

**CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2017**

**CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2017

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**Independent Auditors' Report
To the Shareholders of
Centurion Public Limited Company**

Opinion

We have audited the accompanying consolidated and separate financial statements of Centurion Public Limited Company (the "Company") and its Subsidiaries (together with the "Group"), which comprise the consolidated and separate statement of financial position as at 31st December 2017, the consolidated and separate statements comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated and separate financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 6 to 40.

Opinion – Group

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Opinion – Company

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Group as at 31st December 2017, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRSs.

Basis for Opinion

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

Other Matter

The consolidated and separate financial statements of the Group and the Company as at and for the period ended 31st December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 10th July 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Recoverability of Goodwill in the Consolidated Financial Statements

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.6 and 13 of the consolidated and separate financial statements)

Description	How the Matter was Addressed in Our Audit
As at 31 December 2017, the Group has recognised goodwill in the amount of MVR 167,824,874/-. The majority of the goodwill has been allocated to Centurion Transport Solutions Private Limited cash generating unit. The annual impairment review of goodwill is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount which is based on value in use derived from discounted cash flow model. This model uses several key assumptions, including estimates of future cash flows, discount rates and the growth rate.	Our audit procedures included; • assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based; • evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; • assessing the consistency of the forecast cash flows assumptions, including analysis of major client contracts incorporated into the forecasts, for alignment to the Group's budget and our inquiries with the Group; • performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the cash generating units to which the goodwill is allocated; • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Recoverability of Investments in Subsidiary Companies in the Separate Financial Statements

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 4.6 and 14 of the consolidated and separate financial statements)

Description	How the Matter was Addressed in Our Audit
As at 31 December 2017, the Company carries a balance of investment in Subsidiaries amounting to MVR 176,129,900/-. The impairment review over the investments in subsidiaries is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount which is based on value in use derived from discounted cash flow model. This model uses several key assumptions, including estimates of future cash flows, discount rates and the growth rate.	Our audit procedures included; • assessing the Group's budgeting review and approval procedures upon which the cash flow forecasts are based; • evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry; • assessing the consistency of the forecast cash flows assumptions, including analysis of major client contracts incorporated into the forecasts, for alignment to the Group's budget and our inquiries with the Group; • performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the cash generating units; • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Other Information

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

Other Information (Continued)

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

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

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

Responsibilities of the Board of Directors for the Consolidated and Separate Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

**Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements
(Continued)**

- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Mohamed Shameel.



Mohamed Shameel

For and on behalf of KPMG

07th May 2018

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CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	GROUP		COMPANY	
		Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
Revenue	6	83,611,173	27,284,440	-	-
Cost of Sales		(64,432,939)	(19,578,205)	-	-
Gross Profit		19,178,234	7,706,235	-	-
Other Income	7	462,357	-	-	-
Administrative Expenses		(14,976,311)	(6,275,824)	(793,328)	(1,152,302)
Sales and Marketing Expenses		(1,616,573)	(1,475,495)	(162,510)	(1,203,916)
Profit / (Loss) from Operating Activities		3,047,707	(45,084)	(955,838)	(2,356,218)
Finance Income	8	433,261	70,600	-	-
Finance Costs	8	(247,723)	(132,779)	-	-
Net Finance Income / (Cost)		185,538	(62,179)	-	-
Profit / (Loss) before Tax	9	3,233,245	(107,263)	(955,838)	(2,356,218)
Tax Expense	10	(977,205)	(19,864)	(341,118)	341,118
Profit / (Loss) (Total Comprehensive Income / (Loss)) for the Year / Period		<u>2,256,040</u>	<u>(127,127)</u>	<u>(1,296,956)</u>	<u>(2,015,100)</u>
Profit / (Loss) Attributable to:					
Owners of the Company		2,219,009	(151,428)		
Non-controlling Interest		37,031	24,301		
		<u>2,256,040</u>	<u>(127,127)</u>		
Earnings Per Share (EPS) / Loss per Share (LPS)					
Basic and Diluted Earnings per Share / (Loss per Share)	11	0.31	(0.02)	(0.18)	(0.29)

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Group and the Company set out on pages 11 to 40. The Report of the Independent Auditors is given on pages 1 to 5.

CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	Note	MVR	MVR	MVR	MVR
ASSETS					
Non-current Assets					
Property, Plant and Equipment	12	14,894,282	13,709,635	2,458,310	-
Intangible Assets and Goodwill	13	167,875,735	167,463,235	-	-
Investment in Subsidiaries	14	-	-	176,129,900	176,129,900
Deferred Tax Asset	10.3	-	361,180	-	341,118
Total Non-current Assets		182,770,017	181,534,050	178,588,210	176,471,018
Current Assets					
Trade and Other Receivables	15	16,715,890	11,275,500	231,108	-
Amounts due from Related Parties	16	12,346,002	10,907,159	-	-
Amounts due from Directors	17	309,751	94,268	-	-
Cash and Cash Equivalents	18	1,418,362	2,757,815	101,741	1,510,193
Total Current Assets		30,790,005	25,034,742	332,849	1,510,193
Total Assets		213,560,022	206,568,792	178,921,059	177,981,211
EQUITY AND LIABILITIES					
Equity					
Share Capital	19	178,433,770	176,055,000	178,433,770	176,055,000
Advance Received for Shares		-	1,524,675	-	1,524,675
Retained Earnings / (Accumulated Losses)		2,067,581	(151,428)	(3,312,056)	(2,015,100)
Equity Attributable to Owners of the Company		180,501,351	177,428,247	175,121,714	175,564,575
Non-controlling Interest		146,461	109,430	-	-
Total Equity		180,647,812	177,537,677	175,121,714	175,564,575
Non-current Liabilities					
Loans and Borrowings	20.2	772,318	1,185,773	-	-
Lease Liability	21.2	2,030,000	2,870,000	-	-
Deferred Tax Liability	10.3	110,027	-	-	-
Total Non-current Liabilities		2,912,345	4,055,773	-	-
Current Liabilities					
Loans and Borrowings	20.2	609,255	609,255	-	-
Lease Liability	21.3	1,776,002	1,706,002	-	-
Trade and Other Payables	22	25,866,751	20,839,389	720,960	47,587
Amounts due to Related Parties	23	283,112	192,585	3,023,385	2,349,049
Amounts due to Directors	24	193,361	110,485	55,000	20,000
Current Tax Liabilities		692,798	1,105,598	-	-
Bank Overdraft	25	578,586	412,028	-	-
Total Current Liabilities		29,999,865	24,975,342	3,799,345	2,416,636
Total Liabilities		32,912,210	29,031,115	3,799,345	2,416,636
Total Equity and Liabilities		213,560,022	206,568,792	178,921,059	177,981,211

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Group and the Company set out on pages 11 to 40. The Report of the Independent Auditors' is given on pages 1 to 5.

Kanesh Jayasinghe
.....
Mr. Kanesh Jayasinghe
Chief Financial Officer

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

Name of the Director

AHMED MAUMOON
.....

Aimon Jamea
.....

07th May 2018

Signature
[Signature]
[Signature]



**CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31ST DECEMBER 2017 - GROUP

	Equity Attributable to Owners of the Parent Company				Non Controlling Interest	Total Equity
	Share Capital	Advance Received	(Accumulated Losses) / Retained Earnings	Total Equity		
	MVR	MVR	MVR	MVR	MVR	MVR
Balance as at 4 th August 2016	176,055,000	-	-	176,055,000	85,129	176,140,129
Loss (Total Comprehensive Loss) for the Period	-	-	(151,428)	(151,428)	24,301	(127,127)
<u>Transactions with Owners of the Company</u>						
Advance Received during the Period	-	1,524,675	-	1,524,675	-	1,524,675
Balance as at 31 st December 2016	176,055,000	1,524,675	(151,428)	177,428,247	109,430	177,537,677
Balance as at 1 st January 2017	176,055,000	1,524,675	(151,428)	177,428,247	109,430	177,537,677
Profit (Total Comprehensive Income) for the Year	-	-	2,219,009	2,219,009	37,031	2,256,040
<u>Transactions with Owners of the Company</u>						
Advance Received during the Year	-	854,095	-	854,095	-	854,095
Shares Issued during the Year (Note 19.1)	2,378,770	(2,378,770)	-	-	-	-
Balance as at 31 st December 2017	178,433,770	-	2,067,581	180,501,351	146,461	180,647,812

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Group and the Company set out on pages 11 to 40. The Report of the Independent Auditors is given on pages 1 to 5.

CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2017 - COMPANY

	Share Capital	Advance Received for Shares	Accumulated Losses	Total Equity
	MVR	MVR	MVR	MVR
Balance as at 4 th August 2016	176,055,000	-	-	176,055,000
Loss (Total Comprehensive Loss) for the Period	-	-	(2,015,100)	(2,015,100)
<u>Transactions with Owners of the Company</u>				
Advance Received during the Period	-	1,524,675	-	1,524,675
Balance as at 31 st December 2016	176,055,000	1,524,675	(2,015,100)	175,564,575
Balance as at 1 st January 2017	176,055,000	1,524,675	(2,015,100)	175,564,575
Loss (Total Comprehensive Loss) for the Year	-	-	(1,296,956)	(1,296,956)
<u>Transactions with Owners of the Company</u>				
Advance Received during the Year	-	854,095	-	854,095
Shares Issued during the Year (Note 19.1)	2,378,770	(2,378,770)	-	-
Balance as at 31 st December 2017	178,433,770	-	(3,312,056)	175,121,714

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Group and the Company set out on pages 11 to 40. The Report of the Independent Auditors is given on pages 1 to 5.

CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	GROUP		COMPANY	
		Year Ended	Period Ended	Year Ended	Period Ended
		31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
		(365 days)	(150 Days)	(365 days)	(150 Days)
		MVR	MVR	MVR	MVR
Cash Flows from Operating Activities					
Profit / (Loss) before tax		3,233,245	(107,263)	(955,838)	(2,356,218)
<i>Adjustments for;</i>					
Negative Goodwill	7	(462,357)	-	-	-
Depreciation	12	1,407,527	656,072	733	-
Amortization	13	49,857	32,469	-	-
Loss on Disposal of Property, Plants and Equipment	12	42,010	-	-	-
Impairment Provision made on Trade Receivables	15.2	389,071	-	-	-
Operating Profit before Working Capital Changes		<u>4,659,353</u>	<u>581,278</u>	<u>(955,105)</u>	<u>(2,356,218)</u>
Changes In:					
Trade and Other Receivables		(5,829,461)	(9,188,587)	(231,108)	-
Amounts due from Related Parties		(1,438,843)	(14,539,427)	-	2,274,149
Amounts due from Directors		(215,483)	-	-	-
Amounts due to Related Parties		90,527	3,719,854	674,336	-
Amounts due to Director		82,876	-	35,000	-
Trade and Other Payables		5,027,362	21,049,567	673,373	67,587
Cash Flows Generated from / (used in) Operating Activities		<u>2,376,331</u>	<u>1,622,685</u>	<u>196,496</u>	<u>(14,482)</u>
Tax Paid		(918,798)	(14,125)	-	-
Net Cash from / (used in) Operating Activities		<u>1,457,533</u>	<u>1,608,560</u>	<u>196,496</u>	<u>(14,482)</u>
Cash Flows from Investing Activities					
Acquisition of Property, Plant & Equipment	12	(2,634,184)	(544,562)	(2,459,043)	-
Net Cash used in Investing Activities		<u>(2,634,184)</u>	<u>(544,562)</u>	<u>(2,459,043)</u>	<u>-</u>
Cash Flows from Financing Activities					
Advance Received for Shares	19	854,095	1,524,675	854,095	1,524,675
Loan Repayments during the Year / Period	20	(413,455)	(157,427)	-	-
Lease installments paid during the Year / Period	21	(770,000)	(420,000)	-	-
Net Cash (used in) / from Financing Activities		<u>(329,360)</u>	<u>947,248</u>	<u>854,095</u>	<u>1,524,675</u>
Net (Decrease) / Increase in Cash and Cash Equivalents		<u>(1,506,011)</u>	<u>2,011,246</u>	<u>(1,408,452)</u>	<u>1,510,193</u>
Cash and Cash Equivalents at the beginning of the Year		<u>2,345,787</u>	<u>334,541</u>	<u>1,510,193</u>	<u>-</u>
Cash and Cash Equivalents at the End of the Year	18	<u>839,776</u>	<u>2,345,787</u>	<u>101,741</u>	<u>1,510,193</u>

