,853,062</u>	<u>208,936,626</u>	<u>28,691,874</u>	<u>3,208,624</u>	<u>3,198,827</u>	<u>2,768,577,187</u>
<b>At 31 December 2018</b>								
Cost or valuation	3,090,144,415	747,082,822	79,178,578	551,823,758	112,573,386	12,259,270	33,236,685	4,626,298,914
Accumulated depreciation	(879,796,575)	(454,742,487)	(57,325,517)	(342,887,131)	(83,881,512)	(9,050,646)	(30,037,859)	(1,857,721,727)
Net book amount	<u>2,210,347,840</u>	<u>292,340,335</u>	<u>21,853,062</u>	<u>208,936,626</u>	<u>28,691,874</u>	<u>3,208,624</u>	<u>3,198,827</u>	<u>2,768,577,187</u>





**MALDIVES AIRPORTS COMPANY LIMITED**  
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**Notes to the consolidated financial statements (continued)**

**14 Property, plant and equipment - Company**

	<b>Buildings and island infrastructures</b>	<b>Machinery and equipment</b>	<b>Furniture, fittings and fixtures</b>	<b>Vehicles and ground handling equipment</b>	<b>Office and other equipment</b>	<b>Total</b>
<b>Year ended 31 December 2017</b>						
Opening net book amount	2,008,691,401	272,118,092	16,669,054	264,670,862	31,886,246	2,594,035,655
Additions	2,241,585	10,761,782	10,301,893	4,616,898	8,948,537	36,870,696
Transfer from CWIP (Note 15)	73,673,842	81,004,359	31,904	7,331,934	1,160,990	163,203,028
Disposals - cost	-	(10,462,803)	-	(7,505)	(17,247)	(10,487,555)
- accumulated depreciation	-	7,446,872	-	7,505	17,247	7,471,624
Reclassification as investment property - carrying value (Note 17)	(98,225,085)	-	-	-	-	(98,225,085)
Depreciation charge (Note 6.1)	(90,606,218)	(53,911,955)	(6,744,317)	(45,673,805)	(9,736,236)	(206,672,531)
Closing net book amount	<u>1,895,775,525</u>	<u>306,956,347</u>	<u>20,258,535</u>	<u>230,945,889</u>	<u>32,259,537</u>	<u>2,486,195,833</u>
<b>At 31 December 2017</b>						
Cost or valuation	2,221,113,254	695,678,108	54,622,039	499,766,434	100,422,691	3,571,602,526
Accumulated depreciation	(325,337,729)	(388,721,761)	(34,363,504)	(268,820,545)	(68,163,154)	(1,085,406,693)
Net book amount	<u>1,895,775,525</u>	<u>306,956,347</u>	<u>20,258,535</u>	<u>230,945,889</u>	<u>32,259,537</u>	<u>2,486,195,833</u>
<b>Year ended 31 December 2018</b>						
Opening net book amount	1,895,775,525	306,956,347	20,258,535	230,945,889	32,259,537	2,486,195,833
Additions	-	8,695,780	2,676,991	10,072,293	4,686,657	26,131,721
Transfer from CWIP (Note 15)	281,269,349	28,462,848	-	-	1,305,545	311,037,742
Disposals - cost	(33,011,675)	(2,182,154)	-	-	-	(35,193,829)
- accumulated depreciation	3,902,834	2,082,879	-	-	-	5,985,714
Depreciation charge (Note 6.1)	(100,011,142)	(57,324,686)	(6,108,028)	(43,151,941)	(9,774,867)	(216,370,664)
Closing net book amount	<u>2,047,924,892</u>	<u>286,691,013</u>	<u>16,827,498</u>	<u>197,866,241</u>	<u>28,476,872</u>	<u>2,577,786,516</u>
<b>At 31 December 2018</b>						
Cost or valuation	2,469,370,929	730,654,581	57,299,030	509,838,727	106,414,893	3,873,578,160
Accumulated depreciation	(421,446,037)	(443,963,568)	(40,471,532)	(311,972,486)	(77,938,021)	(1,295,791,645)
Net book amount	<u>2,047,924,892</u>	<u>286,691,013</u>	<u>16,827,498</u>	<u>197,866,241</u>	<u>28,476,872</u>	<u>2,577,786,516</u>



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 14 Property, plant and equipment (continued)

a) A lease agreement has been signed between the Government of Maldives and the Company to lease Hulhule Island (Airport Island) for a period of 50 years for a nominal value of MVR 100.

b) The value of fully depreciated property, plant and equipment of the Company at the reporting date amounted to MVR 314,964,607 (2017: MVR 264,875,062).

c) An independent valuation of the Company's building was performed by a valuer to determine the fair value of the buildings as at 31 December 2016. If buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2018	2017	2018	2017
Cost	387,092,733	439,065,732	387,092,733	439,065,732
Accumulated depreciation	(182,423,739)	(173,020,343)	(182,423,739)	(173,020,343)
Net book amount	204,668,994	266,045,389	204,668,994	266,045,389

d) Details and the carrying amounts of assets pledged as security for current and non-current borrowings are as follows:

The Group has mortgage the leasehold rights of island "Hulhule" and all buildings thereon to the Bank of Maldives, to an amount not less than 200% of the exposure in respect of demand loan obtained from the Bank of Maldives. The total loan facility is amounting to US\$ 30,300,000. Minimum mortgage value depending on the loan exposure as at the reporting date is as follows:

	Company	
	2018	2017
Loan exposure	156,629,790	155,551,724
200% of the loan exposure	313,259,580	311,103,448
Minimum mortgage value	313,259,580	311,103,448

## 15 Capital work-in-progress

	Group		Company	
	2018	2017	2018	2017
At 1 January	2,623,273,538	763,863,381	2,340,229,230	644,747,626
Additions	4,856,003,044	2,051,925,109	4,744,474,348	1,886,051,153
Transfer to property, plant and equipment (Note 14)	(312,138,961)	(165,148,430)	(311,037,742)	(163,203,028)
Transfer to investment properties (Note 17)	(57,539,671)	(27,202,682)	(57,539,671)	(27,202,682)
Transfer to intangible assets (Note 18)	(12,069,660)	(163,839)	(12,069,660)	(163,839)
At 31 December	7,097,528,290	2,623,273,538	6,704,056,505	2,340,229,230

Capital work-in-progress at the year-end comprises of:

