

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**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

8-25



KPMG  
(Chartered Accountants)  
2<sup>nd</sup> 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 31<sup>st</sup> December 2021, 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 25.

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 31<sup>st</sup> December 2021, 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 1<sup>st</sup> April 2013 to 30<sup>th</sup> 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 28<sup>th</sup> October 2021 and accordingly, the Company requires to settle withholding tax amounted to US\$ 2,861,123/- and fines on withholding tax amounted to US\$ 4,352,623/-.

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 31<sup>st</sup> 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 31<sup>st</sup> December 2021.
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 31<sup>st</sup> December 2017.

Further, the Company and MAHB have agreed to assign the above due balance to GMR Holding (Mauritius) Limited during the year ended 31<sup>st</sup> 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 31<sup>st</sup> December 2021.

**Basis for Qualified Opinion (Continued)**

4. As disclosed in Note 10 to the financial statements, the Company has recognized US\$ 87,935,000/- as Advances Given to Related Parties as at 31<sup>st</sup> December 2021. 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 31<sup>st</sup> December 2021.

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 19 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 28th October 2021, the Company has to settle business profit tax amounted to US\$ 7,184,346/- and fines on business profit tax amounted to US\$ 8,182,429/-. As per the letter 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 16 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 8<sup>th</sup> 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 25<sup>th</sup> 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 16, 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

21<sup>st</sup> April 2022  
Male'



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

	Note	2021 US\$	2020 US\$
Other Income	6	-	6,173
Other Expenses	7	(3,788)	(8,559)
<b>Loss before Tax</b>		<u>(3,788)</u>	<u>(2,386)</u>
Tax Expense	8	-	-
<b>Loss for the Year</b>		<u><u>(3,788)</u></u>	<u><u>(2,386)</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 25. 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 FINANCIAL POSITION**

AS AT		31/12/2021	31/12/2020
	Note	US\$	US\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and Other Receivables	9	401,116	401,116
Advances Given to Related Companies	10	87,935,000	87,940,001
Cash and Cash Equivalents	11	64,504	60,291
<b>Total Current Assets</b>		<u>88,400,620</u>	<u>88,401,408</u>
<b>Total Assets</b>		<u>88,400,620</u>	<u>88,401,408</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	12	30,050,094	30,050,094
Retained Earnings		<u>57,622,164</u>	<u>57,625,952</u>
<b>Total Equity</b>		<u>87,672,258</u>	<u>87,676,046</u>
<b>Current Liabilities</b>			
Trade and Other Payables	13	<u>728,362</u>	<u>725,362</u>
<b>Total Current Liabilities</b>		<u>728,362</u>	<u>725,362</u>
<b>Total Liabilities</b>		<u>728,362</u>	<u>725,362</u>
<b>Total Equity and Liabilities</b>		<u>88,400,620</u>	<u>88,401,408</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 25. 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;

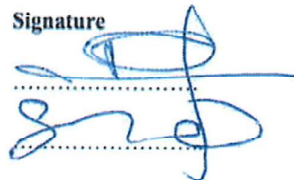
**Name of the Director**

P Sripathy (Managing Director)

TSSVL Narayana (Director)

21<sup>st</sup> April 2022

**Signature**




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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

	<b>Share Capital US\$</b>	<b>Retained Earnings US\$</b>	<b>Total US\$</b>
As at 1 <sup>st</sup> 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 <sup>st</sup> December 2020	<u>30,050,094</u>	<u>57,625,952</u>	<u>87,676,046</u>
As at 1 <sup>st</sup> January 2021	30,050,094	57,625,952	87,676,046
Loss (Total Comprehensive Income) for the Period	-	(3,788)	(3,788)
As at 31 <sup>st</sup> December 2021	<u>30,050,094</u>	<u>57,622,164</u>	<u>87,672,258</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 25. 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**

	Note	31/12/2021 US\$	31/12/2020 US\$
<b>Cash Flows from Operating Activities</b>			
Loss before Tax		(3,788)	(2,386)
<b>Changes in;</b>			
Trade and Other Receivables		-	2,482
Trade and Other Payables		3,000	(431)
<b>Net Cash Used in Operating Activities</b>		<u>(788)</u>	<u>(335)</u>
<b>Cash Flows from Investing Activities</b>			
Advances Repaid by a Shareholder	10	46,325,001	30,015,000
Advances Given to Related Parties	10	<u>(46,320,000)</u>	<u>(30,010,000)</u>
<b>Net Cash Generated from Investing Activities</b>		<u>5,001</u>	<u>5,000</u>
<b>Net Increase in Cash and Cash Equivalents</b>		4,213	4,665
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<u>60,291</u>	<u>55,626</u>
<b>Cash and Cash Equivalents at the End of the Year</b>	11	<u><u>64,504</u></u>	<u><u>60,291</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 25. 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 9<sup>th</sup> August 2010 and commercial operations were started from 25<sup>th</sup> 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 27<sup>th</sup> November 2012 and further to MoFT's letter dated 7<sup>th</sup> December 2012, MoFT and MACL have taken over the control of Ibrahim Nasir International Airport with effective from 8<sup>th</sup> 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.

