

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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

FOR THE YEAR ENDED 31ST DECEMBER 2020

CONTENTS	Page
Independent Auditors' Report	1-3
Financial Statements	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-23



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**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 2020, 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 23.

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 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

1. 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 31st December 2020 and accordingly, the Company requires to settle withholding tax amounted to US\$ 2,861,123/- and fines on withholding tax amounted to US\$ 3,641,261/-.

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 ("GAGL")] 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 2020.
3. The Company has recognized US\$ 1,610,000/- as an operator fee payable to Malaysia Airports Consultancy Services SDN BHD ("MAHB") during the year ended 31st December 2017.

Further, the Company and MAHB have agreed to assign the above due 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 2020.



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Ms. S.M.B. Jayasekara ACA
S.R.I. Perera FCMA(UK)
M.N.M. Shameel ACA
R.H. Rajan FCA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
G.A.U. Karunaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.K.T.N. Perera ACA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
R.M.D.B. Rajapakse FCA
R.W.M.O.W.D.B. Rathnadiwakara ACA
M. Mihad ACMA(UK)

Basis for Qualified Opinion (Continued)

4. As disclosed in Note 11 to the financial statements, the Company has recognized US\$ 87,940,001/- as Advances Given to Related Parties as at 31st December 2020. 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 2020.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 20 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 31st December 2020, the Company has to settle business profit tax amounted to US\$ 7,184,346/- and fines on business profit tax amounted to US\$ 6,809,530/-. As per the latter dated 22nd January 2020 issued by the Ministry of Finance of the 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 assessments sent by the MIRA couldn't be measured reliably 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 17 of the financial statements, which indicates that 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 GMIAL 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 17, 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.

The Board of Directors are responsible for overseeing the Company's financial reporting processes.

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

05th March 2021
Male'



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

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2020 US\$	2019 US\$
Other Income	6	6,173	-
Personnel Costs	7	-	(433,238)
Other Expenses	8	<u>(8,559)</u>	<u>(93,263)</u>
Loss before Tax		(2,386)	(526,501)
Tax Expense	9	-	-
Loss (Total Comprehensive Income) for the Year		<u>(2,386)</u>	<u>(526,501)</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 23. The Report of the Independent Auditors is given on pages 1 to 3.

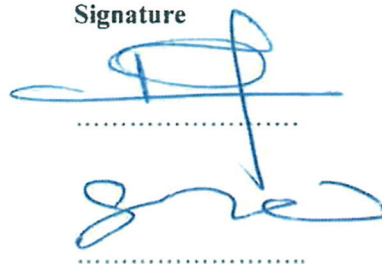
Name of the Director

P Sripathy (Managing Director)

TSSVL Narayana (Director)

05th March 2021

Signature




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

AS AT 31ST DECEMBER

	Note	2020 US\$	2019 US\$
ASSETS			
Current Assets			
Trade and Other Receivables	10	401,116	403,598
Advances Given to Related Parties	11	87,940,001	87,945,001
Cash and Cash Equivalents	12	60,291	55,626
Total Current Assets		<u>88,401,408</u>	<u>88,404,225</u>
Total Assets		<u>88,401,408</u>	<u>88,404,225</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	13	30,050,094	30,050,094
Retained Earnings		<u>57,625,952</u>	<u>57,628,338</u>
Total Equity		<u>87,676,046</u>	<u>87,678,432</u>
Current Liabilities			
Trade and Other Payables	14	<u>725,362</u>	<u>725,793</u>
Total Current Liabilities		<u>725,362</u>	<u>725,793</u>
Total Liabilities		<u>725,362</u>	<u>725,793</u>
Total Equity and Liabilities		<u>88,401,408</u>	<u>88,404,225</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 23. 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;

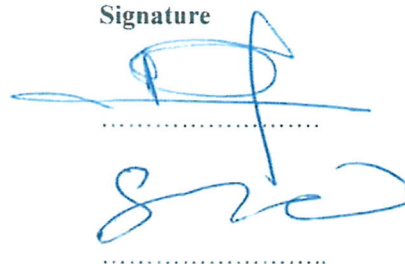
Name of the Director

P Sripathy (Managing Director)

TSSVL Narayana (Director)

05th March 2021

Signature





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

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Share Capital US\$	Retained Earnings US\$	Total US\$
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 13.3)	-	(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>
As at 1 st January 2020	30,050,094	57,628,338	87,678,432
Loss (Total Comprehensive Income) for the Year	-	(2,386)	(2,386)
As at 31 st December 2020	<u>30,050,094</u>	<u>57,625,952</u>	<u>87,676,046</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 23. 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	2020 US\$	2019 US\$
Cash Flows from Operating Activities			
Loss before Tax		(2,386)	(526,501)
Changes in;			
Trade and Other Receivables		2,482	(309)
Trade and Other Payables		(431)	(6,250)
Amounts Due from a Related Company		-	4,703,885
Net Cash (Used in)/ From Operating Activities		<u>(335)</u>	<u>4,170,825</u>
Cash Flows from Investing Activities			
Advances Repaid by Related Companies	11	30,015,000	7,520,000
Advances Given to Related Companies	11	<u>(30,010,000)</u>	<u>(4,055,000)</u>
Net Cash Generated from Investing Activities		<u>5,000</u>	<u>3,465,000</u>
Cash Flows from Financing Activities			
Dividend Paid During the Year	15	<u>-</u>	<u>(7,662,774)</u>
Net Cash Used in Financing Activities		<u>-</u>	<u>(7,662,774)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents		4,665	(26,949)
Cash and Cash Equivalents at the Beginning of the Year		<u>55,626</u>	<u>82,575</u>
Cash and Cash Equivalents at the End of the Year	12	<u><u>60,291</u></u>	<u><u>55,626</u></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 23. 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").

