

**GMR MALE' INTERNATIONAL
AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC
OF MALDIVES)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

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KPMG
(Chartered Accountants)
2nd Floor, H. Mialani
Sosun Magu,
Male,
Republic of Maldives.

Tel : +960 3310 420
+960 3310 421
+960 3310 422
+960 3323 393
Fax : +960 3323 175
E-mail : kpmgmvmv@kpmg.com

Independent Auditors' Report To the Shareholders of GMR Male' International Airport Private Limited

Qualified Opinion

We have audited the accompanying financial statements of GMR Male' International Airport Private Limited (the "Company"), which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income, statement changes in equity and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 4 to 26.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. For the purpose of the withholding tax computations, the Company has taken a position not to consider some of the transactions and amounts recognized during the periods from 1st April 2013 to 30th November 2016. Maldives Inland Revenue Authority ("MIRA") has disputed the positions taken by the Company and issued notice of tax assessments on withholding tax together with the applicable fines and penalties. In addition to that, MIRA has sent a statement of dues of the Company as at 1st June 2020 and as per the statement of dues, the Company requires to settle withholding tax amounted to US\$ 2,861,123/- and fines on withholding tax amounted to US\$ 3,136,195/-.

However, the Company has not recognized the additional tax liability along with the applicable fines and penalties on the non-settlement of such taxes in these financial statements as the management is of view that the Company will be able to successfully defend and object the notice of tax assessments. In the absence of written agreement with MIRA on the above tax exposures, we were unable to determine whether any adjustments to these financial statements were necessary.

2. During the year ended 31st December 2016, the Company has recognized US\$ 22,960,495/- as other income arising from the write-back of consultancy fee payable to Ellan Vannin International Holdings Limited (GMR Airport (Global) Limited) along with the applicable withholding tax payable. However, we were unable to verify the existence and accuracy of the income recognized from the write-back of the balance in the absence of sufficient and appropriate audit evidence and further, the reversal of withholding tax liability is not in line with the requirements of the tax regulations. Accordingly, retained earnings balance has been overstated and liabilities have been understated by US\$ 22,960,495/- as at 31st December 2019.
3. The Company has recognized US\$ 1,610,000/- as an operator fee payable to Malaysia Airports Consultancy Services SDN BHD ("MACS") during the year ended 31st December 2017.

Further, the Company and Malaysia Airport Holding Berhad ("MAHB") have agreed to assign the above payable balance to GMR Holding (Mauritius) Limited during the year ended 31st December 2018. However, the Company has not recognized the withholding tax applicable on the above expense in these financial statements and accordingly, retained earnings balance is overstated and withholding tax payable balance is understated by US\$ 178,899/- as at 31st December 2019.



Basis for Qualified Opinion (Continued)

4. As disclosed in Note 14 to the financial statements, the Company has recognized US\$ 87,945,001/- as Advances Given to Related Parties as at 31st December 2019. However, the Company has not assessed these balances for impairment provision as required by International Financial Reporting Standard 9 (“IFRS 9”) - “Financial Instruments”. In the absence of a comprehensive calculation supporting management’s estimate over these balances, we were unable to determine whether any impairment might be necessary on advances given to related parties in these financial statements as at and for the year ended 31st December 2019.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Tax assessment on business profit tax

We draw attention to Note 24 to the financial statements, which describes the uncertainty related to the outcome of a tax assessment from MIRA on business profit tax. As per the statement issued by MIRA dated 1st June 2020, the Company has to settle business profit tax amounted to US\$ 7,184,346/- and fines on business profit tax amounted to US\$ 5,834,771/-. As per the latter dated 22nd January 2020 issued by the Ministry of Finance Male, Republic of Maldives, the amount of tax assessed by the MIRA relating to the final arbitration award is only USD 5,859,358/- and this amount should be paid by whom the payment was settled to the Company in the event of any tax payable by the Company. Accordingly, the ultimate outcome of the business tax assessment sent by the MIRA cannot be determined and hence, the effect on the financial statements is uncertain. Accordingly, the Company has not made any provision in these financial statements. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 21 of the financial statements, which indicates that Government of Maldives (“GoM”)/ Maldives Airports Company Limited (“MACL”) has taken over the control of Ibrahim Nasir International Airport with effect from 8th December 2012 which resulted in the Company’s principle activity becoming standstill on that date onwards. The matter had been sought with arbitration tribunal and the arbitration tribunal made its final award and ordered GoM/ MACL to pay the termination claim damages to the Company caused by wrongful repudiation of the agreement on 25th October 2016. Pursuant to the final arbitration award, the GoM/ MACL has settled US\$ 271,485,862/- as final termination claim for the takeover of the Airport to the Company and at present, the Board of Directors has not yet made any decision on the future operations of the Company.

