Crowe

INDEPENDENT AUDITOR'S REPORT
STATE ELECTRIC COMPANY LIMITED
31st December 2022

Smart Decisions. Lasting Value.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of State Electric Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of State Electric Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As per IAS 16, if an item of property, plant and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs should be revalued. Further, revaluations should be kept sufficiently up to date so that the carrying amount in the books of accounts does not differ materially from the fair value. Without considering the above applicable accounting principle, a part of property, plant and equipment with a net book value of MVR 434,455,893 has been revalued by an external valuer for MVR 847,932,997 and a revaluation surplus of MVR 413,477,104 has been recognized in the financial statements as at December 31, 2011. The revaluation has excluded assets carrying a net book value of MVR 26,661,392 as at December 31, 2011, and the Company continued to account these assets at their respective netbook values based on historical costs. Further, a subsequent revaluation has not been performed since 2011. These accounting practices are not in line with IAS 16 "Property, Plant and Equipment". Furthermore, we were unable to determine whether any adjustment might be required with respect of depreciation expense, property plant and equipment, revaluation reserve and retained earnings recognized in the financial statements as at and for the year ended December 31, 2022, and for the comparative year ended December 31, 2021.

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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Maldives, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters – Ongoing Litigation against the Company

We draw our attention to Note 38 to the financial statements, which presents information regarding an ongoing litigation against the Company for the year ended December 31, 2022. Our opinion is not modified in respect of above matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements for the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition – Accuracy of revenue recorded

Risk Description	Our Response
The Company has recorded a revenue of MVR 2,283,429,653 for the year ended December 31, 2022. Revenue recognition is the key focus area in the audit since, • Errors of revenue recognition can go undetected due to the volume. • An inappropriate amount is entered as inputs to measure the revenue. • An overstatement of revenues through premature revenue recognition or recording fictitious revenues through manual adjustments to meet the expectations of the management.	Our audit procedures included; • Conducting a comprehensive assessment that encompasses evaluating the selection and application of accounting treatments, taking into account IFRS requirements, our business acumen, and industry norms, while also appraising the suitability of the Company's accounting policies outlined in note 4.2. This evaluation ensures compliance with revenue recognition mandates within the International Financial Reporting Standards and examines the sufficiency of accompanying disclosures. • Obtaining an understanding and assessing the design, implementation, and operating effectiveness of management's key internal controls over the billing system. • Use account Analysis to identify unexpected 'account pairings' for journal entries in the revenue account and inspect the underlying accounting records to evaluate the appropriateness of these journal entries. • Performing detailed analysis of revenue account through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the; - Adjustments which are outside of the normal billing process, - Accrued revenue adjustments made as at the year end.

Other Matter

The financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed a qualified opinion on those statements on December 23, 2022.

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Other Information

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Law of Jurisdiction of Republic of Maldives, 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 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 internal control.

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

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

- 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 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hassan Mohamed.

23 August 2023

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Hassan Mohamed
Managing Partner
License No: ICAM-FL-GX6

AUT: 028150312529082023

STATE ELECTRIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
as of 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	3,740,845,836	3,727,522,970
Right of use assets	7	130,873,932	97,873,813
Deferred tax asset	29	5,502,911	-
		3,877,222,679	**3,825,396,783**
Current Assets			
Inventories	8	179,792,979	152,439,695
Construction of Hiya Project	9	634,854,717	564,650,308
Trade and other receivables	10	361,803,577	396,256,050
Due from related parties	10.2	391,962,859	300,648,149
Current tax asset	28	7,907,995	3,804,285
Cash and cash equivalents	11	301,886,388	301,091,445
		1,878,208,515	**1,718,889,932**
TOTAL ASSETS		**5,755,431,194**	**5,544,286,715**
EQUITY AND LIABILITIES			
Equity and Reserves			
Share capital	12	150,000,000	150,000,000
Revaluation reserve	13	158,558,074	172,851,343
Capital contribution	14	851,473,042	741,345,767
Retained earnings		699,507,590	597,810,609
		1,859,538,706	**1,662,007,719**
Non-Current Liabilities			
Borrowings	15	2,902,791,537	2,913,307,845
Lease liability	16	140,538,841	103,764,762
Deferred Income	17	31,701,575	32,922,289
Contractor payable	19	219,262,544	292,416,086
Deferred tax liability	30	138,039,336	105,997,996
		3,432,333,833	**3,448,408,978**
Current Liabilities			
Borrowings	15	110,202,786	103,542,825
Lease liability	16	1,713,403	1,410,838
Contractor payable	19	73,153,541	73,184,004
Trade and other payables	20	186,199,415	198,325,057
Due to related parties	21	92,289,510	57,407,294
		463,558,655	**433,870,018**
TOTAL EQUITY AND LIABILITIES		**5,755,431,194**	**5,544,286,715**

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.

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

For and on behalf of the Board of Directors:

Name	**Signature**
1. Brigadier General (Rtd) Ibrahim Mohamed Didi (Chairman)	
2. Mr. Ahmed Shareef (Managing Director)	
3. Ms. Fathimath Leena (Chief Financial Officer)	

August 23, 2023

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Revenue	22	2,283,429,653	2,127,022,250
Cost of revenue	24	(1,772,963,177)	(1,619,668,747)
Gross profit		**510,466,476**	**507,353,503**
Other income	23	35,670,995	40,080,917
Administrative expenses	25	(258,153,862)	(226,970,836)
Impairment reversal / (loss) on trade receivables and amounts due from related parties	10.1 & 10.3	4,802,091	(24,677,022)
Impairment loss on investment in Hiyaa project	5.2	(915,388)	(40,320,046)
Operating profit		**291,870,312**	**255,466,516**
Finance income		3,349,938	1,549,059
Finance cost	26	(159,278,109)	(131,082,160)
Net finance costs		**(155,928,171)**	**(129,533,101)**
Profit before tax		**135,942,141**	**125,933,415**
Income tax expense	27	(29,060,770)	(21,140,842)
Net profit for the year		**106,881,371**	**104,792,573**
Other comprehensive income			
Remeasurement of defined benefit liability	18	-	(291,976)
Recognition of related tax	29	-	43,796
Total other comprehensive income, net of tax		**-**	**(248,180)**
Profit and other comprehensive income for the year		**106,881,371**	**104,544,393**
Earnings per share	31	712,542	698,617

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
as of 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Share Capital MVR	Revaluation Reserve MVR	Capital Contribution MVR	Retained Earnings MVR	Total Equity MVR
As at 1st January 2021	150,000,000	187,144,612	582,414,534	497,450,607	1,417,009,753
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	104,792,572	104,792,572
Other Comprehensive Income, net of tax	-	-	-	(248,180)	(248,180)
Total Comprehensive Income for the Year	**-**	**-**	**-**	**104,544,392**	**104,544,392**
Items Directly recognised in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 30)	-	2,522,341	-	-	2,522,341
Total Items Directly Recognized in Equity	**-**	**(14,293,269)**	**-**	**16,815,610**	**2,522,341**
Transaction with Owners of the Company					
Dividend Declared (Note 20.3)	-	-	-	(21,000,000)	(21,000,000)
Contribution Received during the Year (Note 14)	-	-	158,931,233	-	158,931,233
Total Transaction with Owners of the Company	**-**	**-**	**158,931,233**	**(21,000,000)**	**137,931,233**
Balance as at 31st December 2021	**150,000,000**	**172,851,343**	**741,345,767**	**597,810,609**	**1,662,007,719**
Balance as at 1st January 2022	150,000,000	172,851,343	741,345,767	597,810,609	1,662,007,719
Total Comprehensive Income for the Year Profit for the Year					
Profit for the year	-	-	-	106,881,371	106,881,371
Total Comprehensive Income for the Year	**-**	**-**	**-**	**106,881,371**	**106,881,371**
Items Directly recognized in Equity					
Revaluation Reserve Transferred to Retained Earnings (Note 13)	-	(16,815,610)	-	16,815,610	-
Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings (Note 30)	-	2,522,341	-	-	2,522,341
Total Items Directly Recognized in Equity	**-**	**(14,293,269)**	**-**	**16,815,610**	**2,522,341**
Transaction with Owners of the Company					
Dividend Declared (Note 20.3)	-	-	-	(22,000,000)	(22,000,000)
Contribution Received during the Year (Note 14)	-	-	110,127,275	-	110,127,275
Total Transaction with Owners of the Company	**-**	**-**	**110,127,275**	**(22,000,000)**	**88,127,275**
Balance as at 31st December 2022	**150,000,000**	**158,558,074**	**851,473,042**	**699,507,590**	**1,859,538,706**

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.