(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. 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. A number of amendments and interpretations are effective from 1st January 2020, as disclosed in note 5 to the financial statements, but they do not have a material effect on the Company's financial statements.

3.1 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.

3.2 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.



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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) Subsequent measurement and gains and losses (Continued)

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.
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The Company has got financial assets at amortized cost which comprises trade and other receivable, advances 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)

(a) Recognition and Initial Measurement

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

(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 liabilities (non-derivative):

- Trade and other payables



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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Financial Liabilities (Non-derivative)

(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.

3.3 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.

3.4 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)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 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.

3.5 Provisions

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

3.6 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.

3.7 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.

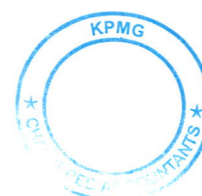
3.8 Finance Costs

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.

3.9 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.



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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 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.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-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.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New and amended standards and interpretations issued but not yet effective and not expected to have a significant impact on the Company's financial statements.

Description	Effective Date
Accounting policies and accounting estimates (Amendment to IAS 8)	Annual period beginning on or after 1 st January 2022
Classification of liabilities as current or non-current (Amendment to IAS 1)	Annual period beginning on or after 1 st January 2022
Definition of Business (Amendment to IFRS 3)	Final Stage
Interest rate benchmark reform –(IBOR), (Amendments to IFRS 09, IAS 39 and IFRS 07)	Annual period beginning on or after 1 st January 2020



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

6	OTHER INCOME	2020	2019
		US\$	US\$
	Sundry Income	6,173	-
7	PERSONNEL COSTS	2020	2019
		US\$	US\$
	Salaries, Wages and Other Allowances	-	433,238
8	OTHER EXPENSES	2020	2019
		US\$	US\$
	Traveling Expenses	-	80,129
	Consultancy Expenses	1,000	4,500
	Communication Expenses	141	1,396
	Bank charges	622	2,237
	Other Administrative Expenses	6,796	5,001
		8,559	93,263

9 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.

9.1 Reconciliation between the Accounting Loss and the Tax Loss;

	2020	2019
	US\$	US\$
Accounting Loss before Tax	(2,386)	(526,501)
Aggregate Disallowed Items	-	433,238
Set-off Against the Carried Forward Tax Losses	2,386	-
Tax Loss for the Year	-	(93,263)
Income Tax @ 15%	-	-

9.2 Accumulated Tax Losses

Balance as at 1 st January	37,906,184	56,505,390
Adjustment to the Carried Forward Tax Losses	(27,761,265)	(18,692,469)
Set-off Against the Taxable Income for the Year	2,386	-
Tax Loss for the Year	-	93,263
Closing balance	10,147,305	37,906,184



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

9 TAX EXPENSE (CONTINUED)

9.3 Unrecognized Deferred Tax Asset is Attributable to the Following;

	31/12/2020		31/12/2019	
	Temporary Difference US\$	Tax Effect US\$	Temporary Difference US\$	Tax Effect US\$
Accumulated tax losses	10,147,305	1,522,096	37,906,184	5,685,928

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

10 TRADE AND OTHER RECEIVABLES	31/12/2020	31/12/2019
	US\$	US\$
Trade Receivables	3,611,308	3,611,308
Advances Given	77,299	80,213
GST Input Tax Receivable	323,817	323,385
Less: Provision for Bad and Doubtful Debt	(3,611,308)	(3,611,308)
	<u>401,116</u>	<u>403,598</u>
10.1 Provision for Bad and Doubtful Debts	31/12/2020	31/12/2019
	US\$	US\$
Closing Provision	<u>3,611,308</u>	<u>3,611,308</u>



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

11 ADVANCES GIVEN TO RELATED PARTIES	31/12/2020	31/12/2019
	US\$	US\$
GMR Infrastructure (Mauritius) Limited	46,325,001	76,140,001
GMR Holdings (Mauritius) Limited	19,200,000	-
GMR Infrastructure (Overseas) Limited	22,415,000	11,805,000
	<u>87,940,001</u>	<u>87,945,001</u>
GMR Infrastructure (Mauritius) Limited (Note 11.1)		
Opening Balance	76,140,001	83,660,001
Settlements During the Year	(29,815,000)	(7,520,000)
Closing Balance	<u>46,325,001</u>	<u>76,140,001</u>
GMR Holdings (Mauritius) Limited (Note 11.2)		
Advances Given During the Year	<u>19,200,000</u>	<u>-</u>
Closing Balance	<u>19,200,000</u>	<u>-</u>
GMR Infrastructure (Overseas) Limited (Note 11.3)		
Opening Balance	11,805,000	7,750,000
Advances Given During the Year	10,810,000	-
Settlements During the Year	(200,000)	4,055,000
Closing Balance	<u>22,415,000</u>	<u>11,805,000</u>
Total Closing Advance Balances	<u>87,940,001</u>	<u>87,945,001</u>

11.1 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, in 2018, the Company has entered into a 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 which is receivable on demand.