As stated in Note 21, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors for the Financial Statements

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



Responsibilities of the Board of Directors for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

R.W.M.O.W. Duminda B. Rathnadiwakara

For and on behalf of KPMG Maldives

18th June 2020

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**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2019 US\$	2018 US\$
Other Income	7	-	65,124
Personnel Costs	8	(433,238)	(892,403)
Other Expenses	9	<u>(93,263)</u>	<u>(791,909)</u>
Results From Operations		(526,501)	(1,619,188)
Finance Cost	10	<u>-</u>	<u>(333,002)</u>
Loss Before Tax		(526,501)	(1,952,190)
Tax Expense	11	-	-
Loss (Total Comprehensive Income) for the Year		<u><u>(526,501)</u></u>	<u><u>(1,952,190)</u></u>
Basic and Diluted Loss Per Share	12	(0.01)	(0.05)

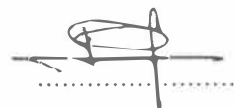
Figures in brackets indicate deductions.

These 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 8 to 26. The Report of the Independent Auditors is given on pages 1 to 3.

Name of the Director

Signature

P Sripathy (Managing Director)



TSSVL Narayana (Director)



18th June 2020

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER

	Note	2019 US\$	2018 US\$
ASSETS			
Current Assets			
Trade and Other Receivables	13	403,598	403,289
Advances Given to Related Parties	14	87,945,001	91,410,001
Amount Due from a Related Party	15	-	4,703,885
Cash and Cash Equivalents	16	55,626	82,575
Total Current Assets		<u>88,404,225</u>	<u>96,599,750</u>
Total Assets		<u><u>88,404,225</u></u>	<u><u>96,599,750</u></u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	17	30,050,094	30,050,094
Retained Earnings		57,628,338	65,817,613
Total Equity		<u>87,678,432</u>	<u>95,867,707</u>
Current Liabilities			
Trade and Other Payables	18	725,793	732,043
Total Current Liabilities		<u>725,793</u>	<u>732,043</u>
Total Liabilities		<u>725,793</u>	<u>732,043</u>
Total Equity and Liabilities		<u><u>88,404,225</u></u>	<u><u>96,599,750</u></u>

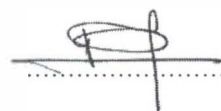
These financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 8 to 26. The Report of the Independent Auditors is given on pages 1 to 3.

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

Name of the Director

Signature

P Sripathy (Managing Director)



TSSVL Narayana (Director)



18th June 2020

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31ST DECEMBER 2019

	Share Capital US\$	Retained Earnings US\$	Total US\$
As at 1 st January 2018	30,050,094	67,769,803	97,819,897
Loss (Total Comprehensive Income) for the Year	-	(1,952,190)	(1,952,190)
As at 31 st December 2018	<u>30,050,094</u>	<u>65,817,613</u>	<u>95,867,707</u>
As at 1 st January 2019	30,050,094	65,817,613	95,867,707
Loss (Total Comprehensive Income) for the Year	-	(526,501)	(526,501)
Transactions with the Owners of the Company			
Distributions			
Dividends (Note 17.3)	-	(7,662,774)	(7,662,774)
Total Distributions	<u>-</u>	<u>(7,662,774)</u>	<u>(7,662,774)</u>
As at 31 st December 2019	<u>30,050,094</u>	<u>57,628,338</u>	<u>87,678,432</u>

Figures in brackets indicate deductions.