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STATE ELECTRIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2022
All amounts are stated in Maldivian Rufiyaa

	Note	31-Dec-22 MVR	31-Dec-21 MVR
Operating profit before working capital changes	32	**446,571,621**	**464,174,932**
Inventories		5,536,893	(53,423,352)
Trade and other receivables		4,409,105	(79,915,162)
Due from related parties		(78,469,251)	(32,205,921)
Trade and other payables		(12,125,642)	(70,033,354)
Due to related parties		34,882,216	(22,730,095)
Cash generated from operating activities		**400,804,942**	**205,867,048**
Tax paid		(4,103,710)	-
Interest received		3,349,938	1,549,059
Interest paid		(33,703,208)	(17,875,919)
Payment of retirement benefit obligation		-	(2,893,833)
Net cash generated from operating activities		**366,347,962**	**186,646,355**
Cash flows from investing activities			
Acquisition and construction of property, plant and equipment		(101,719,387)	(91,015,451)
Construction of Hiyaa Project		(71,119,797)	(53,450,911)
Changes in work in progress		(98,795,701)	-
Proceeds from sale of property, plant and equipment		-	58,189
Net cash used in investing activities		**(271,634,885)**	**(144,408,173)**
Cash flows from financing activities			
Loans obtained		3,694,899	1,931,061
Repayments of loans		(103,542,826)	(56,252,206)
Repayments of contractor payable		(89,306,229)	(92,856,020)
Capital Contribution received from Ministry of Finance		110,127,275	158,931,233
Payment of lease liabilities		(14,891,253)	(11,405,684)
Net cash flows (used in) / generated from financing activities		**(93,918,134)**	**348,384**
Net increase in cash and cash equivalents		**794,943**	**42,586,566**
Cash and cash equivalents at the beginning of the year		301,091,445	258,504,880
Cash and cash equivalents at the end of the year		**301,886,388**	**301,091,446**

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 to 4.

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1. REPORTING ENTITY

These financial statements relate to the operations of State Electric Company Limited (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the section 95 of the Company Act of 1996 under presidential degree no 1997/83 of June 19, 1997.

The principal activities of the Company are to generate and supply electricity and to provide customer service for the safe and efficient use of electrical energy. The Company generates and supplies electricity to various islands in the Republic of Maldives. The registered office is situated at Ameenee Magu, Male', 20349, Republic of Maldives.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS). They were authorised for issue by the Company's Board of Directors on August 23, 2023.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Property, Plant and Equipment.

2.3 Functional and Presentation Currency

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

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.4.1 Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL on related parties and trade receivables.
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

2.4.2 Assumption and estimation of uncertainties

Information about assumptions and estimation uncertainties as at December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

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2.4.2 Assumption and estimation of uncertainties (Continued...)

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- measurement of the fair value of financial instruments with significant unobservable inputs. recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2.4.3 Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and it does not intend either to liquidate or to cease the operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values.

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for describe below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended December 31, 2021.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from January 1, 2022:

Amendment to standards Effective date

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) January 1, 2022.
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) January 1, 2022.
- Annual Improvements to IFRS Standards 2018–2020 (IFRS 9, IFRS 16)

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, by the Company.

4.1 Foreign Currency Transactions

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

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

4.2 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service. Electricity revenue and water sewerage is recognised over time as the the customer simultaneously receives and consumes electricity service as the Company provides the service.

4.3 Finance income and Finance Costs

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

4.4 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

4.4.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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4.4.2 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.6 Property, Plant and Equipment

4.6.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairement losses/ revalued amount.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

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4.6.1 Recognition and Measurement (Continued…)

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

4.6.2 Subsequent Costs

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

4.6.3 Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

Generation equipment	15 to 30 years
Distribution equipment	15 to 30 years
Buildings and oil storage	30 years
Vehicles and launches	10 years
Machinery and equipment	5 years
Furniture and fitting	7 years
Computers and equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the month of ready to use while, no depreciation is provided in the month of disposal.

4.6.4 Capital work-in-progress

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 property, plant, and equipment.

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4.7 Financial Instruments

4.7.1 Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.7.2 Classification and subsequent measurement

Financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets- Business Model Assessment

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment Whether Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest,

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4.7.2 Classification and subsequent measurement (Continued...)

the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

4.7.3 Financial assets - Subsequent measurement and gains and losses

Financial Assets at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

4.7.4 Financial liabilities - Classification, subsequent measurement gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

4.7.5 Derecognition

Financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

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Financial liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.7.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Impairment

4.8.1 Non-derivative financial assets

Financial Instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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4.8.1 Non-derivative financial assets (Continued...)

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

4.8.2 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Share Capital

Ordinary Shares

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

4.10 Employee Benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments etc.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the

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4.10 Employee Benefits (Continued…)

defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

During the previous year, 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from June 1, 2021.

(c) Short-term benefits

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

4.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

4.12 Leases

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

As a lessee

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

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4.12 Leases (Continued...)

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

Short-term Leases and Leases of Low-value Assets

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

4.13 Events Occurring After the Reporting Date

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

4.14 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a

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4.14 Fair Value Measurement (Continued...)

quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.15 Defined Contribution Plan

Employees are eligible for Maldives retirement pension scheme in line with the respective statutes and regulations. The Company contributes 7% for Maldivian employees to Maldives Retirement Pension Scheme.

4.16 Other Liabilities and Provision

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement where necessary.

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due after one year from the end of the reporting period.

Provisions are recognized when the Company has a present obligation (legal or Constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after January 1, 2023, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is currently assessing the impact of the following amendments:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (IAS 8)

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

- Classification of Liabilities as Current or Non-Current (Amendments IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

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6 Property, Plant and Equipment

6.1 Cost

	Balance As at 1-Jan-22	Additions	Transfers	Balance As at 31-Dec-22
Generators and Distribution Equipment	3,269,068,529	105,983,410	-	3,375,051,939
Buildings, Water Bottling Plant and Oil Storage	1,306,862,559	10,100,119	-	1,316,962,678
Vehicle and launches	38,432,961	2,375,853	-	40,808,814
Machinery and Equipment	159,671,239	9,304,478	-	168,975,717
Furniture and Fittings	9,306,696	1,640,927	-	10,947,623
Computer Systems	24,937,664	5,303,511	-	30,241,175
Capital Work in Progress (Note 6.2)	185,438,093	98,795,701	(32,988,911)	251,244,883
	4,993,717,741	**233,503,999**	**(32,988,911)**	**5,194,232,829**

6.2 Capital Work in Progress

	31-Dec-22 MVR
Transmission & distribution	97,680,526
Combustion power plant	28,907,462
POISED project	24,521,552
SCADA project	4,244,294
Other projects	95,891,049
	251,244,883

6.3 Depreciation

	Balance As at 1-Jan-22	Charge for the year	Disposals	Balance As at 31-Dec-22
Generators and Distribution Equipment	887,792,256	123,850,969	-	1,011,643,225
Buildings, Water Bottling Plant and Oil Storage	225,118,256	44,950,978	-	270,069,234
Vehicle and launches	22,954,579	2,828,599	-	25,783,178
Machinery and Equipment	101,277,828	12,652,688	-	113,930,516
Furniture and Fittings	6,285,785	892,884	-	7,178,669
Computer Systems	22,766,067	2,016,104	-	24,782,171
	1,266,194,771	**187,192,222**	**-**	**1,453,386,993**
Net Book Value	**3,727,522,970**			**3,740,845,836**

The depreciation on Property, Plant and Equipment of MVR 187,192,222 was apportioned to Cost of Sales (MVR 137,626,089) and Administrative Expenses (MVR 49,566,130).