11.2 During the year, the Company has given an interest free advance of US\$ 19,200,000/- to GMR Holdings (Mauritius) Limited which is receivable on demand.

11.3 During the year, the Company has given an interest free advance of US\$ 10,810,000/- (31st December 2019: US\$ 4,055,000/-) to GMR Infrastructure (Overseas) Limited which is receivable on demand.

12 CASH AND CASH EQUIVALENTS	31/12/2020	31/12/2019
	US\$	US\$
Balances at Bank	<u>60,291</u>	<u>55,626</u>

13 SHARE CAPITAL

13.1 Authorized Share Capital

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

13.2 Issued and Fully Paid Share Capital

The Issued and fully paid share capital comprises 38,313,870 (31st December 2019: 38,313,870) ordinary shares of MVR.10/- each and converted in to US\$ at the rate of MVR. 12.75/-.

13.3 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 not declared any dividends for the year ended 31st December 2020 (Year ended 31st December 2019: US\$ 7,662,774/-).



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

14	TRADE AND OTHER PAYABLES	31/12/2020	31/12/2019
		US\$	US\$
	Trade Creditor and Non Trade Payable	153,960	154,086
	Contractor Retentions	296,834	296,834
	WHT and Fine Payable	142,385	142,385
	Other Payables	2,238	2,238
	Accrued Expenses	129,945	130,250
		<u>725,362</u>	<u>725,793</u>

15 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	
	31/12/2020	31/12/2019
	US\$	US\$
Trade Receivables	3,611,308	3,611,308
Advances Given to Related Parties	87,940,001	87,945,001
Cash at Bank	60,291	55,626
	<u>91,611,600</u>	<u>91,611,935</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
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2020

15 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 2020	Weighted average loss rate	Gross carrying amount USD	Loss allowance USD
More than 180 days	100%	3,611,308	3,611,308
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

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.



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

15 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 2020	Carrying Amount US\$	1-12 Months US\$
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	725,362	725,362
31st December 2019	Carrying Amount US\$	1-12 Months US\$
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	725,793	725,793

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

FOR THE YEAR ENDED 31ST DECEMBER 2020

15 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 2020

	Carrying amount	
	Amortized Cost	Other financial liabilities
		Total
Financial Assets not Measured at Fair Value		
Advances Given to Related Parties	87,940,001	-
Cash and Cash Equivalents	60,291	-
	<u>88,000,292</u>	<u>-</u>
		<u>88,000,292</u>
Financial Liabilities not Measured at Fair Value		
Trade and Other Payables	-	725,362
	<u>-</u>	<u>725,362</u>
		<u>725,362</u>

31st December 2019

	Carrying amount	
	Amortized Cost	Other financial liabilities
		Total
Financial Assets not Measured at Fair Value		
Advances Given to Related Parties	87,945,001	-
Cash and Cash Equivalents	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	-	725,793
	<u>-</u>	<u>725,793</u>
		<u>725,793</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 an optimal capital structure to reduce the cost of capital.

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

FOR THE YEAR ENDED 31ST DECEMBER 2020

16 RELATED PARTY TRANSACTIONS

Name of Related Party	Relationship	Nature of Transactions	Amount Year Ended 31/12/2020 US\$	Amount Year Ended 31/12/2019 US\$	Amount due from / (to) 31/12/2020 US\$	Amount due from / (to) 31/12/2019 US\$
GMR Holdings (Mauritius) Limited	Affiliated Company	Advance Given	19,200,000	-	19,200,000	-
GMR Infrastructure (Mauritius) Limited	Affiliated Company	Settlements	(29,815,000)	25,370,001 (2,130,000)	46,325,001	76,140,001
GMR Infrastructure (Overseas) Limited	Parent Company	Advance Given Settlements	10,810,000 (200,000)	7,750,000	22,415,000	11,805,000

16.1 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 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.

17 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. Further, 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 year ended 31st December 2020 have been prepared on a going concern basis as the Board of Directors of the Company is currently evaluating the options for the future operations.

18 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.

19 EVENTS AFTER THE REPORTING DATE

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



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

FOR THE YEAR ENDED 31ST DECEMBER 2020

20 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, the Company has obtained the statements of dues from MIRA on 31st December 2020 and as per the statement, the Company requires to settle business profit tax amounting to US\$ 7,184,346/-, fines on business profit tax amounting to US\$ 6,809,530/-, withholding tax amounting to US\$ 2,861,123/- and fines on withholding tax amounting to US\$ 3,641,261/-.

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 of the 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.

21 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.