These 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 8 to 26. The Report of the Independent Auditors is given on pages 1 to 3.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2019 US\$	2018 US\$
Cash Flows from Operating Activities			
Loss before Tax		(526,501)	(1,952,190)
<i>Adjustments for:</i>			
Interest Expense	10	-	333,002
		<u>(526,501)</u>	<u>(1,619,188)</u>
Changes in;			
Trade and Other Receivables		(309)	281,521
Trade and Other Payables		(6,250)	(103,209)
Amounts Due from a Related Party		4,703,885	18,745,000
Amounts Due to Related Parties		-	(2,567,943)
Net Cash From Operating Activities		<u>4,170,825</u>	<u>14,736,181</u>
Cash Flows from Investing Activities			
Advances Repaid by the Shareholder	14	7,520,000	24,230,001
Advances Given to Related Parties	14	(4,055,000)	(33,120,001)
Net Cash From/ (Used in) Investing Activities		<u>3,465,000</u>	<u>(8,890,000)</u>
Cash Flows from Financing Activities			
Dividend Paid During the Year	17	(7,662,774)	-
Shareholder Loan Repayments During the Year	18	-	(5,909,531)
Net Cash Used in Financing Activities		<u>(7,662,774)</u>	<u>(5,909,531)</u>
Net Decrease in Cash and Cash Equivalents		(26,949)	(63,350)
Cash and Cash Equivalents at the Beginning of the Year		82,575	145,925
Cash and Cash Equivalents at the End of the Year	16	<u>55,626</u>	<u>82,575</u>

Figures in brackets indicate deductions.

These 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 8 to 26. The Report of the Independent Auditors is given on pages 1 to 3.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

GMR Male' International Airport Private Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a private limited liability Company. It was incorporated on 9th August 2010 and commercial operations were started from 25th November 2010 to build, operate and transfer of Velana International Airport (Previously known as Ibrahim Nasir International Airport).

However, pursuant to the notices of Ministry of Finance and Treasury ("MoFT") and Maldives Airport Company Limited ("MACL"), dated 27th November 2012 and further to MoFT's letter dated 7th December 2012, MoFT and MACL have taken over the control of Ibrahim Nasir International Airport with effective from 8th December 2012.

The principal activity of the Company was to operate the Ibrahim Nasir International Airport up to the date of handing over of the airport to MACL.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

This is first set of financial statements in which IFRS 16 "Leases" has been applied. Changes to significant accounting policies are described in the in Note 3.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

The decision has been taken by management of the Company to maintain the reporting currency as United States Dollars in the financial statements since most of the business transactions are dealt in United States Dollars.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of Estimates and Judgments (Continued)

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

Measurement of Fair Values

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 market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 16- Leases with effect from 1st January 2019. A number of other new standards are also effective from 1st January 2019 but they do not have a material effect on the Company's financial statements.

(a) IFRS 16 - Leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. It replaced IAS 17 Leases and related interpretations. Under IFRS 16, right of use assets and liabilities are recognized when a lessee obtains the right to control the use of an identified asset for a period of time in exchange for consideration.

As the Company does not hold any lease arrangements, IFRS 16 did not have an impact on the Company's accounting policies and the amounts reported in these financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Foreign Currency Transactions

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

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than United States Dollars, are translated to United States Dollars 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 United States Dollars, are translated to United States Dollars at the exchange rates ruling at the dates the values were determined.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments

(i) Financial Assets (Non-derivative)

(a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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, 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.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - 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 first reporting period following the change in the business model.

A financial asset is measured at amortised 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.

Business model assessment

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

Assessment whether contractual 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, 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.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(i) Financial Assets (Non-derivative) (Continued)

(c) Subsequent measurement and gains and losses

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

The Company has got financial assets at amortized cost which comprises trade and other receivable, Amount due from a related party, Advance given to related parties and cash and cash Equivalence.

(d) De-recognition

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.

(ii) Financial Liabilities (Non-derivative)

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

(a) Recognition and Initial Measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

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

(b) Classification and Measurement

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

The Company has got the following financial liability (non-derivative):

- Trade and other payables

(c) De-recognition

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.

(d) 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.

4.3 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.

4.4 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized.

Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

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

4.5 Impairment

Financial instruments and contract assets

The Company recognizes loss allowances for Expected Credit Losses (“ECL”) on

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and 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.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Impairment (Continued)

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.

4.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.7 Tax Expense

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

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

Deferred tax

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

4.8 Events 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.

4.9 Finance Costs

Finance cost comprises interest expense on borrowings. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Operating Expenses

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

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

4.11 Employment Benefit

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.