The consolidated and separate financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Group and the Company set out on pages 11 to 40. The Report of the Independent Auditors is given on pages 1 to 5.

**CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

1.1 Parent Company

Centurion Public Limited Company (the “Company”) is a Company incorporated and domiciled in the Republic of Maldives since 04th August 2016 as a public limited liability company under the Companies Act No. 10 of 1996, with its registered office M.Heenavill, 2nd floor, Buruzu magu, Male’, Republic of Maldives. The consolidated financial statements of the Company as at and for the year ended 31st December 2017 comprise the Company and its subsidiaries (together referred as the “Group” and individually as “Group entities”).

The Company is engaged in a business of shipping services, freight management, logistic utilization, ship ownership and management services.

1.2 Subsidiaries

Centurion Transport Solutions Private Limited

The Company is engaged in a business of shipping services, freight management, logistic utilization, ship ownership and management services.

Equatorial Lines Private Limited

The Company is engaged in a business of provision of freight handling services.

Rohoffe Private Limited

The Company is engaged in a business of provision of freight handling services.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

(b) Basis of Measurement

The consolidated and separate financial statements have been prepared on the historical cost basis, except freehold wooden marine vessels.

Freehold wooden marine vessels are valued at its fair value less accumulated depreciation.

(c) Going Concern Basis of Accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

**CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

(d) Functional and Presentation Currency

These consolidated and separate financial statements are presented in Maldivian Rufiyaa, which is the Group's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(e) Use of Estimates and Judgements

The preparation of consolidated and separate 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.

3. BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements comprise the financial statements of the Centurion Public Limited Company and its subsidiaries.

(b) Non-controlling Interest

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

(c) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CENTURION PUBLIC LIMITED COMPANY
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
(CONTINUED)

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 Group.

4.1 Transactions in Foreign Currencies

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

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined.

4.2 Financial Instruments

(i) Financial Assets (Non-derivative)

The Group initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following financial assets (non-derivative):

- Receivables
- Cash and Cash Equivalents

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables, amounts due from related parties and amount due from directors.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

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

Cash and Cash Equivalents

Cash and cash equivalents comprise balances with banks. For the purpose of consolidated and separate statement of cash flows, the cash and cash equivalent is shown net of bank overdraft.

(ii) Financial Liabilities (Non-derivative)

Financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has non-derivative financial liabilities such as: trade and other payables, amounts due to related parties, lease liability and amounts due to directors.

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

4.3 Share Capital

Ordinary Shares

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

4.4 Property, Plant and Equipment

(i) Recognition and Measurement

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

Freehold wooden marine vessels are valued at its fair value less accumulated depreciation.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, Plant and Equipment (Continued)

(i) Recognition and Measurement (Continued)

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

▪ Plant and Equipment	05 Years
▪ Office and Equipment	05 Years
▪ Furniture and Fittings	05 Years
▪ Motor Vehicles	10 Years
▪ Freehold Marine Vessel	20 Years
▪ Leasehold Marine Vessel	20 Years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month in which the property, plant and equipment is available for use.

4.5 Intangible Assets and Goodwill

(i) Recognition and Measurement

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization and any impairment losses.