6.4 The value of fully depreciated property, plant and equipment as at December 31, 2022 amounted to MVR 182,545,445.

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6 Property, Plant and Equipment (Continued...)

6.5 Cost

	Balance As at 1-Jan-21	Additions	Disposals / Transfers	Balance As at 31-Dec-21
Generators and Distribution Equipment	2,687,201,198	581,934,607	(67,276)	3,269,068,529
Buildings, Water Bottling Plant and Oil Storage	1,185,385,848	121,476,711	-	1,306,862,559
Vehicle and launches	37,381,443	1,069,197	(17,679)	38,432,961
Machinery and Equipment	141,067,095	19,075,105	(470,961)	159,671,239
Furniture and Fittings	8,287,595	1,304,737	(285,636)	9,306,696
Computer Systems	23,678,732	1,258,932	-	24,937,664
Capital Work in Progress (Note 6.6)	750,223,605	150,222,051	(715,007,563)	185,438,093
	4,833,225,516	**876,341,340**	**(715,849,115)**	**4,993,717,741**

6.6 Capital Work in Progress

	31-Dec-21 MVR
Transmission & distribution	57,092,987
Combustion power plant	31,151,527
POISED project	18,895,592
SCADA project	34,989,140
Other projects	43,308,847
	185,438,093

During the year, the Company has capitalised borrowing cost amounting to MVR 17,545,655 on Greater Male' Grid Connection Project.

6.7 Depreciation

	Balance As at 1-Jan-21	Charge for the year	Disposals	Balance As at 31-Dec-21
Generators and Distribution Equipment	774,746,746	113,077,900	(32,390)	887,792,256
Buildings, Water Bottling Plant and Oil Storage	181,715,312	43,402,944	-	225,118,256
Vehicle and launches	20,146,342	2,823,108	(14,871)	22,954,579
Machinery and Equipment	88,640,921	13,107,868	(470,961)	101,277,828
Furniture and Fittings	5,885,349	686,057	(285,621)	6,285,785
Computer Systems	21,154,083	1,611,984	-	22,766,067
	1,092,288,753	**174,709,861**	**(803,843)**	**1,266,194,771**
Net Book Value	**3,740,936,763**			**3,727,522,970**

The depreciation on Property, Plant and Equipment of MVR 174,709,861 was apportioned to Cost of Sales (MVR 128,056,076) and Administrative Expenses (MVR 46,653,785).

6.8 The value of fully depreciated property, plant and equipment as at December 31, 2021 amounted to MVR 195,808,050.

7 Right of Use Assets

7.1 Cost

	Balance As at 1-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Right of Use Assets (Note 16)	108,924,726	38,742,785	-	147,667,511
	108,924,726	**38,742,785**	**-**	**147,667,511**

7.2 Amortisation

	Balance As at 1-Jan-22	Charge for the year	Disposals / Adjustments	Balance As at 31-Dec-22
Right of Use Asset (Note 16)	11,050,913	4,284,942	1,457,724	16,793,579
	11,050,913	**4,284,942**	**1,457,724**	**16,793,579**
Net Book Value	**97,873,813**			**130,873,932**

The company have the following lease contracts as of December 31, 2022.

Lease	Agreement Date	Lease Start Date	Lease End Date	Lease Period
Thilafushi Land	17-Feb-13	01-Jan-12	31-Dec-26	15 Years
Gulhifalhu Power House	28-Mar-17	28-Mar-17	25-Dec-25	8 Years, 8 Months and 29 Days
Hulhumale Part 1	31-Mar-16	01-Apr-09	31-Mar-34	25 Years
Hulhumale Part 2	21-Aug-16	21-Aug-16	20-Aug-66	50 Years
Thilafushi Part 2	25-May-22	06-Jan-22	06-Jan-24	2 Years
Hulhumale Power House	23-Mar-10	01-Jul-04	01-Jul-29	25 Years
Hulhumale Apollo Tower	24-Mar-22	24-Mar-22	23-Mar-42	20 Years
Male and Villimale' Power House	05-Sep-12	05-Sep-12	05-Sep-11	99 Years

			31-Dec-22 MVR	31-Dec-21 MVR
8	**Inventories**			
	Fuel		35,000,830	41,882,195
	Spares, cables and consumables		252,094,521	252,529,688
	Stationary		190,353	96,967
	Lubricating oil		4,437,222	2,750,969
			291,722,926	297,259,819
	Provision for Slow Moving Inventories	Note 8.1	(111,929,947)	(144,820,124)
	Total		**179,792,979**	**152,439,695**
8.1	**Provision for Slow Moving Inventories**			
	As at 1st January		144,820,124	139,886,218
	Decrease in provision		(32,890,177)	4,933,906
	As at 31st December		**111,929,947**	**144,820,124**

Provision for Inventory Policy was approved by the board of directors on December 28, 2021. The provision against fast, slow and non-moving categories of inventories for the year 2022 has been calculated based on the criteria defined in the policy.

9 Construction of Hiya Project

9.1 Cost

	Balance As at 1-Jan-22	Additions	Disposals	Balance As at 31-Dec-22
Hiyaa project	564,650,308	71,119,797	-	635,770,105
	564,650,308	**71,119,797**	**-**	**635,770,105**

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9 Construction of Hiya Project (Continued...)

9.2 Impairment

	31-Dec-22 MVR	31-Dec-21 MVR
Investment before impairment adjustment	635,770,105	604,970,354
Impairment for the year	(915,388)	(40,320,046)
	634,854,717	**564,650,308**

The company has made a provision on investment in Hiyaa project based on the carrying value as at December 31, 2022 by considering the future recoverable amount.

9.3 As per the agreement dated November 15, 2017 between STELCO (Developer) and Housing Development Corporation Limited (HDC), the Company has been assigned to develop a two residential apartments block at Hulhumale phase II plots no. N3-35(B), N3-35(C) by HDC.

According to the agreement, HDC has granted the exclusive rights to construct, develop and sell residential units under the project in the designated land area to the Developer. The Developer agrees to finance the construction and development of the project and to sell the residential units developed under the project to eligible STELCO staff. It shall be the sole responsibility of the Developer to raise and manage the finance required for the development of the project and HDC shall not be liable towards any party under any circumstances.

During the year 2022, sale and purchase agreements were signed between the staffs and STELCO for the sales of the apartments. As per the agreement, apartment handover date is January 1, 2023, and advance payments related to the sales were collected.