	Group		Company	
	2018	2017	2018	2017
New runway, fuel farm and cargo terminal	5,256,694,731	1,739,235,639	5,256,694,731	1,739,235,639
New international passenger terminal	623,535,378	184,522,242	623,535,378	184,522,242
Fuel farm development	36,141,921	27,794,801	36,141,921	27,794,801
Master plan consultancy	28,995,529	28,995,529	28,995,529	28,995,529
Materials for internal road construction	21,560,257	7,679,298	21,560,257	7,679,298
Balance c/f	5,966,927,817	1,988,227,510	5,966,927,817	1,988,227,510



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**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**15 Capital work-in-progress (continued)**

	Group		Company	
	2018	2017	2018	2017
Balance b/f	5,966,927,817	1,988,227,510	5,966,927,817	1,988,227,510
Provision of electricity to new development areas	19,070,083	25,577,678	19,070,083	25,577,678
New sea plane terminal	489,329,963	109,200,822	489,329,963	109,200,822
Project management and design review	81,883,464	28,566,411	81,883,464	28,566,411
Other facilities relocation projects	21,774,543	18,444,596	21,774,543	18,444,596
Integration of oracle system and implementation of other applications	7,834,444	11,900,166	7,834,444	11,900,166
Renovation of temporary facilities and building	-	11,859,612	-	11,859,612
Franchise building at jetty area	-	37,014,940	-	37,014,940
Construction of new CCR building	-	19,419,356	-	19,419,356
Modification of passenger hold room at terminal and first class lounge	-	62,771,851	-	62,771,851
Jetties in front of water front building	8,106,514	-	8,106,514	-
New radar installation	19,196,738	-	19,196,738	-
South west harbour shore protection	19,899,362	-	19,899,362	-
Development of Madifushi resort project	391,436,222	281,943,089	-	-
Residential apartments - HIYA project	40,828,081	-	40,828,081	-
Other projects	31,241,058	28,347,507	29,205,495	27,246,288
	<b>7,097,528,290</b>	<b>2,623,273,538</b>	<b>6,704,056,505</b>	<b>2,340,229,230</b>

During the year, the Group has capitalised borrowing costs amounting to MVR 180,100,266 (2017: MVR 64,376,441) on qualifying assets. The borrowings are meant to fund specific projects and the interest percentage and borrowing cost capitalised are as follows:

Project	Rate of interest	Group		Company	
		2018	2017	2018	2017
New runway, fuel farm and cargo terminal	3%	106,630,068	61,087,205	106,630,068	61,087,205
	5%	2,950,646	-	2,950,646	-
		<b>109,580,714</b>	<b>61,087,205</b>	<b>109,580,714</b>	<b>61,087,205</b>
New international passenger terminal	3%	5,255,357	51,037	5,255,357	51,037
	6%	366,462	-	366,462	-
		<b>5,621,819</b>	<b>51,037</b>	<b>5,621,819</b>	<b>51,037</b>
New sea plane terminal	(other borrowing)	48,530,665	-	48,530,665	-
	10%	16,367,068	3,238,200	16,367,068	3,238,200
		<b>64,897,733</b>	<b>3,238,200</b>	<b>64,897,733</b>	<b>3,238,200</b>
Total		<b>180,100,266</b>	<b>64,376,441</b>	<b>180,100,266</b>	<b>64,376,441</b>

**16 Capital advance**

	Group		Company	
	2018	2017	2018	2017
Capital advance for development projects				
New runway, fuel farm and cargo terminal	525,290,528	1,539,121,057	525,290,528	1,539,121,057
New sea plane terminal	81,993,081	128,378,362	81,993,081	128,378,362
Auxiliary projects	66,071,396	-	66,071,396	-
Power upgrading project	45,054,608	-	45,054,608	-
New international passenger terminal	228,126,078	-	228,126,078	-
Residential apartments - HIYA project	20,414,041	-	20,414,041	-
Renovation of temporary facilities, building and services	-	2,981,785	-	2,981,785
Other projects	4,384,797	739,471	4,384,797	739,471
	<b>971,334,528</b>	<b>1,671,220,675</b>	<b>971,334,528</b>	<b>1,671,220,675</b>



**MALDIVES AIRPORTS COMPANY LIMITED**

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(All amounts in Maldivian Rufiyaa unless otherwise stated)

**17 Investment properties**

	Group		Company	
	2018	2017	2018	2017
<b>Year ended 31 December</b>				
Opening net book amount	121,748,924	-	121,748,924	-
Transfer from property, plant and equipment (Note 14)	-	98,225,085	-	98,225,085
Disposals - cost	(24,013,427)	-	(24,013,427)	-
- accumulated depreciation	1,500,839	-	1,500,839	-
Transfer from CWIP (Note 15)	57,539,671	27,202,682	57,539,671	27,202,682
Depreciation charge (Note 6)	(6,672,837)	(3,678,843)	(6,672,837)	(3,678,843)
<b>Closing net book amount</b>	<b>150,103,170</b>	<b>121,748,924</b>	<b>150,103,170</b>	<b>121,748,924</b>
<b>At 31 December</b>				
Cost / valuation	158,954,011	125,427,767	158,954,011	125,427,767
Accumulated depreciation	(8,850,841)	(3,678,843)	(8,850,841)	(3,678,843)
Net book amount	150,103,170	121,748,924	150,103,170	121,748,924

**Income earned from Investment Property**

The rental income from and direct expenses in relation to investment properties are as follows:

	Group		Company	
	2018	2017	2018	2017
Rent income	55,472,915	44,708,157	55,472,915	44,708,157

There is no material direct expenses specifically attributable to the rental income since, ancillary services related costs are being recovered through other revenue streams.

The estimated fair value of the investment properties as at 31 December 2018, is approximates to MVR 150 million (2017 MVR 100 million) under the depreciated replacement cost (DRC) method as performed by the management.

The Group has decided to reclassify portion of property plant and equipments under investment property based on the square area which are being used for the purpose of generating rental income from 1 January 2017. These assets mainly consist of airline engineering office building , franchise building and proportions of building rented in the international terminal, domestic terminal, airline office complex buildings.