5. DETERMINATION OF FAIR VALUES

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

- 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).

(i) Trade and other receivables

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

(ii) Financial liabilities (Non-derivative)

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

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

6. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

Following new standards, amendments to standards and interpretations applicable to the financial statements of the Company are effective for annual periods beginning after 1st January 2019 and earlier application is permitted, however the Company has not applied the following new or amended standards interpretations in these financial statements.

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

- Amendments to Reference to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

7	OTHER INCOME	2019	2018
		US\$	US\$
	Write-back of Payables	-	65,124
		<u>-</u>	<u>65,124</u>
8	PERSONNEL COSTS	2019	2018
		US\$	US\$
	Salaries, Wages and Other Allowances	433,238	892,016
	Others	-	387
		<u>433,238</u>	<u>892,403</u>
9	OTHER EXPENSES	2019	2018
		US\$	US\$
	Traveling Expenses	80,129	62,575
	Consultancy Expenses	4,500	451,075
	Communication Expenses	1,396	1,065
	Bank charges	2,237	953
	Other Administrative Expenses	5,001	276,241
		<u>93,263</u>	<u>791,909</u>
10	FINANCE COST	2019	2018
		US\$	US\$
	Interest Expense on Shareholder's Loans	-	333,002
		<u>-</u>	<u>333,002</u>

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

11 TAX EXPENSE

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, subsequent amendments and regulations thereto, the Company is liable for income tax on its taxable profits at the rate of 15%. However, no provision has been made for tax liability since the Company has incurred a tax loss for the year.

11.1 Reconciliation between the Accounting Loss and the Tax Loss;

	2019	2018
	US\$	US\$
Accounting Loss before Tax	(526,501)	(1,952,190)
Aggregate Disallowed Items	433,238	1,215,143
Aggregate Allowable Items	-	-
Tax Loss for the Year	<u>(93,263)</u>	<u>(737,047)</u>
Income Tax @ 15%	<u>-</u>	<u>-</u>
Accumulated Tax Losses		
Balance as at 1 st January	56,505,390	55,768,343
Write off of Carried Forward Tax Losses over Five Years	(18,692,469)	-
Tax Loss for the Year	93,263	737,047
Closing balance	<u><u>37,906,184</u></u>	<u><u>56,505,390</u></u>

Unrecognized Deferred Tax Asset is Attributable to the Following;

	<u>31/12/2019</u>		<u>31/12/2018</u>	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	US\$	US\$	US\$	US\$
Accumulated tax losses	<u>37,906,184</u>	<u>5,685,928</u>	<u>56,505,390</u>	<u>8,475,809</u>

Deferred Tax Asset has not been recognized in respect of above, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

12 BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on loss for the year attributable to ordinary shareholders and weighted average number of ordinary shares outstanding during the year and calculated as follows:

	31/12/2019	31/12/2018
Loss Attributable to the Ordinary Shareholders (US\$)	(526,501)	(1,952,190)
Weighted Average Number of Shares	38,313,870	38,313,870
Basic and Diluted Loss Per Share (US\$)	<u>(0.01)</u>	<u>(0.05)</u>

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

13 TRADE AND OTHER RECEIVABLES

	31/12/2019	31/12/2018
	US\$	US\$
Trade Receivables	3,611,308	3,611,308
Advances Given	80,213	80,600
GST Input Tax Receivable	323,385	322,689
Less: Provision for Bad and Doubtful Debt	(3,611,308)	(3,611,308)
	<u>403,598</u>	<u>403,289</u>

13.1 Provision for Bad and Doubtful Debts

	31/12/2019	31/12/2018
	US\$	US\$
Closing Provision	<u>3,611,308</u>	<u>3,611,308</u>

14 ADVANCES GIVEN TO RELATED PARTIES

	31/12/2019	31/12/2018
	US\$	US\$
GMR Infrastructure (Mauritius) Limited	76,140,001	83,660,001
GMR Infrastructure (Overseas) Limited	11,805,000	7,750,000
	<u>87,945,001</u>	<u>91,410,001</u>

GMR Infrastructure (Mauritius) Limited (Note 14.1)

Opening Balance	83,660,001	60,420,000
Advances Given During the Year	-	25,370,001
Settlements During the Year	(7,520,000)	(2,130,000)
Closing Balance	<u>76,140,001</u>	<u>83,660,001</u>

GMR Infrastructure (Overseas) Limited (Note 14.2)

Opening Balance	7,750,000	-
Advances Given During the Year	4,055,000	7,750,000
Closing Balance	<u>11,805,000</u>	<u>7,750,000</u>
Total Closing Advance Balances	<u>87,945,001</u>	<u>91,410,001</u>

14.1 The Company has given an interest free advance of US\$ 61,000,000/- to GMR Infrastructure (Mauritius) Limited ("GIML") on 14th December 2016 and advance amount is receivable on demand.