10 Trade and Other Receivables

		31-Dec-22	31-Dec-21
Accounts receivable		321,010,499	337,667,845
Less: Provision for doubtful debts	Note 10.1	(62,678,552)	(54,635,184)
		258,331,947	283,032,661
Prepayments		444,176	488,072
Other receivables		103,027,454	112,735,317
		361,803,577	**396,256,050**

10.1 Provision for Impairment of Trade Receivables

	31-Dec-22	31-Dec-21
As at 1st of January	54,635,184	45,307,420
Recognized during the year	8,043,368	9,327,764
As at 31st December	**62,678,552**	**54,635,184**

10.2 Due from Related Parties

		31-Dec-22	31-Dec-21
Indira Gandhi Memorial Hospital		3,707,365	19,755,385
Dhivehi Raajjeyge Gulhun PLC		-	3,432,391
Male' Water and Sewage Company (Private) Limited		9,241,574	1,143,577
State Trading Organisation PLC		1,558,133	2,868,473
Maldives Transport and Contracting Company PLC		1,777,924	1,316,936
Maldives Customs Services		345,271	634,603
Maldives Industrial Fisheries Company Limited		174,760	143,410
Bank of Maldives PLC		847,288	105,301
Public Service Media		85,670,171	61,786,952
Maldives Road Development Corporation Limited		1,980,264	1,038,505
National Centre For the Arts		1,803,319	1,174,121
Housing Development Corporation Limited		5,560,011	9,218,666
National Social Protection Agency		8,490,008	88,863
Maldives Port Limited		2,028,783	1,595,251
Ministry of Finance and Treasury		265,802,276	190,269,558
Other Government Owned Organisations		130,926,726	146,872,631
		519,913,874	**441,444,623**
Provision for impairment loss	Note 10.3	(127,951,015)	(140,796,474)
Total		**391,962,859**	**300,648,149**

10.3 Provision for Impairment Loss

	31-Dec-22	31-Dec-21
As at 1st of January	140,796,474	125,447,216
Reversed during the year	(12,845,459)	15,349,258
As at 31st December	**127,951,015**	**140,796,474**

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			31-Dec-22 MVR	31-Dec-21 MVR
11	**Cash and Cash Equivalent**			
	Cash at bank		295,652,622	297,184,042
	Cash in hand		6,233,766	3,907,403
	Total		**301,886,388**	**301,091,445**
12	**Share Capital**			
	Issued share capital 150 ordinary shares of MVR 1,000,000 each		150,000,000	150,000,000
	Total		**150,000,000**	**150,000,000**

12.1 The total authorised number of ordinary shares is 150 shares (2021: 150 shares) with a par value of MVR 1,000,000 per share (2021: MVR 1,000,000 per share).

12.2 The issued and fully paid share capital comprises of 150 (2021:150) ordinary shares of MVR 1,000,000 each.

12.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company.

The Board of Directors has declared dividends of MVR 146,667 per share amounting to MVR 22,000,000 during the year ended December 31, 2022 (2021 : MVR 140,000 per share amounting to MVR 21,000,000).

13 Revaluation reserve

		31-Dec-22	31-Dec-21
As at 1st January		172,851,343	187,144,612
Transfer to Retained earnings	Note 13.1	(16,815,610)	(16,815,610)
Deferred tax transferred to retained earnings	Note 30	2,522,341	2,522,341
As at 31st December		**158,558,074**	**172,851,343**

13.1 The Company's property, plant and equipment was revalued on December 31, 2011 by the professional valuer, Kanti Karamsey & Co. of No.412, Marker Chambers, Nariman point, Mumbai, India based on the open Market Value of the properties. The firm is a Government registered firm, Fellow of Institution of Engineers (F.I.E- India), Member of the Practicing Valuers Association (P.V.A- India) and Fellow of Institution of Valuers, New Delhi (F.I.V).

13.2 Transfer of Revaluation Surplus to Retained Earnings

Revaluation surplus is realized to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.

14 Capital Contribution

	31-Dec-22	31-Dec-21
As at 1st January	741,345,767	582,414,534
Received during the year	110,127,275	158,931,233
As at 31st December	**851,473,042**	**741,345,767**

The Company has received a capital contribution amounted to MVR 246,690,839 from the Ministry of Finance and Treasury of the Republic of Maldives during the period of 2017 to 2020 for the construction and installation of Hulhumale Power Plant (5th Power Project) and MVR 154,007,552 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project) . Further, MVR 181,716,143 were received in 2018, 2019 and 2020 for the installation of greater Male' Grid connection.

During the year 2021, the Company has received an additional MVR 92,856,020 for greater Male' Grid Connection Project and MVR 66,075,213 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

During the year 2022, the Company has received an additional MVR 45,096,838 for greater Male' Grid Connection Project and MVR 65,030,438 for repayment of the loan obtained from China Exim bank for construction of the Hulhumale' Power Plant (5th Power Project).

These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company and the Company is expecting to issue shares on these capital contributions.

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		31-Dec-22 MVR	31-Dec-21 MVR
15	**Borrowings**		
	As at 1st January	3,016,850,670	2,970,165,249
	Loans obtained during the year	3,694,899	1,931,061
	Interest for the year	129,694,787	118,882,485
	Repayments during the year	(103,542,826)	(56,252,206)
	Interest paid during the year	(33,703,208)	(17,875,919)
	As at 31st December	**3,012,994,323**	**3,016,850,670**

15.1 Maturity Analysis

	31-Dec-22 MVR	31-Dec-21 MVR
Non- Current		
Loan and borrowings	2,902,791,537	2,913,307,845
	2,902,791,537	**2,913,307,845**
Current		
Loan and borrowings	110,202,786	103,542,825
	110,202,786	**103,542,825**
Total borrowings	**3,012,994,323**	**3,016,850,670**

15.2 Terms and repayment schedule

Source of finance	Purpose to Finance	Nominal interest Rate	Maturity	Carrying Amount 31-Dec-22 MVR	Carrying Amount 31-Dec-21 MVR
Ministry of Finance	Third Power System	8%	01-Aug-21	130,042,977	125,822,280
Ministry of Finance	Third Power System	8%	01-May-24	124,743,553	120,556,037
Ministry of Finance	Third Power System	8%	01-Sep-24	132,077,542	127,696,793
Ministry of Finance	5.4V Generator set	8%	15-Feb-16	60,231,694	58,264,092
Ministry of Finance	Second Power System	8%	31-Jul-25	84,436,686	81,744,332
Ministry of Finance	Power System	8%	01-Sep-18	21,594,286	20,763,331
Ministry of Finance (Nordea Bank Danmark)	Fourth Power System	4.25% & 8.5%	30-Sep-35	1,287,824,888	1,231,413,243
Ministry of Finance	POISED Project	6%	15-May-33	213,580,023	200,386,285
Exim Bank of China	Fifth Power Project	3% + 6 Months Libor	31-Jul-31	958,462,674	1,050,204,277
				3,012,994,323	**3,016,850,670**

The Company is in the process of agreeing for revised payment terms for its borrowings. Consequently, certain borrowings have been considered as non-current liabilities even though it has matured.

15.3 Bank Borrowings

All of the Above Loans have been secured by a guarantee from Government of Maldives.

The Ministry of Finance and Treasury ("MOFT") through its letter dated February 4, 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, the transaction has not been finalized by the parties for the year ended December 31, 2022.

The company entered subsidiary loan agreement on April 2, 1998, between Ministry of Finance and Treasury for the amount of MVR 80,702,185 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The company entered subsidiary loan agreement on August 27, 2003, between Ministry of Finance and Treasury for the amount of MVR 60,396,877 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 May and 01 November each year.

The company entered subsidiary loan agreement on June 9, 1998 between Ministry of Finance and Treasury for the amount of MVR 64,634,001 at an Interest rate of 8% for the purpose of Third Power System Development Project. This loan is to be repaid in 40 installments on 01 February and 01 August each year.

The company entered subsidiary loan agreement on February 15, 1998, between Ministry of Finance and Treasury for the amount of MVR 41,246,314 at an Interest rate of 8% for the purpose of acquisition of 5.4Mv Generator Set. This loan is to be repaid in 30 installments on 15 February and 15 August each year.

The company entered subsidiary loan agreement on April 11, 1992, between Ministry of Finance and Treasury for the amount of MVR 105,084,231 at an Interest rate of 8% for the purpose of Second Power System Project. This loan is to be repaid in 34 installments on 31 January and 31 July each year.

The company entered subsidiary loan agreement on March 10, 1998, between Ministry of Finance and Treasury for the amount of MVR 59,622,880 at an Interest rate of 8% for the purpose of Power System Development Project. This loan is to be repaid in 35 installments on 01 March and 01 September each year.

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15.3 Bank Borrowings (Continued...)

DANIDA grant and Nordea Bank loan agreement signed between Nordea Bank Denmark A/S and Government of Maldives on January 15, 2009 for a loan amount of EUR 18,140,000 and grant amount of EUR 6,560,000. The loan was entered to for the purpose of Fourth Power System Development Project.