**18 Intangible asset**

	Group		Company	
	2018	2017	2018	2017
<b>Year ended 31 December</b>				
Opening net book amount	16,952,980	21,356,306	16,682,622	20,927,337
Additions	460,331	82,979	460,331	58,924
Disposals - cost	(24,024)	-	-	-
- accumulated depreciation	5,613	-	-	-
Transfer from CWIP (Note 15)	12,069,660	163,839	12,069,660	163,839
Amortization charge (Note 6)	(4,934,242)	(4,650,144)	(4,835,014)	(4,467,479)
<b>Closing net book amount</b>	<b>24,530,318</b>	<b>16,952,980</b>	<b>24,377,598</b>	<b>16,682,622</b>
<b>At 31 December</b>				
Cost / valuation	46,265,019	33,759,051	44,697,111	32,167,121
Accumulated amortisation	(21,734,701)	(16,806,070)	(20,319,513)	(15,484,499)
Net book amount	24,530,318	16,952,980	24,377,598	16,682,622



**MALDIVES AIRPORTS COMPANY LIMITED**

**31 December 2018**

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**19 Investment in subsidiary**

	Company	
	2018	2017
<b>At 31 December</b>	1,848,000	1,848,000

The details of the subsidiary at 31 December 2018 is set out below. The share capital of the subsidiary consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group 2018	Ownership interest held by the group 2017	Principal activity
Maldives In-flight Catering Private Limited	Maldives	65%	65%	Operating a flight kitchen and transit hotel

Set out below is summarised financial information of the Company's investment in Maldives In-flight Catering Private Limited. The amounts disclosed are before inter-company eliminations.

	2018	2017
<b>Summarised statement of financial position</b>		
Current assets	584,767,412	522,127,449
Current liabilities	(51,533,116)	(45,056,716)
Net current assets	533,234,296	477,070,734
Non-current assets	639,979,097	551,465,799
Non-current liabilities	(67,768,340)	(53,735,231)
Net non-current net assets	572,210,757	497,730,569
<b>Total net assets</b>	1,105,445,053	974,801,302
Accumulated NCI	401,034,644	355,309,328

	2018	2017
<b>Summarised statement of comprehensive income</b>		
Revenue	441,905,774	425,013,642
Profit / total comprehensive income for the year	130,643,760	121,140,939
Profit allocated to NCI	45,725,316	42,399,329
<b>Summarised cash flows</b>		
Cash flows from operating activities	183,382,011	113,512,695
Cash flows used in investing activities	(257,390,948)	(122,641,921)
<b>Net decrease in cash flows</b>	(74,008,937)	(9,129,226)

**20 Investment in joint venture**

	Company	
	2018	2017
Airport Investments Maldives Private Limited	5,000,000	5,000,000
Provision for impairment of investment in joint ventures	(5,000,000)	(5,000,000)
<b>At 31 December</b>	-	-



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 20 Investment in joint venture (continued)

The Company has 33.33% interest in Airport Investments Maldives Private Limited, a jointly controlled entity which was mandated to develop airports, lease, operate or manage tourist resorts and carry on all aspects of business connected with airport and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties.

Currently there is no operation in the Company and remain dormant.

The Board of Directors has decided to impair the investments in Airport Investments Maldives Private Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern.

## 21 Financial assets at fair value through other comprehensive income (FVOCI)

	Group		Company	
	2018	2017	2018	2017
Addu International Airport Private Limited	32,000,000	32,000,000	32,000,000	32,000,000
Provision for impairment of financial	(32,000,000)	(32,000,000)	(32,000,000)	(32,000,000)
	-	-	-	-

The Company initially acquired 20,000 shares which represented 32.26% of the issued share capital of Addu International Airport Private Limited, an entity involved in the development of airports, tourist resorts, and carry on all aspects of business connected with airports and tourist resort operations either by directly providing the services or by contracting the provision of services to third parties. On 1 January 2013, the investee Company issued 118,000 shares to other shareholders diluting the shareholding of MACL to 10%. The Company has recognised the investment at cost in consolidated financial statements resulting from the loss of control.

During the year ended 31 December 2017, MACL has invested MVR 12,000,000 as the call up equity according to the shareholdings of the Company.

These investments in equity instruments are not held for trading and therefore the group has made an irrevocable election at the date of initial implementation of IFRS-9 to account for these equity investments at fair value through other comprehensive income (FVOCI).

The Board of Directors has decided to impair the Addu International Airports Company Limited since material uncertainties exist which cast significant doubt about the ability of the companies to continue as a going concern after an impairment assessment based on the future cash flows.

Provision for impairment is as follows:

	Group		Company	
	2018	2017	2018	2017
Opening balance	32,000,000	20,000,000	32,000,000	20,000,000
Provision made during the year	-	12,000,000	-	12,000,000
Closing balance	32,000,000	32,000,000	32,000,000	32,000,000

## 22 Operating lease rights

	Group	
	2018	2017
At 1 January	46,701,721	47,722,587
Less: amortisation for the year	(1,020,866)	(1,020,866)
	45,680,856	46,701,721

On 30 September 2013, Maldives In-flight Catering Private Limited has entered into an agreement with the Government of Maldives to acquire the lease right of Madifushi in Meemu Atoll for a period of 50 years, up to 30 September 2063. Payment of lease acquisition cost of MVR 51,040,200 (USD 3,310,000). Lease right is amortised and charged to the income statement over the lease term of 50 years.



**MALDIVES AIRPORTS COMPANY LIMITED**

**31 December 2018**

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**23 Inventories**

	Group		Company	
	2018	2017	2018	2017
Fuel	69,221,585	111,776,337	69,221,585	111,776,337
Duty-free items	160,445,620	125,528,125	160,445,620	125,528,125
Spare parts	86,912,781	75,598,108	86,912,781	75,598,108
Food and beverage	6,769,658	8,229,361	-	-
Housekeeping	3,304,660	4,137,402	-	-
	<u>326,654,304</u>	<u>325,269,333</u>	<u>316,579,986</u>	<u>312,902,570</u>
Less: provision for non moving items	(4,844,418)	-	(4,844,418)	-
	<u>321,809,886</u>	<u>325,269,333</u>	<u>311,735,568</u>	<u>312,902,570</u>

**24 Trade and other receivables**

	Group		Company	
	2018	2017	2018	2017
Trade receivables - others	416,741,493	381,881,357	316,140,937	274,089,252
Less: loss allowance	(112,690,150)	(102,776,493)	(90,297,149)	(84,846,919)
Trade receivables - net	<u>304,051,343</u>	<u>279,104,864</u>	<u>225,843,788</u>	<u>189,242,333</u>
Trade receivables - related parties (Note 38)	227,523,897	210,042,762	221,965,441	203,509,942
Less: provision for impairment of receivables from related parties	(43,978,510)	(4,954,314)	(43,978,510)	(4,954,314)
Other receivables	1,234,099,957	1,299,626,692	1,221,460,985	1,289,051,178
Less: provision for other receivables	(99,071,737)	-	(99,071,737)	-
Advances and prepayments	253,563,283	322,253,736	241,867,753	313,880,368
Tax receivables	261,032,849	172,452,914	261,032,849	172,452,914
	<u>2,137,221,082</u>	<u>2,278,526,654</u>	<u>2,029,120,569</u>	<u>2,163,182,421</u>

Other receivables of Group mainly include recoverable from Ministry of Finance and Treasury amounting to MVR 1,216,638,951 (2017 : MVR 1,285,301,941).