Goodwill arising on the acquisition of subsidiaries is presented with intangible assets. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Intangible Assets and Goodwill (Continued)

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is charged to the Profit or Loss on a straight line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives are as follows:

▪ Computer Software	Over 03 Years
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4.6 Impairment

(i) Financial Assets (Including Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes; default or delinquency by a debtor, indication that a debtor will enter bankruptcy, adverse changes in the payment status of debtor or observable data indicate that there is a measurable decrease in expected cash flow.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and amount of loss incurred, and make an adjustment if current economic and credit conditions are such that the actual losses likely to be greater or lesser than suggested by historical trend.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When Group consider that there is no realistic prospect of the recovery of the asset, the relevant amounts are write-off. When a subsequent event causes the amount of impairment loss to decrease and decrease can be related objectively to an event occurring after the impairment recognised, then the previously recognised impairment loss is reversed through profit or loss.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Impairment (Continued)

(ii) Non-financial Assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.7 Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group 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.

(ii) Defined Contribution Plans

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. Both employer and employee contribute 7% respectively to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognized as an employee benefit expense in income statement in the periods during which services are rendered by employees.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Provisions

A provision is recognized if, as a result of a past event, the Group 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.

4.9 Revenue

Sea and air freight, ship Handling, custom clearance sea and air revenue are recognized on providing the service at the time of rendering services on an accrual basis. Dhoni rental revenue is recognized on accrual basis.

4.10 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 on the taxable income for the year, using tax rates enacted at the reporting date.

Deferred Tax

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

Deferred tax is 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 liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.11 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 revenue in arriving at 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.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Operating Leases

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

4.13 Finance Costs and Finance Income

Finance costs comprise interest expense on borrowings and foreign exchange losses. 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. Foreign currency gains and losses are reported on a net basis. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

4.14 Determination of Fair Values

A number of the Group'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 – 01

Inputs that are unadjusted quoted market prices in an active market for identical instruments.

Level – 02

Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This instruments valued using:

(a.) Quoted market in active markets for similar instruments. (b.) Quoted prices for identical or similar instruments in markets that are considered to be less active, or (c.) Other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level – 03

Input are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 New Standards and Interpretations issued but not effective

Following new standards, amendments to standards and interpretations applicable to the financial statements of the Group are effective for annual periods beginning after 1st January 2018 and earlier application is permitted, however the company has not applied the following new or amended standards interpretations in these financial statements.

i. IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement with effect from 1st January 2018.

The Group is in the process of assessing the potential impact on the Consolidated and separate financial statements and not yet completed the detail assessment of IFRS 9.

ii. IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 – Revenue, IAS 11 – Construction contracts and IFRIC 13 – Customer loyalty programs with effect from 1st January 2018.

The Group is in the process of assessing the potential impact on the consolidated and separate financial statements and not yet completed the detail assessment of IFRS 15.

iii. IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC 15 – Operating leases incentive and SIC 27 – Evaluating the substance of transactions involving the legal form of a leases with effect from 1st January 2019.

The Group is in the process of assessing the potential impact on the consolidated and separate financial statements and not yet completed the detail assessment of IFRS 16.

iv. Other Standards

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

- Annual improvements to IFRSs 2014 – 2016 cycle – Amendments to IFRS 1 and IAS 28
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration
- IFRIC 23 - Uncertainty Over Income Tax Treatments

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5 OPERATING SEGMENTS

A. Basis of segmentation

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they are subject to risk and returns that are different from those of other business segments.

The following summary describe the operations of each reportable segment.

Reportable segments	Operations
Freight and Custom Clearance	Shipping services, freight management, logistic utilization
Ship Ownership	Ship ownership and management services
Ship Handling	Providing husbandry services to ships

The Group's managing director reviews the internal management reports of each division at least quarterly.