Further, during the year ended 31st December 2018, the Company has entered into loan agreement with GIML and accordingly, Ellan Vannin International Holdings Limited has settled the advance paid to them amounting to US\$ 22,100,001/- to GIML and the same has been recognized as an advance given to GIML. The advance is given on interest free basis and as agreed with GIML the loan will be repaid by 31st March 2020.

14.2 During the year, the Company has given an interest free advance of US\$ 4,055,000/- (31st December 2018 US\$ 7,750,000/-) to GMR Infrastructure (Overseas) Limited and which is receivable on demand.

15 AMOUNTS DUE FROM A RELATED PARTY

	31/12/2019	31/12/2018
	US\$	US\$
GADL International Limited	-	4,703,885
	<u>-</u>	<u>4,703,885</u>

16 CASH AND CASH EQUIVALENTS

	31/12/2019	31/12/2018
	US\$	US\$
Balances at Bank	<u>55,626</u>	<u>82,575</u>

17 SHARE CAPITAL

17.1 Authorized Share Capital

Authorized share capital comprises 65,000,000 ordinary shares of MVR.10/- each.

17.2 Issued and Fully Paid Share Capital

The Issued and fully paid share capital comprises 38,313,870 (31st December 2018: 38,313,870) ordinary shares of MVR.10/- each and converted in to US\$ at the rate of MVR. 12.75/-.

17.3 Dividends and Voting Rights

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

The Company has declared US\$ 7,662,774/- as the dividend for the year ended 31st December 2019 (2018: Nil).

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

18 TRADE AND OTHER PAYABLES	31/12/2019	31/12/2018
	US\$	US\$
Trade Creditor and Non Trade Payable	154,086	154,086
Contractor Retentions	296,834	296,834
WHT and Fine Payable	142,385	142,385
Other Payables	2,238	2,238
Accrued Expenses	130,250	136,500
	<u>725,793</u>	<u>732,043</u>

19 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, and the Company's management of capital.

(ii) Risk Management Framework

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

(iii) Credit Risk

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

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

	Carrying Amount	
	31/12/2019	31/12/2018
	US\$	US\$
Trade Receivables	3,611,308	3,611,308
Amount Due from a Related Party	-	4,703,885
Advances Given to Related Parties	87,945,001	91,410,001
Cash at Bank	55,626	82,575
	<u>91,611,935</u>	<u>99,807,769</u>

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.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit Risk (Continued)

Trade and Other Receivables

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for company of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Expected Credit loss assessment for the customers

The Board of directors believes that the unimpaired amounts are still collectible, based on historic payment behavior and Based on historic default rates. The Company believes that, no additional provision for impairment is necessary in respect of Trade and Other Receivables.

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

Measurement of ECL

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

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

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.

Trade Receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets;

31st December 2019	Weighted average loss rate	Gross carrying amount USD	Loss allowance USD
More than 180 days	100%	3,611,308	3,611,308
31st December 2018	Weighted average loss rate	Gross carrying amount USD	Loss allowance USD
More than 180 days	100%	3,611,308	3,611,308

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period economic conditions over the expected lives of the receivables.

Scalar factors are based on the expected GDP.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk

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

The following are the contractual maturities of financial liabilities as at the year end.

31st December 2019	Carrying Amount US\$	1-12 Months US\$
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	453,158	453,158
31st December 2018	Carrying Amount US\$	1-12 Months US\$
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	453,158	453,158

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

(v) Market Risk

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

(a) Interest Rate Risk

As at the reporting date, there were no interest bearing financial instruments which carry any interest rate risk.