These financial statements for the period ended 31<sup>st</sup> December 2021 have been prepared and presented for the internal requirement of the management to determine the financial position and the financial performances as at and for the period ended 31<sup>st</sup> December 2021.

**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 except assets which are stated at their fair value.

**(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.

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.



**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 Judgements (Continued)**

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the respective notes.

**(e) Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

**3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

Except for the note below in, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended 31<sup>st</sup> December 2020.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from 1<sup>st</sup> January 2021:

**Interest Rate Benchmark Reform**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 1<sup>st</sup> January 2021.

Effective from 1<sup>st</sup> January 2021, the Company has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). These amendments provide practical relief from certain requirements in IFRS.

These reliefs relate to modifications of financial instruments and lease contracts by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, then the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

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

Since the Company had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31<sup>st</sup> December 2020, there is no impact on opening equity balances as a result of retrospective application.



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

**3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interest Rate Benchmark Reform (Continued)**

If changes are made to a financial assets or liability in addition to changes to the basis for determining the contractual cashflows required by interest rate benchmark reform, then the Company first update the effective interest rate of the financial assets or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Company applies the policies on accounting for modification set out above to the additional change.

The amendments also provide an exception to use a revised discount rate that reflect the change in interest rate when remeasuring a lease facility because of a lease modification that is required by interest rate benchmark reform.

**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 except if mentioned otherwise in note 3 to the Financial Statements.

**4.1 Transactions in Foreign Currencies**

Transactions in foreign currencies are translated to United State Dollars at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies other than United State Dollars are translated to United State 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 foreign currencies are translated to United State Dollars at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to United State Dollars at the exchange rates ruling at the dates the values were determined.

**4.2 Financial Instruments**

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

**(a) Recognition and initial measurement**

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

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



**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)**

**(b) Classification and subsequent measurement**

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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 (e.g. liquidity risk and administrative costs), as well as a profit margin.



**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)**

**(b) Classification and subsequent measurement (Continued)**

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

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

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

**(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 receivables, amount due from a related party and balances with banks.

**(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.



**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)**

**(d) De-recognition (Continued)**

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
- Amount due to related parties

**(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.



**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)**

**Interest Rate Benchmark Reform**

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

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

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

**4.3 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 Impairment**

**(i) Non derivative financial assets (including receivable)**

**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)**

**4.4 Impairment (Continued)**

**(i) Non derivative financial assets (including receivable) (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.

**(ii) Non-financial Assets**

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

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

**4.5 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.

**4.6 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 or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

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



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

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.6 Tax Expense (Continued)**

**Deferred tax (Continued)**

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

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

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

**4.7 Events Occurring After the Reporting Date**

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

**4.8 Finance Cost**

Finance cost comprises bank charges, interest expense on borrowings, exchange loss, interest expenses on related party balance to be paid and interest on bank overdrafts. 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. Exchange gain and losses are reported on net basis.

**4.9 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 expenditure.

**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-financial assets and 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 market for identical assets and liabilities
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)
- Level 3 : Inputs for the assets or liability that are not used on observable market data (unobservable inputs)



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

**5. DETERMINATION OF FAIR VALUES (CONTINUED)**

**(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.

**6. AMENDMENTS TO ACCOUNTING STANDARDS EFFECTIVE BUT NOT YET ADOPTED**

A number of new standards are effective for annual period beginning after 1<sup>st</sup> January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- Amendments to classification of liabilities
- Amendments regarding the disclosure of accounting policies
- Amendments regarding the costs to include when assessing whether the contract is onerous.
- Amendments prohibiting a company from deducting from the cost of property plant and equipment amounts received from selling items proceed while the company is preparing the asset for its intended use



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

<b>6</b>	<b>OTHER INCOME</b>	<b>2021</b>	<b>2020</b>
		<b>US\$</b>	<b>US\$</b>
	Sundry Income	-	6,173
<b>7</b>	<b>OTHER EXPENSES</b>	<b>2021</b>	<b>2020</b>
		<b>US\$</b>	<b>US\$</b>
	Consultancy Expenses	3,530	1,000
	Communication Expenses	-	141
	Bank charges	258	622
	Other Administrative Expenses	-	6,796
		<u>3,788</u>	<u>8,559</u>

**8 TAX EXPENSE**

The taxable profits and income of the Company is liable at the rate of 15% in terms of provisions of the Income Tax Act No 25 of 2019 which is effective from 1<sup>st</sup> January 2020, relevant regulations and amendments thereto. (2020 : 15%) However, no provision for tax has been made since the Company has incurred a tax loss during the period ended 31<sup>st</sup> December 2021.