Advance and prepayments of the Group mainly include security deposits made to Maldives Monetary Authority amounting MVR 64,604,292 (2017: MVR 129,208,584), China Exim Bank amounting MVR 116,899,791 (2017: MVR 116,899,791) and advance payments made to suppliers amounting to MVR 43,301,449 (2017: MVR 54,482,888).

As of 31 December 2018, trade receivables including related party receivables of MVR 215,861,810 (2017: MVR 251,504,382) of the Group and MVR 168,386,923 (2017: MVR 190,400,140) of the Company were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The age analysis of these trade receivables as follows:

	Group		Company	
	2018	2017	2018	2017
31 to 60 days	54,413,820	68,261,049	36,886,384	39,911,253
61 to 90 days	34,133,504	51,922,488	21,167,057	26,809,877
Over 90 days	127,314,487	131,320,845	110,333,483	124,679,010
	<u>215,861,810</u>	<u>251,504,382</u>	<u>168,386,923</u>	<u>191,400,140</u>

As of 31 December 2018, trade receivables including related party receivables of MVR 255,740,398 (2017: MVR 107,730,808) of the Group and MVR 233,347,396 (2017: MVR 89,801,233) of the Company were past due and impaired. The age analysis of impaired trade receivables as follows:



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 24 Trade and other receivables (continued)

	Group		Company	
	2018	2017	2018	2017
Over 90 days	255,740,398	107,730,808	233,347,396	89,801,233

Movement of provision for impairment is as follows:

	Group		Company	
	2018	2017	2018	2017
Opening balance	107,730,808	359,259,974	89,801,233	351,772,145
Changes on initial application of IFRS 9	236,979,910	-	236,979,910	-
Provision made during the year	4,463,427	46,156,511	-	35,714,765
Reversal of provision during the year	(92,593,085)	-	(92,593,085)	-
Reclassification from provision for other receivables	-	129,027	-	129,027
Written-off as uncollectable	(840,662)	(297,814,704)	(840,662)	(297,814,704)
Closing balance	255,740,398	107,730,808	233,347,396	89,801,233

## 25 Investments in fixed deposits

	Group		Company	
	2018	2017	2018	2017
Fixed deposits	335,035,043	188,278,200	-	-

Deposits are made for varying periods between three months to one year, depending on the immediate cash requirements of the Group, and earn interest ranging from 2.5% to 3.25% per annum (2017 : 2.5% to 3.25% per annum). Deposits with original maturities of less than three months are classified under cash and cash equivalents. The total carrying amount in investment in fixed deposits are neither past due nor impaired.

## 26 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	Group		Company	
	2018	2017	2018	2017
Cash at bank	644,249,157	662,488,557	516,777,198	463,797,909
Cash in hand	21,416,035	27,006,167	19,924,767	22,724,650
	665,665,192	689,494,724	536,701,965	486,522,559

## 27 Share capital

	Group / Company	
	Number of shares	Ordinary shares MVR
At 1 January 2017	1,500,000	150,000,000
At 31 December 2017	1,500,000	150,000,000
<b>At 31 December 2018</b>	<b>1,500,000</b>	<b>150,000,000</b>

The total authorised number of ordinary shares is 5,000,000 shares (2017: 5,000,000 shares) with a par value of MVR 100 per share (2017: MVR 100 per share). Of the above, 1,500,000 shares are issued and fully paid.





**MALDIVES AIRPORTS COMPANY LIMITED**
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(All amounts in Maldivian Rufiyaa unless otherwise stated)

**28 Other reserves**

	Group		Company	
	2018	2017	2018	2017
<b>Revaluation reserve</b>				
Opening balance	566,117,997	585,906,986	566,117,997	585,906,986
Realised on usage and disposal	(30,208,815)	(23,281,163)	(30,208,815)	(23,281,163)
Deferred tax liability reversal on realised	3,488,180	3,492,174	3,488,180	3,492,174
Closing balance	<u>539,397,362</u>	<u>566,117,997</u>	<u>539,397,362</u>	<u>566,117,997</u>

	2018	2017
<b>Fair value reserve</b>		
Balance at the beginning and end of the year	<u>10,386,245</u>	<u>10,386,245</u>

	2018	2017
<b>Foreign currency translation reserve</b>		
Balance at the beginning and end of the year	<u>26,878,026</u>	<u>26,878,026</u>

**29 Non-controlling interest**

	2018	2017
<b>At 1 January</b>	355,309,328	312,909,999
Share of net profit of subsidiary	45,725,316	42,399,329
<b>At 31 December</b>	<u>401,034,644</u>	<u>355,309,328</u>

**30 Lease rent equilisation account**

	2018	2017
Opening balance	53,735,231	39,697,772
Credited during the year	14,033,110	14,037,458
Closing balance	<u>67,768,340</u>	<u>53,735,231</u>

**31 Borrowings**

	Group		Company	
	2018	2017	2018	2017
<b>Non-current</b>				
Corporate Bond - Maldives Monetary Authority	-	693,540,079	-	693,540,079
Borrowing from MOFT - China Exim	4,180,944,705	2,331,507,694	4,180,944,705	2,331,507,694
Demand Loan - BML	108,982,476	96,744,647	108,982,476	96,744,647
Borrowing from MOFT - Saudi Fund	384,800,666	38,830,308	384,800,666	38,830,308
Borrowing from MOFT - ADFD	12,943,436	-	12,943,436	-
Borrowing from MOFT - OFID	30,859,993	-	30,859,993	-
	<u>4,718,531,276</u>	<u>3,160,622,728</u>	<u>4,718,531,276</u>	<u>3,160,622,728</u>
<b>Current</b>				
Corporate Bond - Maldives Monetary Authority	693,540,079	721,962,792	693,540,079	721,962,792
Borrowing from MOFT	246,720,000	-	246,720,000	-
Demand Loan - BML	47,647,314	58,807,077	47,647,314	58,807,077
Mudharabah finance facility	215,880,000	-	215,880,000	-
	<u>1,203,787,393</u>	<u>780,769,869</u>	<u>1,203,787,393</u>	<u>780,769,869</u>
<b>Total borrowings</b>	<u><b>5,922,318,669</b></u>	<u><b>3,941,392,597</b></u>	<u><b>5,922,318,669</b></u>	<u><b>3,941,392,597</b></u>