(b) Currency Risk

Exposure to Currency Risk

There is no currency risk as the Company does not have any foreign currency balances as at the reporting date.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(vi) Accounting Classifications and Fair Values

The following table shows the carrying amounts of fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value since the carrying amount is a reasonable approximation of fair value.

31st December 2019

	Carrying amount		Total
	Amortized Cost	Other financial liabilities	
Financial Assets not Measured at Fair Value			
Advances Given to Related Parties	87,945,001	-	87,945,001
Cash and Cash Equivalents	55,626	-	55,626
	<u>88,000,627</u>	<u>-</u>	<u>88,000,627</u>
Financial Liabilities not Measured at Fair Value			
Trade and Other Payables	-	453,158	453,158
	<u>-</u>	<u>453,158</u>	<u>453,158</u>

31st December 2018

	Carrying amount		Total
	Amortized Cost	Other financial liabilities	
Financial Assets not Measured at Fair Value			
Advances Given to Related Parties	91,410,001	-	91,410,001
Amount Due from a Related Party	4,703,885	-	4,703,885
Cash and Cash Equivalents	82,575	-	82,575
	<u>96,196,461</u>	<u>-</u>	<u>96,196,461</u>
Financial Liabilities not Measured at Fair Value			
Trade and Other Payables	-	453,158	453,158
	<u>-</u>	<u>453,158</u>	<u>453,158</u>

c. 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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

**GMR MALE' INTERNATIONAL AIRPORT PRIVATE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

20 RELATED PARTY TRANSACTIONS

Name of Related Party	Relationship	Nature of Transactions	Amount Year Ended 31/12/2019 US\$	Amount Year Ended 31/12/2018 US\$	Amount due from / (to) 31/12/2019 US\$	Amount due from / (to) 31/12/2018 US\$
GADL International Limited	Affiliated Company	Fund Transfer	(4,703,885)	(18,745,000)	-	4,703,885
GMR Infrastructure (Mauritius) Limited	Affiliated Company	Advance Given Settlements	- (7,520,000)	25,370,001 (2,130,000)	76,140,001	83,660,001
GMR Infrastructure (Overseas) Limited	Parent Company	Advance Given	4,055,000	7,750,000	11,805,000	7,750,000

20.1 Termination Claims on Work Construction Contracts

The Company had signed construction contracts ("Contracts") with GADL International Limited ("GADL") for rehabilitation, expansion, modernization of Ibrahim Nasir International Airport ("INIA"). However, pursuant to the takeover of the airport by Maldives Airports Company Limited ("MACL"), the Company has terminated the contracts with the service providers. As per the terms of the contracts, in the event of discontinuation, the Company is required to pay termination claims to the service providers. However, during the year ended 31st December 2017, GADL has sent a confirmation letter pursuant to the decision made by the Board of Directors stating that GADL withdraws all the termination claims in respect of the above terminations and will not made any further claims with regard to the work constructions contracts. Accordingly, the Company will not be liable on any termination claims in respect of the contracts entered with GADL.

21 GOING CONCERN

The Government of Maldives ("GoM")/ MACL has taken over the Airport on 8th December 2012, which resulted in the Company's principle activity becoming standstill from that date and the dispute was referred to arbitration. The tribunal declared that the GoM and MACL are jointly and severally liable in damages to GMR Male International Airport Private Limited ("GMIAL") for loss caused by wrongful repudiation of the agreement and further on 25th October 2016, arbitration tribunal made its final award and ordered GoM/ MACL to pay the termination claim damages to GMIAL caused by wrongful repudiation of the agreement, which was settled by the GoM to the Company during the year ended 31st December 2016. At present, the Board of Directors has not yet made any decision on the future operations of the Company, as the Management of the Company look-forward to initiate recovery proceedings against long outstanding receivables and to settle the liabilities. However, the financial statements as at and for the period ended 31st December 2019 have been prepared on a going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2019

22 IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent of the Company is GMR Infrastructure (Overseas) Limited, a Company incorporated in the Republic of Mauritius and the ultimate Company is GMR Enterprise Private Limited, a Company incorporated in India.