Subsidiary loan terms proposed by the Government of Maldives are as follows.
1. Component 1: Interest bearing portion - Nordea Loan Funds and Fees of EUR 23,534,579.78 at an interest rate of 8.5% p.a, with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

2. Component 2: Interest bearing portion - DANIDA Grant Funds of EUR 4,269,568.02 at an interest rate of 4.25% p.a, with loan period of 27 years (grace period of 7 years) and first repayment date on March 31, 2016.

However, subsidiary loan agreement is pending between Government of Maldives (Ministry of Finance and Treasury) and STELCO as of December 31, 2022.

The company entered subsidiary loan agreement on August 10, 2015, between Ministry of Finance and Treasury for the amount of MVR 150,847,779 at an Interest rate of 8% for the purpose of Preparing Outer Island for Sustainable Energy Development Project. This loan is to be repaid in 30 installments on 15th May and 15th November each year.

The company entered loan agreement on May 28, 2015, between Export-Import Bank of China (Exim Bank) and Bank of China Limited for the amount of USD 79,946,000 for the purpose of Fifth Power Development Project. This loan is to be repaid in 24 installments on 21 January and 21 July each year.

			31-Dec-22 MVR	31-Dec-21 MVR
16	**Lease Liability**			
	Non- current			
	Lease liability		140,538,841	103,764,762
	Total		**140,538,841**	**103,764,762**
	Current			
	Lease liability		1,713,403	1,410,838
	Total		**1,713,403**	**1,410,838**
16.1	**Breakdown of Lease**			
	As at 1st January		105,175,600	106,519,450
	Addition of unrecognised lease liabilities	Note 7.1	38,742,785	-
	Adjustments to recognise prior year payments and interest		(235,986)	-
	Interest expense for the year		13,461,098	10,061,834
	Repayment during the year		(14,891,253)	(11,405,684)
	As at 31st December		**142,252,244**	**105,175,600**
16.2	**Maturity Analysis of Undiscounted Future Lease Payments are as follows;**			
	Less than one year		15,073,480	11,341,884
	Between two and five years		58,953,044	55,869,600
	More than five years		621,388,392	343,599,989
	Total		**695,414,916**	**410,811,473**

The lease liability is recognised on the lands which has an unexpired lease period from 45 years as at December 31, 2022.

16.3 The annual rent of Thilafushi Power House is increased by 15% in every two years effective from December 31, 2020. This rent change has been accounted as a modification to the lease liability as at December 31, 2020. The corresponding adjustment has been recognised under Right of Use Assets to IFRS 16.

17	**Deferred Income**		
	As at 1st January	32,922,288	34,717,636
	Amortization for the year	(1,220,713)	(1,795,347)
	As at 31st December	**31,701,575**	**32,922,289**

17.1 Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR 25,287,089 was received in 2006 for the installation of 6 sets of 1250 k Diesel Generators. During the year 2020, the Company received MVR 34,490,853 for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.

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18 Defined benefit Obligation	31-Dec-21 MVR
As at 1st January	39,535,454
Amount recognised in Profit or Loss	
Current service cost for the year	154,467
Interest cost for the year	757,762
Amount recognised in Other Comprehensive Income	
Actuarial deficit/ (gain) for the year	291,976
	40,739,659
Payment during the year	(2,893,833)
Reversal during the year	(37,845,826)
As at 31st December	-

18.1 During the year ended December 31, 2020, the Company has changed maximum benefit to be paid to an employee as of MVR 500,000. That was resulted to reduce the defined benefit liability as at December 31, 2020.

18.2 The Company have engaged a qualified actuary to estimate the retirement benefit obligation. The project unit credit method is used to determine the present value of the defined benefit obligation. Key assumption used in the calculation are as follows;

Expected salary increment	1%
Discount rate	4.60%
Staff turnover factor	2.20%

18.3 During the year December 31, 2021, the Board of Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme effective from June 1, 2021.

19 Contractor Payable

	31-Dec-22 MVR	31-Dec-21 MVR
Non- Current		
Contractor payable	219,262,544	292,416,086
Total	**219,262,544**	**292,416,086**
Current		
Contractor payable	73,153,541	73,184,004
Total	**73,153,541**	**73,184,004**

19.1 Breakdown of Contractor Payable

As at 1st January	365,600,090	386,847,534
Payable on account of percentage of completion	-	52,772,671
Interest charge during the year	16,122,224	18,835,905
Repayment during the year	(89,306,229)	(92,856,020)
As at 31st December	**292,416,085**	**365,600,090**

The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between two islands via a bridge on February 12, 2018 for a contract price of USD 45,619,736. Contract is repayable over the period of 8 years and the contractor payable is determined basec on the percentage of completion of the project and the contractual cashflows have been discounted at a rate of 4.8%.

20 Trade and Other Payables

Trade payables		39,566,197	13,107,752
Accrued expenses		20,624,013	19,711,384
Payable to Housing Development Corporation Ltd	Note 20.1	-	55,223,123
Advance Received from employees on Hiyaa Project	Note 20.2	100,118,936	71,636,768
Dividend Payable to Ministry of Finance	Note 20.3	-	-
Retention payable		18,043,706	29,432,966
Deposit received		7,124,914	5,829,399
GST payables		104,645	-
Other payables		617,004	3,383,665
Total		**186,199,415**	**198,325,057**

20.1 The amount is payable to Housing Development Corporation ("HDC") in relation to the "Hiyaa Project".

20.2 The Hiyaa housing project is an end-user financing project, where 20% of the sales price to be paid by the staff as down payment on or before December 2022. Remaining 80% should be financed by the employee.

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20 Trade and Other Payables (Continued...)

	31-Dec-22 MVR	31-Dec-21 MVR
20.3 Dividend Payable to Ministry of Finance		
As at 1st January	-	20,000,000
Dividend declared during the year	22,000,000	21,000,000
Set off against related party transactions	(22,000,000)	(41,000,000)
As at 31st December	-	-

As disclosed in Note 12.3 (dividend to voting) to the financial statements, the Company has declared MVR 22,000,000 (2021: MVR 21,000,000) of dividend during the year ended December 31, 2022. However, based on the confirmation obtained from the Ministry of Finance, board of Directors of the Company has resolved to set off the dividend payable to Ministry of Finance amounting to MVR 22,000,000 against related party receivables as at December 31, 2022.

21 Due to Related Parties

	31-Dec-22	31-Dec-21
State Trading Organisation PLC	84,007,835	51,553,350
Ministry of Environment and Energy	3,053,300	3,053,300
Maldives Transport and Contracting Company PLC	1,724,318	1,444,559
Maldives Road Development Corporation Limited	663,612	663,612
Male' Water and Sewerage Company Limited	347,491	1,182
Dhivehi Raajjeyge Gulhun PLC	926,380	364,504
Other Government owned Organizations	1,566,574	326,787
Total	**92,289,510**	**57,407,294**

The amount due to related parties are unsecured, interest free, and have no fixed repayment period. Accordingly, these amounts have been determined to be payable on demand and are classified as current liabilities.

22 Revenue
The breakdown of the revenue is as follows:

		31-Dec-22	31-Dec-21
Electricity revenue		2,170,018,982	2,016,818,679
Non-electricity revenue	Note 22.1	97,976,227	98,595,598
Water and sewerage revenue	Note 22.2	15,434,444	11,607,973
Total		**2,283,429,653**	**2,127,022,250**

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

22.1 Non-electricity revenue include revenue from sale of electronic equipment and other electrical services provided for customers.