**MALDIVES AIRPORTS COMPANY LIMITED**

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**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**31 Borrowings (continued)**

Description	Provider of funds	Loan denominated currency	Weighted average interest rate %	2018	2017
Treasury	China Exim Bank	US\$	3%	4,180,944,705	2,331,507,694
Corporate Bond	MMA	US\$	4.9%	693,540,079	1,415,502,871
Demand Loan - BML	Bank of Maldives	US\$	8.5%	156,629,790	155,551,724
Treasury	Saudi Fund	US\$	3%	384,800,666	38,830,308
Ministry of Finance and Treasury	Abu Dhabi Fund for Development	US\$	4%	12,943,436	-
Ministry of Finance and Treasury	Ministry of Finance and Treasury	US\$	5%	246,720,000	-
Ministry of Finance and Treasury	OPEC Fund for Int'l Development	US\$	5.7%	30,859,993	-
Facility	MOFT	US\$	16.1%	215,880,000	-
				<u>5,922,318,669</u>	<u>3,941,392,597</u>

Corporate bond issued to Maldives Monetary Authority for MVR 2,158,800,000 to partially finance the GMR arbitration settlement. Principal and interest are to be paid in 36 monthly payments starting from 15 December 2016.

The Company has obtained a demand loan from the bank of Maldives for the purpose of development and renovation works of facilities in Velana International Airport. The total facility of this loan is US\$ 30,300,000 out of which US\$ 18,442,765 has been disbursed as of 31 December 2018. This loan has been obtained on 14 March 2017 and the loan has to be repaid in 120 months in equal instalments of US\$ 377,000 from the month of disbursement. The interest charged for this facility is 8.5% p.a. payable on monthly basis. The loan is secured by mortgage of leasehold rights of Hulhule Island and all buildings thereon.

Bank borrowings includes the disbursements by China Exim Bank for new runway, fuel farm and cargo project are US\$ 271,137,789 has been disbursed as at 31 December 2018. Loan lent from Ministry of Finance and Treasury was received from China Exim Bank in foreign currencies and such loan has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in Maldivian Rufiyaa. This loan has been received on the guarantee from the Government of Maldives (GoM). Principal are to be paid in thirty equal semiannual installments on 21 January and 21 July each year and first repayment will commence on the first available payment date falling five years after date of withdrawal, 2 November 2016. The interest charged for this facility is 3% p.a. payable on semiannual basis.

On 30 January 2017 the Company has entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting SAR 375,000,000 receivable from the Saudi Fund for Development by the Government of Maldives, has been re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2018, the Company has withdrawn USD 24,954,648. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in forty equal semiannual instalments on 15 February and 15 August each year. The first repayment shall commence on the first available payment date falling five years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 3% p.a.

On 12 July 2017 the Company has entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting US\$ 50,000,000 receivable from the OPEC Fund for International Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2018, the Company has withdrawn loan amounting USD 2,001,297. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty eight semi-annual instalments on 15 January and 15 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 5.7%



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**31 Borrowings (continued)**

On 27 November 2017 the Company has entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting KD 15,000,000 receivable from the Kuwait fund for Arab Economic Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2018, the Company has not withdrawn any amounts from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in thirty two semi-annual instalments on 1 January and 1 July each year. The first repayment shall commence on the first available payment date falling four years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 2.5% p.a.

The Company has obtained a Mudharabah Finance Facility from the Ministry of Finance and Treasury (MoFT) for investing in the Company's fuel trading operations. The total facility amount is US\$ 14,000,000 which has been disbursed as of 31 December 2018. This facility has been obtained on 27 December 2018 and the loan has a 12 months maturity period from the month of disbursement. The profit share charged for this facility is 1.78% of the gross profit from investment in fuel trading, payable on maturity (effective profit rate as at 31 December 2018 is 16.1% p.a.).

On 08 October 2018 the Company has entered into a subsidiary loan agreement with Ministry of Finance and Treasury (MoFT) for financing of upgrading the Velana International Airport development project. The funds amounting AED 183,650,000 receivable from the Abu Dhabi Fund for Development by the Government of Maldives, will be re-lent by the Government of Maldives (GoM) through Ministry of Finance and Treasury (MoFT) to the Company in United States Dollar (USD). As of 31 December 2018, the Company has withdrawn loan amounting USD 839,393 from the above loan. This loan has been received on the guarantee from the Government of Maldives (GoM). Repayment of the loan shall be made in twenty four semi-annual instalments on 30 March and 30 September each year. The first repayment shall commence on the first available payment date falling three years after the first withdrawal of loan proceeds by the Company. The interest charged for this facility is 4% p.a.

The Company has obtained a loan from the Ministry of Finance and Treasury (MoFT) for the purpose of financing the upgrading the Velana International Airport development project. The total facility of this loan is US\$ 16,000,000 which has been disbursed as of 31 December 2018. This loan has been obtained on 30 October 2018 and the loan has to be repaid fully in 12 months from the month of disbursement. The interest charged for this facility is 5% p.a.

The carrying amount and the fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2018	2017	2018	2017
Borrowings	4,718,531,276	3,160,622,728	4,718,531,276	3,160,622,728

The fair values are based on cash flows discounted using effective average lending rate of 5 % per annum.