B. Information about reportable segments

For the Year Ended 31st December 2017

	Reportable Segments				Total
	Freight and Custom Clearance	Ship Ownership	Ship Handling	Unallocated	
	MVR	MVR	MVR	MVR	MVR
Segment Revenue	63,484,495	12,089,116	8,037,562	-	83,611,173
Segment Profit / (Loss) before Tax	1,873,429	(250,205)	2,103,504	(493,483)	3,233,245
Finance Income	328,967	62,645	41,649	-	433,261
Finance Costs	(39,424)	(203,308)	(4,991)	-	(247,723)
Segment Assets	29,461,156	12,194,297	3,450,248	168,454,321	213,560,022
Segment Liabilities	24,289,509	7,175,575	758,513	688,613	32,912,210

For the Period Ended 31st December 2016

	Reportable Segments				Total
	Freight and Custom Clearance	Ship Ownership	Ship Handling	Unallocated	
	MVR	MVR	MVR	MVR	MVR
Segment Revenue	19,475,507	4,023,447	3,785,486	-	27,284,440
Segment Profit / (Loss) before Tax	1,347,287	(213,735)	1,115,402	(2,356,217)	(107,263)
Finance Income	50,394	10,411	9,795	-	70,600
Finance Costs	(27,126)	(100,381)	(5,272)	-	(132,779)
Segment Assets	25,075,218	12,644,807	612,323	168,236,444	206,568,792
Segment Liabilities	18,952,283	9,112,067	554,737	412,028	29,031,115

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6	REVENUE	GROUP		COMPANY	
		Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
	Freight Revenue - Sea	46,277,829	16,910,623	-	-
	Freight Revenue - Air	536,281	116,300	-	-
	Customs Clearance Revenue - Sea	13,405,698	3,884,122	-	-
	Customs Clearance Revenue - Air	3,078,190	4,553,218	-	-
	Dhoni Rental Revenue	12,089,116	912,297	-	-
	Ship Handling Revenue	8,037,562	476,002	-	-
	Other Logistics Revenue	186,497	431,878	-	-
		<u>83,611,173</u>	<u>27,284,440</u>	<u>-</u>	<u>-</u>
7	OTHER INCOME	GROUP		COMPANY	
		Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
	Negative Goodwill	<u>462,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
8	NET FINANCE INCOME / (COST)	GROUP		COMPANY	
		Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
	Finance Income				
	Foreign Exchange Gain	<u>433,261</u>	<u>70,600</u>	<u>-</u>	<u>-</u>
	Finance Costs				
	Interest Expense	<u>(247,723)</u>	<u>(132,779)</u>	<u>-</u>	<u>-</u>
	Net Finance Cost	<u>185,538</u>	<u>(62,179)</u>	<u>-</u>	<u>-</u>
9	PROFIT / (LOSS) BEFORE TAX	GROUP		COMPANY	
		Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
	<i>Is stated after charging all the expenses including the followings;</i>				
	Depreciation	1,407,527	656,072	733	-
	Amortization	49,857	32,469	-	-
	Directors Remuneration	810,000	240,000	240,000	45,000
	Office Rent	1,060,760	647,024	-	-
	Personal Expense (Note 9.1)	<u>9,646,158</u>	<u>3,565,857</u>	<u>140,698</u>	<u>94,900</u>

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9 PROFIT BEFORE TAX (CONTINUED)

	GROUP		COMPANY	
	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
9.1 Personal Expense				
Salaries and Wages	8,602,110	3,401,377	137,698	89,800
Staff Welfare	739,498	125,627	-	5,100
Pension Contribution	99,050	34,853	-	-
Ramazan Allowance	205,500	4,000	3,000	-
	<u>9,646,158</u>	<u>3,565,857</u>	<u>140,698</u>	<u>94,900</u>

10 TAX EXPENSE

	GROUP		COMPANY	
	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
Current Tax expense (Note 10.1)	505,998	7,940	-	-
Reversal / (Recognition) of Deferred Tax Asset (Note 10.3)	477,527	-	341,118	(341,118)
(Reversal) / Recognition of Deferred Tax Liability (Note 10.3)	(6,320)	11,924	-	-
	<u>977,205</u>	<u>19,864</u>	<u>341,118</u>	<u>(341,118)</u>

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011 and subsequent amendments thereto, the entities in the Group are liable for income tax on its taxable income at the rate of 15%.