22.2 Water revenue include revenue from provision of water supplies in certain Islands.

23 Other income

		31-Dec-22	31-Dec-21
Amortization of deferred income - Government grant amortization	Note 17	1,220,713	1,795,347
Rental income		652,578	368,252
Gain on disposal of Property, Plant and Equipment		-	20,480
Miscellaneous income		-	51,012
Reversal of defined benefit obligation	Note 18	-	37,845,826
Reversal of inventory provision	Note 9.1	32,890,176	-
Reversal of provision for impairment of trade receivables		4,802,091	-
Exchange gain		907,528	-
		40,473,086	**40,080,917**

24 Cost of Revenue

	31-Dec-22	31-Dec-21
Cost of revenue	1,531,754,164	1,420,369,850
Direct Labour	241,209,013	199,298,897
Total	**1,772,963,177**	**1,619,668,747**

Cost of goods sold includes all the directly attributable costs including purchase costs, import costs and other costs incurred to bring the goods to a saleable condition.

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			31-Dec-22 MVR	31-Dec-21 MVR
25	**Administrative Expenses**			
	Repair and maintenance		22,787,355	14,303,038
	Bank charges		26,986,826	23,745,003
	Directors' remuneration		642,315	1,029,451
	Rent expenses		108,735	107,700
	Increase in provision for impairment of trade receivables		-	24,677,022
	Impairment loss on Hiyaa Project	Note 9.2	915,388	40,320,046
	Personnel cost	Note 25.1	68,033,311	56,212,509
	Unclaimed GST		8,943,678	6,354,235
	Write off of Petty cash		-	1,504,633
	Obsolete inventory written off		-	435,616
	Amortization of Right of Use Asset	Note 7.2	4,284,942	3,664,596
	Depreciation of Property Plant and equipment	Note 6.3	49,566,130	46,653,785
	Provision for slow and Non-moving inventories	Note 8.1	-	4,933,906
	Other expenses		76,800,570	68,026,364
			259,069,250	**291,967,904**
25.1	**Personnel costs**			
	Staff salaries and wages		112,892,987	108,840,921
	Staff allowances		114,573,989	87,059,012
	Overtime expenses		55,581,390	49,434,229
	Employer's contribution to government pension fund		8,375,364	7,610,496
	Staff medical expenses		3,748,488	1,155,699
	Employee retirement benefits		-	912,229
	Other staff expenses		14,070,106	1,411,049
	Total		**309,242,324**	**255,511,406**
	Cost of sales portion		241,209,013	199,298,897
	Administrative expense portion		68,033,311	56,212,509
			309,242,324	**255,511,406**
26	**Finance Cost**			
	Interest on Borrowings- Foreign		129,694,787	118,640,344
	Interest on Borrowings - Local		-	242,141
	Foreign exchange loss		-	847,591
	Interest on leases		13,461,098	10,061,834
	Interest on other financial arrangements		16,122,224	1,290,250
			159,278,109	**131,082,160**
	Finance Income			
	Interest income		(3,349,938)	(1,549,059)
	Net Finance Costs		**155,928,171**	**129,533,101**
27	**Taxation**			
	Income Tax Expense			
	Current tax expense	Note 27.1	-	-
	Deferred tax asset reversed	Note 29	(4,965,272)	5,436,476
	Deferred tax liability recognized	Note 30	34,026,042	15,704,366
	Total		**29,060,770**	**21,140,842**

The Income Tax Act Tax Act (25/2019) of the Maldives was effective from 1st January 2020. As per the income tax act, businesses profit is subject to tax of 15% on profits exceeding tax free threshold limit MVR 500,000 for any tax year.

27.1 Reconciliation Between Accounting Profit and Taxable Income :

	31-Dec-22	31-Dec-21
Profit before tax	135,942,141	125,933,414
Aggregate disallowable items	353,645,860	389,426,507
Aggregate allowable items	(522,689,817)	(518,944,180)
Tax losses utilized during the year	-	-
tax free allowance	-	-
Tax (loss) / Income tax for the year	**(33,101,816)**	**(3,584,259)**
Business profit tax @ 15%	-	-

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27 Taxation (Continued...)

	31-Dec-22 MVR	31-Dec-21 MVR
27.2 Accumulated Tax Losses		
As at 1st January	3,584,259	-
Tax losses for the year	33,101,816	3,584,259
Tax losses utilized during the year	-	-
As at 31st December	**36,686,075**	**3,584,259**

28 Current Tax Assets

	31-Dec-22	31-Dec-21
Interim taxes paid	7,907,995	
Total current tax asset	**7,907,995**	**-**

29 Deferred Tax Asset

	31-Dec-22	31-Dec-21
As at 1st January	537,639	5,930,319
Recognised in other comprehensive income		
(Reversal) / recognised during the year	-	43,796
Recognised in profit or loss		
(Reversal) / recognised during the year	4,965,272	(5,436,476)
As at 31st December	**5,502,911**	**537,639**

29.1 The recognized deferred tax asset is attributable to the following:

	31-Dec-22		31-Dec-21	
	Temporary Difference MVR	Tax effect MVR	Temporary Difference MVR	Tax effect MVR
Accumulated tax losses	36,686,075	5,502,911	3,584,259	537,639
	36,686,075	**5,502,911**	**3,584,259**	**537,639**

30 Deferred Tax Liability

	31-Dec-22	31-Dec-21
As at 1st January	106,535,635	93,353,610
Recognised in other comprehensive income		
Reversed during the year (Note 20) - Revaluation reserve note	(2,522,341)	(2,522,341)
Recognised in profit or loss		
recognised during the year	34,026,042	15,704,366
As at 31st December	**138,039,336**	**106,535,635**

30.1 The recognized deferred tax liability is attributable to the following:

	31-Dec-22		31-Dec-21	
	Temporary Difference MVR	Tax effect MVR	Temporary Difference MVR	Tax effect MVR
Property, plant and Equipment	920,262,241	138,039,336	710,237,569	106,535,635
	920,262,241	**138,039,336**	**710,237,569**	**106,535,635**

31 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31-Dec-22	31-Dec-21
Profit for the year	106,881,371	104,792,572
Weighted average number of ordinary shares	150	150
Earnings per share	**712,542**	**698,617**

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32 Operating Profit before Working Capital Changes

	31-Dec-22 MVR	31-Dec-21 MVR
Net profit	135,942,141	125,933,415
Depreciation	187,192,222	174,709,861
Amortization of Right of Use Assets	4,284,942	3,664,596
Loss on disposal	-	(20,480)
Interest income	(3,349,938)	(1,549,059)
Provision for impairment loss on trade receivables	8,043,368	9,327,764
Reversal of impairment loss on related parties	(12,845,459)	15,349,258
Provision for impairment loss on investment in Hiyaa Project	915,388	40,320,046
(Reversal) / Increase in provision for slow moving inventories	(32,890,177)	4,933,906
Amortization of deferred income	(1,220,713)	(1,795,347)
Defined benefit obligation for the year	-	912,229
Reversal of Defined benefit obligation	-	(37,845,826)
Interest expense	159,278,109	130,234,569
Adjustments made for prior year lease expenses	1,221,738	-
Total	**446,571,621**	**464,174,932**

33 Related Party Transactions

33.1 Due from Related Parties

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
Indira Gandhi Memorial Hospital	***Affiliate***		
Opening balance		19,755,385	14,766,449
Sales of Services		48,841,762	56,560,774
Payments made		(64,889,782)	(51,571,838)
Closing balance		**3,707,365**	**19,755,385**

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
Dhivehi Raajjeyge Gulhun PLC	***Affiliate***		
Opening balance		3,432,391	4,282,045
Sales of Services		45,431,467	37,821,267
Payments made		(48,863,858)	(38,670,921)
Closing balance		**-**	**3,432,391**

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
Male' Water and Sewage Company Pvt Ltd	***Affiliate***		
Opening balance		1,143,577	1,623,836
Sales of Services		28,280,114	19,646,933
Payments made		(20,182,117)	(20,127,192)
Closing balance		**9,241,574**	**1,143,577**

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
State Trading Organisation PLC	***Affiliate***		
Opening balance		2,868,473	5,204,258
Sales of Services		16,940,908	18,519,873
Payments made		(18,251,247)	(20,855,658)
Closing balance		**1,558,133**	**2,868,473**

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
Maldives Transport and Contracting Company PLC	***Affiliate***		
Opening balance		1,316,936	1,723,937
Sales of Services		13,681,942	12,255,873
Payments made		(13,220,954)	(12,662,874)
Closing balance		**1,777,924**	**1,316,936**

Name	**Nature of relationship**	31-Dec-22	31-Dec-21
Maldives Customs Services	***Affiliate***		
Opening balance		634,603	268,815
Sales of Services		3,551,223	3,193,934
Payments made		(3,840,554)	(2,828,145)
Closing balance		**345,271**	**634,603**

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33.1 Due from Related Parties (Continued...)