**32 Deferred tax liability/ (asset)**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2018	2017	2018	2017
Deferred tax assets	(74,328,128)	(147,451,604)	(64,445,064)	(138,914,059)
Deferred tax liabilities	117,776,044	119,427,672	117,776,044	119,427,672
	43,447,916	(28,023,931)	53,330,980	(19,486,387)



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 32 Deferred tax liability/ (asset) (continued)

Deferred taxes are calculated on all temporary differences under the liability method using the effective tax rate of 15%. The movement in deferred tax is as follows:

	Group		Company	
	2018	2017	2018	2017
At 1 January	(28,023,931)	(172,371,565)	(19,486,387)	(166,964,388)
Adjustment on initial application of IFRS 9	(36,600,210)	-	(36,600,210)	-
At 1 January - restated	(64,624,141)	(172,371,565)	(56,086,597)	(166,964,388)
Charge to income statement (Note 10)	111,560,237	147,839,808	112,905,757	150,970,175
Credit deferred tax liability reversal on realised revaluation surplus	(3,488,180)	(3,492,174)	(3,488,180)	(3,492,174)
At 31 December	43,447,916	(28,023,931)	53,330,980	(19,486,387)

The movement in deferred tax assets and liabilities of the Group and Company during the year, without taking into consideration the offsetting balances are as follows:

	Group		Company	
	2018	2017	2018	2017
On property, plant and equipment	167,027,950	159,283,360	210,444,063	198,200,387
On revlaution of buildings	574,729,563	597,984,096	574,729,563	597,984,096
On employee pension provision	(77,979)	(70,377)	-	-
On debtors general provision	(245,984,289)	(90,107,708)	(223,591,288)	(72,178,134)
On defined benefits obligations	(206,042,473)	-	(206,042,473)	-
On tax lossess carried forward	-	(853,915,594)	-	(853,915,594)
	289,652,772	(186,826,223)	355,539,865	(129,909,245)
Tax rate	15%	15%	15%	15%
<b>Net deferred tax asset</b>	<b>43,447,916</b>	<b>(28,023,931)</b>	<b>53,330,980</b>	<b>(19,486,387)</b>

## 33 Employee retirement benefits obligations

	Group		Company	
	2018	2017	2018	2017
At 1 January	-	-	-	-
Current service cost	12,192,258	-	12,192,258	-
Past service cost	198,962,221	-	198,962,221	-
	211,154,479	-	211,154,479	-
Less: payment during the year	(5,112,006)	-	(5,112,006)	-
Closing balance	206,042,473	-	206,042,473	-

Following amounts are recognized in profit or loss during the year in respect of retirement benefit obligation

	Group		Company	
	2018	2017	2018	2017
<i>Amount recognized in income statement</i>				
Current service cost	12,192,258	-	12,192,258	-
Past service cost	198,962,221	-	198,962,221	-
	211,154,479	-	211,154,479	-



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 33 Employee retirement benefits obligations (continued)

The retirement benefit obligation of the Company is estimated based on the calculation performed by the actuarial valuer. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows:

	Group/ Company	
	2018	2017
<i>Management level:</i>		
Discount rate	4.60%	-
Expected salary increment	2.39%	-
Staff turnover factor:		
<i>Up to 30 years</i>	6.27%	-
<i>From 31 to 44 years</i>	2.07%	-
<i>Above 44 years</i>	1.08%	-
<i>Operational level:</i>		
Discount rate	4.60%	-
Expected salary increment	3.54%	-
Staff turnover factor:		
<i>Up to 30 years</i>	11.52%	-
<i>From 31 to 44 years</i>	3.53%	-
<i>Above 44 years</i>	2.50%	-

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption (%)	Impact on defined benefit	
		Increase in assumption	Decrease in assumption
		2018	2018
Discount rate	0.5%	-5.34%	5.69%
Salary growth rate	0.5%	5.76%	-5.35%

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these were not calculated.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

## 34 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
Trade payables	1,119,224,077	576,099,295	1,096,422,414	553,617,138
Amounts due to related parties (Note 38)	79,194,078	212,668,165	79,682,711	213,095,748
Accrued expenses	3,566,696	206,760	481,570	206,760
Other payables	272,739,060	187,296,943	250,965,588	163,962,613
Advance received	957,166	311,081	-	311,081
Passenger service fee payable	116,419	193,521	116,424	193,521
	<u>1,475,797,496</u>	<u>976,775,765</u>	<u>1,427,668,707</u>	<u>931,386,860</u>

The amount due to related parties are unsecured, interest free and has no fixed repayment period. Accordingly the entire amount due have been shown as falling due within one year.



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**34 Trade and other payables (continued)**

Other payables of the Company mainly includes retention amounting to MVR 74,714,572 (2017 : MVR 36,816,461), interest payable amounting to MVR 60,683,416 (2017 : MVR 33,376,140), advance received from customers amounting to MVR 49,640,511 (2017 : MVR 32,266,785) and staff bonus provision amounting to MVR 23,096,345 (2017 : MVR 23,652,709).

**35 Cash generated from operations**

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2018	2017	2018	2017
Profit before tax	1,489,130,159	1,326,506,327	1,335,261,104	1,184,606,615
Adjustments for:				
- Depreciation (Note 14)	246,745,118	236,943,378	216,370,664	206,672,531
- Amortisation (Note 18)	4,934,242	4,650,144	4,835,014	4,467,479
- Depreciation of investment properties (Note 17)	6,672,837	3,678,843	6,672,837	3,678,843
- Amortization of operating lease rights (Note 17)	1,020,866	1,020,866	-	-
- Lease rent adjustment (Note 30)	14,033,110	14,037,458	-	-
- Impairment of financial assets (Note 21)	-	12,000,000	-	12,000,000
- Interest income (Note 9)	(6,374,597)	(6,975,693)	-	(2,727,329)
- Interest expenses (Note 9)	65,787,691	96,368,760	65,787,691	96,368,760
- Provision made (Note 24)	4,463,427	46,156,511	-	35,714,765
- Loss on disposal of fixed	28,856,024	2,760,932	28,910,590	2,760,932
- Loss on disposal of Investment properties	22,512,588	-	22,512,588	-
- Provision for employee retirement benefit	206,042,473	-	206,042,473	-
Changes in working capital				
- Inventories	3,459,450	(22,297,712)	1,167,002	(20,789,010)
- Trade and other receivables	(175,137,765)	(431,225,213)	(177,918,058)	(402,373,142)
- Trade and other payables	499,021,735	71,542,863	496,281,844	73,144,986
Cash generated from operations	<u>2,411,167,357</u>	<u>1,355,167,463</u>	<u>2,205,923,749</u>	<u>1,193,525,429</u>

**36 Contingencies***Contingent liabilities*

One supplier has filed a suit against the Company alleging that the Company owes fine for delay in payment of their invoices for works done by them. The Civil Court has decided the case in favor of the Company, while the plaintiff has appealed the case in the High Court against the judgement of the Civil Court, and hearing have started.

The total amount payable resulting from the above cases have not been quantified in these financial statements since outcomes are yet to be known.