10.1 Reconciliation between Accounting Profit / (Loss) and Taxable Income;

	GROUP		COMPANY	
	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR	Year Ended 31-Dec-2017 (365 days) MVR	Period Ended 31-Dec-2016 (150 Days) MVR
Profit / (Loss) before Tax of the Parent Company	3,233,245	(107,263)	(955,838)	(2,356,218)
Aggregate Disallowable Items	3,430,600	241,190	245,483	1,378,375
Aggregate Allowable Items	(3,165,525)	(29,967)	(800)	(1,453,136)
Tax Free Allowance	(125,000)	(51,027)	-	-
Total Taxable Income	<u>3,373,320</u>	<u>52,933</u>	<u>-</u>	<u>-</u>
Income Tax @ 15%	<u>505,998</u>	<u>7,940</u>	<u>-</u>	<u>-</u>

10.2 Accumulated Tax Losses

	GROUP		COMPANY	
	31-Dec-2017 MVR	31-Dec-2016 MVR	31-Dec-2017 MVR	31-Dec-2016 MVR
Balance as at 1 st January / 4 th August	3,220,619	223,623	2,311,218	-
Loss for the Year / Period	1,196,272	2,996,996	711,155	2,311,218
Loss of transferred from / (to) specified subsidiaries during the Year	(1,196,272)	-	(711,155)	-
Balance as at 31 st December	<u>3,220,619</u>	<u>3,220,619</u>	<u>2,311,218</u>	<u>2,311,218</u>

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10 TAX EXPENSE (CONTINUED)

10.3 Deferred Tax Assets

	GROUP		COMPANY	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	MVR	MVR	MVR	MVR
Balance as at 1 st January / 4 th August	477,527	118,876	341,118	-
(Reversed) / Recognised during the Year / Period	(477,527)	358,651	(341,118)	341,118
Balance as at 31 st December	-	477,527	-	341,118

Deferred Tax Liability

	GROUP		COMPANY	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	MVR	MVR	MVR	MVR
Balance as at 1 st January / 4 th August	116,347	104,423	-	-
(Reversed) / Recognised during the Year / Period	(6,320)	11,924	-	-
Balance as at 31 st December	110,027	116,347	-	-

10.4 Recognised Deferred Tax Assets of the Group is attributable to the following;

	31-Dec-2017		31-Dec-2016	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Accumulated Tax Losses	-	-	3,220,619	477,527
	-	-	3,220,619	477,527

Recognised Deferred Tax Assets of the Company is attributable to the following;

	31-Dec-2017		31-Dec-2016	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Accumulated Tax Losses	-	-	2,311,218	341,118
	-	-	2,311,218	341,118

10.5 Deferred Tax Liability of the Group is attributable to the following;

	31-Dec-2017		31-Dec-2016	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	MVR	MVR	MVR	MVR
Property, Plant and Equipment	720,438	108,066	743,766	111,565
Intangible Assets	13,072	1,961	30,147	4,522
	733,510	110,027	773,913	116,087

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10 TAX EXPENSE (CONTINUED)

10.6 Unrecognised Deferred Tax Assets of the Group is attributable to the following;

	31-Dec-2017		31-Dec-2016	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Accumulated Tax Losses	3,220,619	483,093	-	-
	<u>3,220,619</u>	<u>483,093</u>	<u>-</u>	<u>-</u>

Unrecognised Deferred Tax Assets of the Company is attributable to the following;

	31-Dec-2017		31-Dec-2016	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Accumulated Tax Losses	2,311,218	346,683	-	-
	<u>2,311,218</u>	<u>346,683</u>	<u>-</u>	<u>-</u>

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

11 EARNINGS PER SHARE (EPS) / LOSS PER SHARE (LPS)

The Group / Company computes basic EPS / LPS data for its ordinary shares. Basic EPS / LPS is calculated by dividing the Profit / (loss) that is attributable to ordinary shareholders of the Group / Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS / LPS determined by adjusting the Profit / (loss) that is attributable to ordinary shareholders of the Group / Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The basic EPS / LPS and diluted EPS / LPS of the Group / Company are same during the reporting period.