**8.1 Reconciliation between the Accounting Loss and the Tax Loss;**

	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Accounting Loss before Tax	(3,788)	(2,386)
Tax Loss for the Year	(3,788)	(2,386)
Income Tax @ 15%	-	-

**8.2 Accumulated Tax Losses**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>US\$</b>	<b>US\$</b>
Balance as at 1 <sup>st</sup> January	10,147,305	37,906,184
Adjustment to the Carried Forward Tax Losses	(6,681,282)	(27,761,265)
Tax Loss for the Year	3,788	2,386
Closing balance	<u>3,469,811</u>	<u>10,147,305</u>



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

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

8 TAX EXPENSE (CONTINUED)

8.3 Unrecognized Deferred Tax Asset is Attributable to the Following:

	31/12/2021		31/12/2020	
	Temporary Difference US\$	Tax Effect US\$	Temporary Difference US\$	Tax Effect US\$
Accumulated Tax Losses	3,469,811	520,472	10,147,305	1,522,096

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.

9	TRADE AND OTHER RECEIVABLES	31/12/2021 US\$	31/12/2020 US\$
	Trade Receivables	3,611,308	3,611,308
	Advances Given	77,299	77,299
	GST Input Tax Receivable	323,817	323,817
	Less: Provision for Bad and Doubtful Debt (Note 9.1)	(3,611,308)	(3,611,308)
		401,116	401,116
9.1	Provision for Bad and Doubtful Debts	31/12/2021 US\$	31/12/2020 US\$
	Closing Provision	(3,611,308)	3,611,308
10	ADVANCES GIVEN TO RELATED COMPANIES	31/12/2021 US\$	31/12/2020 US\$
	GMR Infrastructure (Mauritius) Limited	-	46,325,001
	GMR Holdings (Mauritius) Limited	19,200,000	19,200,000
	GMR Infrastructure (Overseas) Limited	68,735,000	22,415,000
		87,935,000	87,940,001
	<b>GMR Infrastructure (Mauritius) Limited (Note 10.1)</b>		
	Opening Balance	46,325,001	76,140,001
	Settlements During the Year	(46,325,001)	(29,815,000)
	Closing Balance	-	46,325,001
	<b>GMR Holdings (Mauritius) Limited (Note 10.2)</b>		
	Opening Balance	19,200,000	-
	Advances Given During the Year	-	19,200,000
	Closing Balance	19,200,000	19,200,000
	<b>GMR Infrastructure (Overseas) Limited (Note 10.3)</b>		
	Opening Balance	22,415,000	11,805,000
	Advances Given During the Year	46,320,000	10,810,000
	Settlements During the Year	-	(200,000)
	Closing Balance	68,735,000	22,415,000
	Total Closing Advance Balances	87,935,000	87,940,001



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**10 ADVANCES GIVEN TO RELATED COMPANIES (CONTINUED)**

- 10.1** The Company has given an interest free advance of US\$ 61,000,000/- to GMR Infrastructure (Mauritius) Limited ("GIML") on 14<sup>th</sup> December 2016 which is receivable on demand. During the year GIML has settled the advance in full.
- 10.2** In 2020, the Company has given an interest free advance of US\$ 19,200,000/- to GMR Holdings (Mauritius) Limited which is receivable on demand.
- 10.3** During the year, the Company has given an interest free advance of US\$ 46,320,000/- to GMR Infrastructure (Overseas) Limited which is receivable on demand.

**11 CASH AND CASH EQUIVALENTS**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>US\$</b>	<b>US\$</b>
Balances at Bank	<u>64,504</u>	<u>60,291</u>

**12 SHARE CAPITAL**

**12.1 Authorized Share Capital**

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

**12.2 Issued and Fully Paid Share Capital**

The Issued and fully paid share capital comprises 38,313,870/- (31<sup>st</sup> December 2020: 38,313,870/-) ordinary shares of MVR.10/- each and converted in to US\$ at the rate of MVR. 12.75/-.