*Contingent assets*

There are no material contingent assets recognized at the reporting date.



## Notes to the consolidated financial statements (continued)

(All amounts in Maldivian Rufiyaa unless otherwise stated)

## 37 Commitments

*Capital commitments*

	Group		Company	
	2018	2017	2018	2017
Development projects	7,537,358,836	13,853,826,231	7,537,358,836	13,853,826,231
	<u>7,537,358,836</u>	<u>13,853,826,231</u>	<u>7,537,358,836</u>	<u>13,853,826,231</u>

There were no other material capital commitments outstanding at the reporting date which were not recognised in the financial statements.

*Operating lease commitments*

The future aggregated lease payments under operating leases are as follows:

	Group	
	2018	2017
Not later than 1 year	-	3,700,800
Later than 1 year and not later than 5 years	59,212,800	59,393,307
Later than 5 years	636,537,600	632,656,293
	<u>695,750,400</u>	<u>695,750,400</u>

The Group is the immediate lessee of the island of Madifushi in Meemu Atoll, Republic of Maldives and had entered into an agreement with the Government of Maldives for the development and operation of a tourist resort in the said island for a period of 50 years commencing from 30th September 2013. The Group has amended the lease agreement few times to extend the construction period and to defer the lease rental payments and the end of new construction period is on 30<sup>th</sup> March 2020, whereas the deferred lease rent applicable for extended construction period shall be paid by the Group in equal quarterly payments over the remaining years of the lease period starting from the 5th year of commencement of operation of the resort.

*Financial commitments*

There were no material financial commitments outstanding at the reporting date.

## 38 Related party transactions

The Group is controlled by the Government of Maldives which owns 100% of the Company's shares.

The Company holds 65% of the shares of Maldives In-flight catering Private Limited. Singapore Airport Terminal Services-(SATS) holds remaining 35% shares of Maldives In-flight catering Private Limited.

The Company holds a 33.33% interest and has a joint control over Airport Investments Maldives Private Limited. There were no transactions with the Airport Investments Maldives Private Limited during the year. Interests in joint venture is set out in note 20.

The following transactions were carried out with subsidiary and Government related entities. The transactions below were made in the ordinary course of business on substantially the same terms, including, aero and non aero transactions as for comparable transactions with unrelated counterparties.

## i) Sales of goods and services

	Group		Company	
	2018	2017	2018	2017
Maldives Inflight Catering Pvt Ltd	-	-	51,135,869	51,327,500
Ministry Of Foreign Affairs	5,615,181	197,838	5,615,181	197,838
Balance c/f	<u>5,615,181</u>	<u>197,838</u>	<u>56,751,049</u>	<u>51,525,338</u>



**MALDIVES AIRPORTS COMPANY LIMITED**

31 December 2018

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**38 Related party transactions (continued)**

	Group		Company	
	2018	2017	2018	2017
Balance b/f	5,615,181	197,838	56,751,049	51,525,338
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	2,175,663	2,552,068	2,175,663	2,552,068
Island Aviation Services Ltd	484,507,884	378,591,593	484,507,884	378,591,593
Maldives National Defense Force	2,107,673	3,267,480	2,107,673	3,267,480
State Trading Organization Plc	8,538,403	6,260,744	8,538,403	6,260,744
Aviation Security Command	1,399,214	1,480,681	1,399,214	1,480,681
People'S Majlis Secretariat	1,975,415	187,552	1,975,415	187,552
Maldives Meteorological Service	1,328,205	1,348,986	1,328,205	1,348,986
Maldives Post Limited	1,101,672	1,010,938	1,101,672	1,010,938
Other Government undertakings	5,217,046	55,869,829	5,217,046	55,869,829
	<b>513,966,356</b>	<b>450,767,709</b>	<b>565,102,224</b>	<b>502,095,209</b>

**ii) Purchases of goods and services**

	Group		Company	
	2018	2017	2018	2017
Department of Immigration and Emigration	143,350	136,300	143,350	136,300
Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)	13,236,685	7,823,680	13,236,685	7,823,680
Island Aviation Services Ltd	3,464,254	4,387,963	3,464,254	4,387,963
Maldives Customs Services	37,431,297	50,525,099	37,431,297	50,525,099
Maldives Ports Limited	1,185,294	1,171,835	1,185,294	1,171,835
Maldives Transport and Contracting	24,664,703	23,240,399	24,664,703	23,240,399
State Trading Organization Plc	1,695,059,133	1,167,787,575	1,695,059,133	1,167,787,575
Male' Water & Sewerage Company Pvt. Ltd.	1,226,433	900,345	1,226,433	900,345
	<b>1,776,411,149</b>	<b>1,255,973,195</b>	<b>1,776,411,149</b>	<b>1,255,973,195</b>

**iii) Year-end balances arising from sales / purchases of goods / services**

	Group		Company	
	2018	2017	2018	2017
Receivable from related parties (Note 24):				
SATS Limited	7,894,002	8,322,421	-	-
Island Aviation Services Limited	145,718,075	135,170,472	145,718,075	135,170,472
Ministry of Youth and Sports	69,431	237,962	69,431	237,962
Ministry of Finance and Treasury	63,858,842	50,818,655	63,858,842	50,818,655
Ministry of Foreign Affairs	2,451,023	1,719,587	2,451,023	1,719,587
Maldives National Defense Force	798,898	2,930,339	798,898	2,930,339
Maldives Inflight Catering Pvt Ltd	-	-	2,335,545	1,789,601
Maldives Post Limited	2,558,881	1,947,071	2,558,881	1,947,071
State Trading Organization Plc	1,081,125	1,653,711	1,081,125	1,653,711
Other Government undertakings	3,093,621	7,242,544	3,093,621	10,064,463
	<b>227,523,897</b>	<b>210,042,762</b>	<b>221,965,441</b>	<b>206,331,861</b>





**MALDIVES AIRPORTS COMPANY LIMITED**

31 December 2018

**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**38 Related party transactions (continued)**

	Group		Company	
	2018	2017	2018	2017
Payable to related parties (Note 34):				
Maldives Inflight Catering Pvt Ltd	-	-	488,633	427,583
State Trading Organisation Plc	53,550,646	197,902,418	53,550,646	197,902,418
Maldives Transport and Contracting Company Plc	4,394,799	1,641,701	4,394,799	1,641,701
Island Aviation Services Limited	13,923,509	9,235,370	13,923,509	9,235,370
Maldives Pension Administration Office	2,931,973	-	2,931,973	-
Maldives Customs Service	2,530,872	2,888,005	2,530,872	2,888,005
Other Government undertakings	1,862,278	1,000,671	1,862,278	1,000,671
	<u>79,194,078</u>	<u>212,668,165</u>	<u>79,682,711</u>	<u>213,095,748</u>

**iv) Key management personnel compensation**

The Board of Directors of the Group are members of the key management personnel.