23 ARBITRATION CLAIM AGAINST MALDIVES AIRPORT COMPANY LIMITED

Pursuant to the final termination claim awarded on 25th October 2016, the Company has initiated arbitration proceedings against Maldives Airport Company Limited ("MACL") with regard to following matters;

- (i) payment of the shortfall of Airport Development charge (ADC) and Insurance Surcharge (IS) that was not set off and could not be deducted from the concession fees;
- (ii) payment for the services provided by the Company to MACL during the course of the Concession agreement which have been invoiced but not paid for;
- (iii) payment for the inventory items (spare parts inventory) handed over to MACL after the termination of the Concession agreement and payment for the value of employee insurances assigned to MACL after termination of the Concession Agreement.

The hearing was concluded on 19th January 2018 and the final award was issued on 13th April 2018. The tribunal made an award that MACL shall pay US\$ 236,230/- plus the interest at the commercial Maldivian Rufiyaa rate plus 1% for the delay in the settlement.

Accordingly, the Company has recognized the total receivable from MACL including the interest applicable up to the reporting date in the financial statements of the Company for the year ended 31st December 2017.

Further to the arbitration proceeding initiated by the Company against MACL, MACL together with its defense too has made a counter claim against the Company on the payments made by MACL for services provided by the Company to MACL during the course of the Concession Agreement. As per the final partial award issued on 13th April 2018, MACL is obliged to pay for the services and accordingly, the Company would not require to settle any amount for the counter claim made by MACL against the Company.

However, pursuant to the final partial award issued, the Company and MACL have entered into a Settlement agreement on 4th June 2018 agreeing that the Company will not enforce the Final Partial award in terms of the sum awarded for the Company and the interest to be received from MACL in respect of the sum awarded and further, the both parties will not pursue recovery of any of their costs incurred for the arbitration.

Accordingly, the Company has written off the amount recognized as receivable from MACL in these financial statements.

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FOR THE YEAR ENDED 31ST DECEMBER 2019

24 CONTINGENT LIABILITY

On 19th December 2017, Maldives Inland Revenue Authority ("MIRA") has issued tax audit reports and notice of tax assessments on business profit tax returns submitted by the Company for the years ended 31st December 2015 and 31st December 2016 and audit reports and notice of tax assessments on Withholding Tax for the period starting from 1st April 2013 to 31st May 2017. Accordingly, the Company requires to pay an additional Business Profit Tax amounting to US\$ 7,184,346/- and an additional amount of US\$ 7,184,346/- as business profit tax for first and second interim payments for the tax year 2017 (Excluding fines and penalties on the additional liabilities). Further, the Company requires to settle US\$ 2,861,123/- as the additional withholding tax for the default as at the reporting date (Excluding fines and penalties on the additional liability).

In addition to that, subsequent to the year end the Company has obtained the statements of dues from MIRA on 1st June 2020 and as per the statements of dues as at 1st June 2020, the Company requires to settle business profit tax amounting to US\$ 7,184,346 and fines on business profit tax amounting to US\$ 5,834,771/- and the Company requires to settle withholding tax amounted to US\$ 2,861,123/- and fines on withholding tax amounted to US\$ 3,136,195/-.

As per the business profit tax assessments issued by MIRA, the Company should pay tax on the net income of the final arbitration award.

However, on 23rd May 2019, the Attorney General's office has issued their opinion on this matter to MIRA stating that "in the event of the Maldives parties deducting any sum from the final arbitration award in respect of taxes, the amount payable under the award shall be increased to enable the Company to receive the sum it would have received if the payment had not been liable to tax".

Further, as per the letter dated 22nd January 2020 received from Ministry of Finance Male', Republic of Maldives (the "Ministry"), the amount of tax assessed by MIRA relating to the final arbitration award is USD 5,859,358/- and in the event of any tax payable by the Company on the same shall be borne by whom the payment was settled to the Company. As such the Ministry has confirmed that the Company is not liable to pay for the tax assessed by MIRA on the final arbitration award.

The management of the Company is of view that the Company will be able to successfully defend and object the notice of tax assessments and accordingly, no additional provision is required to be recognized in these financial statements.

Other than disclosed above, there were no other contingent liabilities as at the reporting date which require disclosure in the financial statements.

25 DIRECTORS' RESPONSIBILITY

The Board of Directors of the GMR Male' International Airport Private Limited is responsible for the preparation and presentation of these financial statements.

26 EVENTS AFTER THE REPORTING DATE

There is no material events occurring after the reporting date that require adjustments or disclosure in the Financial Statements.