**12.3 Dividends and Voting Rights**

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

The Company has not declared any dividends for the period ended 31<sup>st</sup> December 2021 (Year ended 31<sup>st</sup> December 2020: Nil).

**13 TRADE AND OTHER PAYABLES**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>US\$</b>	<b>US\$</b>
Trade Creditor and Non Trade Payable	153,960	153,960
Contractor Retentions	296,834	296,834
WHT and Fine Payable	142,385	142,385
Other Payables	2,238	2,238
Accrued Expenses	<u>132,945</u>	<u>129,945</u>
	<u>728,362</u>	<u>725,362</u>

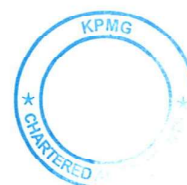
**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**(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.



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(ii) Risk Management Framework**

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

**(iii) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer 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.

	<b>Carrying Amount</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>US\$</b>	<b>US\$</b>
Trade and Other Receivables	3,611,308	3,611,308
Less: Provision for Impairment Loss on Trade Receivables	(3,611,308)	(3,611,308)
Exposure on Trade and Other Receivables	-	-
Advances Given to Related Parties	87,935,000	87,940,001
Cash at Bank	64,504	60,291
	<b>87,999,504</b>	<b>88,000,292</b>

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.

**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.



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

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Credit Risk (Continued)

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 and Other Receivables

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

31 <sup>st</sup> December 2021	Weighted average loss rate	Gross carrying amount US\$	Loss allowance US\$
More than 180 days	100%	3,611,308	3,611,308

31 <sup>st</sup> December 2020	Weighted average loss rate	Gross carrying amount US\$	Loss allowance US\$
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.

(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.

31 <sup>st</sup> December 2021	Carrying Amount US\$	1-12 Months US\$
<b>Financial Liabilities (Non- Derivative)</b>		
Trade and Other Payables	728,362	728,362

31 <sup>st</sup> December 2020	Carrying Amount US\$	1-12 Months US\$
<b>Financial Liabilities (Non- Derivative)</b>		
Trade and Other Payables	725,362	725,362

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



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(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

**(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.

**(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.

**31<sup>st</sup> December 2021**

	Carrying Amount		
	Amortized Cost	Other Financial Liabilities	Total
<b>Financial Assets not Measured at Fair Value</b>			
Advances Given to Related Parties	87,935,000	-	87,935,000
Cash and Cash Equivalents	64,504	-	64,504
	<u>87,999,504</u>	<u>-</u>	<u>87,999,504</u>
<b>Financial Liabilities not Measured at Fair Value</b>			
Trade and Other Payables	-	728,362	728,362
	<u>-</u>	<u>728,362</u>	<u>728,362</u>

**31<sup>st</sup> December 2020**

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



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

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(vii) 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.

**15 RELATED PARTY TRANSACTIONS**

Name of Related Party	Relationship	Nature of Transactions	Amount 2021 US\$	Amount 2020 US\$	Amount due from US\$	Amount due from US\$
GMR Holdings (Mauritius) Limited	Affiliated Company	Advance Given	-	19,200,000	19,200,000	19,200,000
GMR Infrastructure (Mauritius) Limited	Affiliated Company	Settlements	(46,325,001)	(29,815,000)	-	46,325,001
GMR Infrastructure (Overseas) Limited	Parent Company	Advance Given Settlements	46,320,000	10,810,000 (200,000)	68,735,000	22,415,000

**15.1 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 31<sup>st</sup> 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.

**16 GOING CONCERN**

The Government of Maldives ("GoM")/ MACL has taken over the Airport on 8<sup>th</sup> 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 25<sup>th</sup> 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 31<sup>st</sup> 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 period ended 31<sup>st</sup> December 2021 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.

**17 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.

**18 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 31<sup>ST</sup> DECEMBER 2021**

**19 CONTINGENT LIABILITY**

On 19<sup>th</sup> 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 31<sup>st</sup> December 2015 and 31<sup>st</sup> December 2016, and audit reports and notice of tax assessments on Withholding Tax for the period starting from 1<sup>st</sup> April 2013 to 31<sup>st</sup> 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 28<sup>th</sup> October 2021 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\$ 8,182,429/-, withholding tax amounting to US\$ 2,861,123/- and fines on withholding tax amounting to US\$ 4,352,623/-.

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 23<sup>rd</sup> 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 22<sup>nd</sup> 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. However, the company has not commenced any legal process to resolve the matter as of the reporting date.

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

**20 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.