	Group		Company	
	2018	2017	2018	2017
Short-term employee benefits	1,195,085	1,138,860	963,785	907,560
Termination benefits	880,212	-	880,212	-
	<u>2,075,297</u>	<u>1,138,860</u>	<u>1,843,997</u>	<u>907,560</u>

**39 Arbitration cost reversal / (cost)**

The Company was involved in disputes arising from a concession agreement dated 28 June 2010 which was entered into with GMIAL. The Disputes were referred to arbitration tribunals for settlement. The arbitrations were namely, "the GMR arbitration" and "ad hoc arbitration". "The GMR arbitration" was concluded by an arbitral tribunal, on 25 October 2016. Accordingly, the Company settled the related payment to GMIAL during the year 2016.

The "Ad hoc arbitration" was concluded by an arbitral tribunal, on 13 April 2018. Accordingly, the Company has recognised the payable to GMIAL amounting to US\$ 267,065.17 as at the reporting date 31 December 2017. The settlement has been recognised in the financial statements as follows:

<i>Provisions in the financial statement:</i>	2017	
	Group	Company
Spare parts inventory	(37,070,352)	(37,070,352)
Services obtained water, electricity etc.	(4,777,315)	(4,777,315)
Provisions made for services based on the initial	(6,727,215)	(6,727,215)
Other payables	(3,735,519)	(3,735,519)
	<u>(52,310,401)</u>	<u>(52,310,401)</u>
Ad hoc arbitration final award payable	4,118,145	4,118,145
Reversal of excess provision	(48,192,256)	(48,192,256)

The company has entered in to a settlement agreement with GMAIL on 26 July 2018, where the parties has agreed not to peruse recovery of any of their costs in the arbitration or the interest charge on the costs. The settlement has been recognized in the financial statement as follows:

<i>Provisions in the financial statement:</i>	2018	
	Group	Company
Ad hoc arbitration final award payable	(4,118,145)	(4,118,145)
Reversal of excess provision	(4,118,145)	(4,118,145)



**Notes to the consolidated financial statements (continued)**

(All amounts in Maldivian Rufiyaa unless otherwise stated)

**40 Reclassifications**

The Group has reclassified part of employee benefit expenses and depreciation expenses which were directly related to provision of services under cost of sales. These expenses were previously presented as administration expenses.

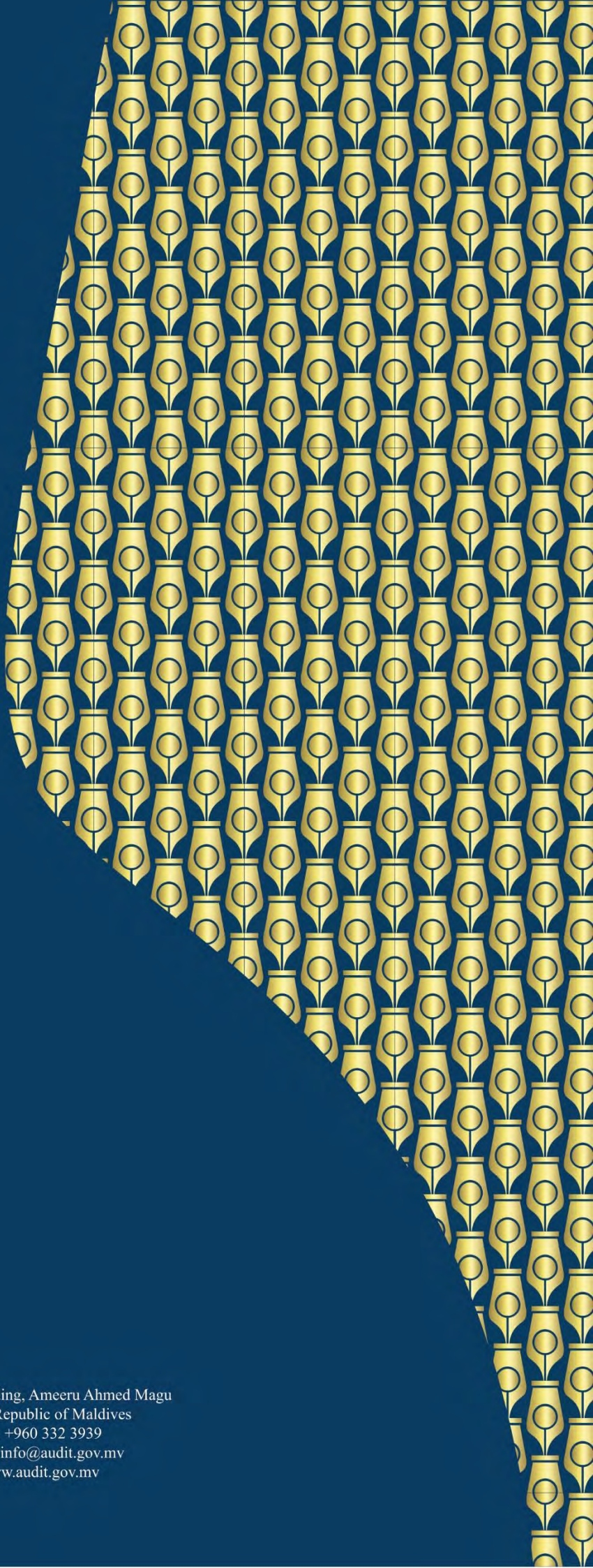
Prior year comparatives as at 31 December 2017 have been restated by reclassifying employee benefit expenses amounting MVR 218,252,793 and depreciation expenses amounting MVR 99,907,013 from administration expenses to cost of sales. Please refer Note 6.1 and 7.1 for more information.

Further, the Group has reclassified the incentive receivable from supplier grouped earlier under receivables by setting off against respective accounts payable from 31 December 2017. Therefore, prior year comparatives as at 31 December 2017 have been restated by reclassifying such receivables amounting MVR 4,883,327 from accounts receivable to accounts

**41 Events after the reporting period**

No other events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.





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