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Maldives Industrial Fisheries Company Limited	***Affiliate***		
Opening balance		143,410	166,608
Sales of Services		1,908,054	2,234,338
Payments made		(1,876,704)	(2,257,536)
Closing balance		**174,760**	**143,410**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Bank of Maldives PLC	***Affiliate***		
Opening balance		105,301	640,997
Sales of Services		9,175,480	9,787,384
Payments made		(8,433,493)	(10,323,080)
Closing balance		**847,288**	**105,301**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Public Service Media	***Affiliate***		
Opening balance		61,786,952	49,682,460
Sales of Services		24,121,502	21,879,967
Payments made		(238,282)	(9,464,102)
Set-off against dividend payable to Ministry of Finance		-	(311,373)
Closing balance		**85,670,171**	**61,786,952**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Maldives Road Development Corporation Limited	***Affiliate***		
Opening balance		1,038,505	2,512,186
Sales of Services		941,759	2,435,649
Payments made		-	(3,909,330)
Closing balance		**1,980,264**	**1,038,505**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
National Centre For the Arts	***Affiliate***		
Opening balance		1,174,121	1,441,291
Sales of Services		1,827,127	604,672
Payments made		(1,197,929)	(283,734)
Set-off against dividend payable to Ministry of Finance		-	(588,108)
Closing balance		**1,803,319**	**1,174,121**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Housing Development Corporation Limited	***Affiliate***		
Opening balance		9,218,666	6,621,906
Sales of Services		17,820,245	19,264,591
Payments made		(21,478,900)	(16,667,830)
Closing balance		**5,560,011**	**9,218,666**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
National Social Protection Agency	***Affiliate***		
Opening balance		88,862	9,967,088
Sales of Services		8,401,145	456,872
Payments made		-	(1,881,169)
Set-off against dividend payable to Ministry of Finance		-	(8,453,928)
Closing balance		**8,490,007**	**88,862**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Maldives Port Limited	***Affiliate***		
Opening balance		1,595,251	2,230,434
Sales of Services		18,489,654	21,686,359
Payments made		(18,056,122)	(22,321,543)
Closing balance		**2,028,783**	**1,595,251**

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33.1 Due from Related Parties (Continued...)

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Ministry of Finance and Treasury	***Affiliate***		
Opening balance		190,269,558	130,624,059
Sales of Services		89,699,869	121,010,792
Payments received		(14,167,151)	(64,366,768)
Payment made		-	3,001,475
Closing balance		**265,802,276**	**190,269,558**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Other Government Owned Organisations	***Affiliate***		
Opening balance		146,872,631	139,654,901
Sales of Services		173,061,020	103,280,162
Payments made		(189,006,924)	(61,414,366)
Set-off against dividend payable to Ministry of Finance		-	(34,648,066)
Closing balance		**130,926,726**	**146,872,631**
Total		**519,913,874**	**441,444,622**

33.2 Due to Related Parties

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
State Trading Organisation PLC	***Affiliate***		
Opening balance		51,553,350	68,071,946
Purchases		1,291,053,284	1,104,606,061
Payments made		(1,258,598,799)	(1,121,124,657)
Closing balance		**84,007,835**	**51,553,350**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Maldives Transport and Contracting	***Affiliate***		
Opening balance		1,444,558	4,964,585
Purchases		24,475,102	22,314,474
Payments made		(24,195,343)	(25,834,500)
Closing balance		**1,724,317**	**1,444,558**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Maldives Road Development Corporation	***Affiliate***		
Opening balance		663,612	663,612
Closing balance		**663,612**	**663,612**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Male' Water and Sewerage Company	***Affiliate***		
Opening balance		1,182	45127.74
Purchases		1,738,872	631,813
Payments made		(1,392,564)	(675,759)
Closing balance		**347,491**	**1,182**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Dhivehi Raajjeyge Gulhun PLC	***Affiliate***		
Opening balance		364,504	156,551
Purchases		4,927,550	4,709,226
Payments made		(4,365,673)	(4,501,273)
Closing balance		**926,381**	**364,504**

Name	Nature of relationship	31-Dec-22 MVR	31-Dec-21 MVR
Other Government owned Organizations	***Affiliate***		
Opening balance		326,787	6,235,567
Purchases		21,951,148	1,010,376
Payments made		(20,711,361)	(6,919,156)
Closing balance		**1,566,575**	**326,787**

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33.2 Due to Related Parties (Continued...)

		31-Dec-22 MVR	31-Dec-21 MVR
Name	**Nature of relationship**		
Ministry of Environment and Energy	***Affiliate***		
Opening balance		3,053,300	-
Purchases		-	3,053,300
Closing balance		**3,053,300**	**3,053,300**
Total		**92,289,510**	**57,407,294**

33.3 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

	31-Dec-22 MVR	31-Dec-21 MVR
Directors' Remuneration	642,315	1,029,451
	642,315	**1,029,451**

34 Commitments

34.1 Capital Commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

On Property, plant and equipment	339,314,583	472,676,529
Total	**339,314,583**	**472,676,529**

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.

35 Capital Management

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

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

	31-Dec-22 MVR	31-Dec-21 MVR
Total Liabilities	3,895,892,488	3,882,278,996
Cash and Cash Equivalents	(301,886,388)	(301,091,445)
Net Debt	**3,594,006,100**	**3,581,187,551**
Total Equity	**1,859,538,706**	**1,662,007,719**
Gearing (Times)	**1.93**	**2.15**

36 Financial Instruments and Risk Management

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, the Company's management of capital. Further, quantitative disclosures are included throughout the Company's financial statements.

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36 Financial Instruments and Risk Management (Continued...)

(ii) Risk Management Framework

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

(iii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in debt securities and deposits with banks.

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

	31-Dec-22 MVR	31-Dec-21 MVR
Trade Receivables	258,331,947	283,032,661
Other Receivables	103,027,454	112,735,317
Amounts due from Related Parties	391,962,859	300,648,149
Balances with Banks	295,652,622	297,184,042
	1,048,974,882	**993,600,169**

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

Expected credit loss assessment under IFRS 9

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

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

Measurement of ECL

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

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

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Probability of default (PD)

PD represents the likelihood of a counterparty defaulting on its obligations within a specified period. The PD estimation process involves a combination of historical data analysis, internal credit risk assessments, and external market data.

Loss given default (LGD)

LGD represents the proportion of the exposure that is not expected to be recovered in the event of a counterparty default. The LGD estimation process combines historical data analysis, recovery rate assessments, and internal credit risk evaluations.

Exposure at default (EAD)

EAD represents the estimated value of the exposure to a counterparty at the time of default. The EAD estimation process involves a combination of internal credit risk assessments, portfolio analysis, and external market data.

36 Financial Instruments and Risk Management (Continued...)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and receivables from related parties as of the reporting dates.

December 31, 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	3.1%	176,071,163	5,435,665	No
Past due 31-60 days	6.8%	68,170,459	4,644,737	No
Past due 61-90 days	12.6%	28,918,657	3,657,600	No
Past due 91-180 days	26.5%	34,741,663	9,206,661	No
Past due 181-360 days	47.5%	46,319,901	21,980,670	No
Past due more than 365 days	100%	145,704,235	145,704,235	Yes
		499,926,078	**190,629,567**	

December 31, 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		MVR	MVR	
Not past due or Past due 1-30 days	1.9%	258,524,817	4,808,264	No
Past due 31-60 days	5.1%	94,063,411	4,831,314	No
Past due 61-90 days	8.0%	56,100,923	4,469,135	No
Past due 91-180 days	16.3%	69,310,240	11,274,427	No
Past due 181-360 days	25.8%	104,486,958	27,004,136	No
Past due more than 365 days	73.0%	196,626,119	143,044,382	No
		779,112,468	**195,431,658**	

Gross carrying amount and loss allowance comprise the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behaviour. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

The provision for impairment of the amounts due from related parties are estimated considering the individual repayment capabilities of these entities.

Movements in allowance for impairment in respect of trade receivables and amounts due from related parties.

The movements of allowance for impairment in respect of trade receivables and Related party receivables during the year is presented in Note 10.1 and 10.3 respectively.

Balances with Banks

The Company held amounts of MVR 295,652,622 as at December 31, 2022 in banks. (2021: MVR 297,184,042). Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external ratings of the counterparties. As a result, the amount of the allowance on cash at bank is negligible.

(iv) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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36 Financial Instruments and Risk Management (Continued...)

December 31, 2022	Carrying Amount	Contractual Cashflows	0-12 Months	1-5 Years	More than 5 Years
	MVR	MVR	MVR	MVR	MVR
Financial Liabilities (Non-derivative)					
Trade and Other Payables	85,975,834	85,975,834	85,975,834	-	-
Loans and Borrowings*	3,012,994,323	3,012,994,323	110,202,786	531,034,048	2,371,757,489
Contractor Payable	292,416,085	321,727,002	85,756,437	235,970,565	-
Amounts due to Related Parties	92,289,510	92,289,510	92,289,510	-	-
Lease Liabilities	142,252,244	695,414,916	15,073,480	58,953,044	621,388,392
	3,625,927,996	**4,208,401,585**	**389,298,047**	**825,957,657**	**2,993,145,881**

December 31, 2021	Carrying Amount	Contractual Cashflows	0-12 Months	1-5 Years	More than 5 Years
	MVR	MVR	MVR	MVR	
Financial Liabilities (Non-derivative)					
Trade and Other Payables	126,688,289	126,688,289	126,688,289	-	-
Loans and Borrowings*	3,016,850,670	3,016,850,670	103,542,825	544,353,971	2,368,953,874
Contractor Payable	365,600,090	411,033,231	89,306,229	321,727,002	-
Amounts due to Related Parties	57,407,294	57,407,294	57,407,294	-	-
Lease Liabilities	105,175,600	410,811,473	11,341,884	55,869,600	343,599,989
	3,671,721,943	**4,022,790,957**	**388,286,521**	**921,950,573**	**2,712,553,863**

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

*Loans and borrowings are excluding the future interest.

(v) Market risk

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

(a) Interest rate risk

Profile

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

	31-Dec-22	31-Dec-21
	MVR	MVR
Fixed Rate Instruments		
Financial Liabilities	2,054,531,649	1,966,646,393
Variable Rate Instruments		
Financial liabilities	958,462,674	1,050,204,277

Cash Flow Sensitivity analysis for variable - rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Sensitivity Analysis	
	100 bp increase	100 bp decrease
	MVR	MVR
December 31, 2022		
Variable rate instruments	(9,584,627)	9,584,627
December 31, 2021		
Variable rate instruments	(10,502,043)	10,502,043

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36 Financial Instruments and Risk Management (Continued...)

(b) Currency Risk

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

	31-Dec-22 USD	31-Dec-21 USD
Loans and borrowings	145,673,642	147,964,820
Contractor Payable	18,963,430	23,709,474
Net currency exposure	**164,637,072**	**171,674,294**

The following significant exchange rate were applied during the year:

	Average Rate 2022	Average Rate 2021	Reporting Date 31-Dec-22	Reporting Date 31-Dec-21
1 USD : MVR	15.42	15.42	15.42	15.42

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

37 Fair Value Measurement

Accounting Classifications and Fair Values

December 31, 2022

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Fair Value Level 2 (MVR)	Fair Value Level 3 (MVR)	Total (MVR)
Cash and Cash Equivalents	301,886,388	-	-	-	301,886,388
Trade and Other Receivables	361,359,401	-	-	-	361,359,401
Amounts due from Related Parties	391,962,859	-	-	-	391,962,859
	1,055,208,648	**-**	**-**	**-**	**1,055,208,648**

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Fair Value Level 2 (MVR)	Fair Value Level 3 (MVR)	Total (MVR)
Lease Liability	142,252,244	-	-	-	142,252,244
Loans and Borrowings	3,012,994,323	-	-	-	3,012,994,323
Amount due to Related Parties	92,289,510	-	-	-	92,289,510
Contractor Payable	292,416,085	-	-	-	292,416,085
Trade and Other Payables	65,456,466	-	-	-	65,456,466
	3,605,408,628	**-**	**-**	**-**	**3,605,408,628**

December 31, 2021

Financial assets not measured at fair value	Financial Assets Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Fair Value Level 2 (MVR)	Fair Value Level 3 (MVR)	Total (MVR)
Cash and Cash Equivalents	301,091,445	-	-	-	301,091,445
Trade and Other Receivables	395,767,978	-	-	-	395,767,978
Amounts due from Related Parties	300,648,149	-	-	-	300,648,149
	997,507,572	**-**	**-**	**-**	**997,507,572**

Financial liabilities not measured at fair value	Financial Liabilities Amortized Costs (MVR)	Fair Value Level 1 (MVR)	Fair Value Level 2 (MVR)	Fair Value Level 3 (MVR)	Total (MVR)
Lease Liability	105,175,600	-	-	-	105,175,600
Loans and Borrowings	3,016,850,670	-	-	-	3,016,850,670
Amount due to Related Parties	57,407,294	-	-	-	57,407,294
Contractor Payable	365,600,090	-	-	-	365,600,090
Trade and Other Payables	106,976,905	-	-	-	106,976,905
	3,652,010,559	**-**	**-**	**-**	**3,652,010,559**

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38 Contingent Liabilities

The Centre Enterprises Private Limited has filed a case at the Civil Court against the Company claiming MVR 400,000,000 for breaching the contract regarding a forklift. The Company has requested from the court to disclose a case report to seek further information regarding the case. However, there were no ongoing proceedings have taken place during the year 2022. Based on the expert advice, the Board Directors is confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company since the likelihood of an unfavourable outcome for the Company is very unlikely.

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

Evaluation of the likelihood of an unfavourable outcome and an estimate, it made of the amount or range of potential loss:

In lawyers professional opinion that due to the contractual terms, the amount MVR 1,292,475 will be awarded in favour of Centre Enterprises, being the principal amount and monies in consideration for the goods supplied subjected to completion of delivery as per agreement (with vehicle registry). The penalty damages, not stipulated in the agreement but unilaterally imposed by Centre Enterprises, will not be awarded due to the recent developments of the law implemented by the Supreme Court of Maldives in its judgements, and as for the economic losses claimed by the Centre Enterprises Pvt Ltd, lawyers are of the opinion that it will not be awarded either as company have documents in their possession that negates the statements upon which Centre Enterprises Pvt Ltd claims its economic losses.

39 Events After the End of the Reporting Period

Subsequent to the financial year ended December 31, 2022 and prior to the date of the auditor's report, apartments for Investment in Hiyaa Project as highlighted in Note 5 have been handed over to staff of STELCO.

The Board of Directors of the Company has approved to increase the authorised share capital to 6,000 ordinary shares with a par value of MVR 1,000,000 each and is in the process of negotiation with its shareholders to do so. As of the date of auditor's report, the authorised share capital has not been increased yet.

40 Comparative figures

Comparative figures of the financial statements have been reclassified wherever appropriate to confirm with current year's presentation.

41 Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on August 23, 2023.

Crowe Maldives LLP
Reg no. P-02/2008

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