	GROUP		COMPANY	
	2017 (365 Days)	2016 (150 Days)	2017 (365 Days)	2016 (150 Days)
Amounts used as the Numerator:				
Profit / (Loss) for the Year Attributable to Equity Holders of the Group / Company (MVR)	2,219,009	(151,428)	(1,296,956)	(2,015,100)
Number of Ordinary Shares used as the Denominator:				
Weighted Average Number of Ordinary Shares (Refer Note 19)	7,137,351	7,042,200	7,137,351	7,042,200
Earnings / (Loss) per Ordinary Share (MVR)	<u>0.31</u>	<u>(0.02)</u>	<u>(0.18)</u>	<u>(0.29)</u>

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12 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Plant and Equipment	Office Equipment	Furniture and Fittings	Motor Vehicles	Freehold Marine Vessel	Leasehold Marine Vessel	Total 2017	Total 2016
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost / Revalued Amount								
Balance as at 1 st January / 4 th August	3,354,392	858,284	306,261	267,060	6,452,727	8,521,968	19,760,692	19,216,132
Additions during the Year / Period	-	96,461	82,680	-	-	-	179,141	544,560
Disposals during the Year / Period	-	(14,330)	(178,666)	-	-	-	(192,996)	-
Balance as at 31 st December	3,354,392	940,415	210,275	267,060	6,452,727	8,521,968	19,746,837	19,760,692
Accumulated Depreciation								
Balance as at 1 st January / 4 th August	1,866,077	619,399	168,313	62,784	995,007	2,339,477	6,051,057	5,394,985
Charged for the Year / Period	467,042	99,996	56,953	26,952	329,322	427,262	1,407,527	656,072
Disposals during the Year / Period	-	(9,327)	(141,659)	-	-	-	(150,986)	-
Balance as at 31 st December	2,333,119	710,068	83,607	89,736	1,324,329	2,766,739	7,307,598	6,051,057
Carrying Values								
Balance as at 31 st December 2017	1,021,273	230,347	126,668	177,324	5,128,398	5,755,229	12,439,239	
Balance as at 31 st December 2016	1,488,315	238,885	137,948	204,276	5,457,720	6,182,491		13,709,635
Capital Work In Progress (Note 12.1)							2,455,043	-
							<u>14,894,282</u>	<u>13,709,635</u>
12.1 Capital Work In Progress								
Additions during the Year							2,455,043	-
Balance as at 31 st December							<u>2,455,043</u>	<u>-</u>
12.2 Capital Work in Progress								
represents the cost incurred by the company for the construction of the Unicorn Dhoni.								
12.3 Freehold Marine Vessel								
is mortgaged against the loans and borrowings obtained by the Centurion Transport Solutions Private Limited as disclosed under the Note 20.4 to the financial statements.								

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12 PROPERTY, PLANT AND EQUIPMENT - GROUP (CONTINUED)

- 12.4 The Wooden Marine Vessel ("Islander Dhoni" registry no: C8349A-03 10T) was revalued on 4th June 2014 by a qualified Master Mariner with reg no. C-619/2006, "Oceantree Maldives Pvt Ltd" Surveyors and Consultant, Independent Qualified Valuer based in the Republic of Maldives and the revaluation surplus amounting to MVR 3,844,264/- has been recognised in equity.

The carrying amount that would have been recognised had the assets been carried under the cost model;

	Cost MVR	Accumulated Depreciation MVR	Net Carrying Value MVR
Wooden Marine Vessel	2,232,814	476,538	1,756,276

PROPERTY, PLANT AND EQUIPMENT - COMPANY

	Office Equipment MVR	Total 2017 MVR	Total 2016 MVR
Cost			
Additions during the Year	4,000	4,000	-
Balance as at 31 st December	4,000	4,000	-
Accumulated Depreciation			
Charged for the Year	733	733	-
Balance as at 31 st December	733	733	-
Carrying Values			
Balance as at 31 st December 2017	3,267	3,267	
Capital Work In Progress (Note 12.5)		2,455,043	-
		2,458,310	-

12.5 Capital Work In Progress

Additions during the Year	2,455,043	-
Balance as at 31 st December	2,455,043	-

12.6 Capital Work in Progress represents the cost incurred by the company for the construction of the Unicorn Dhoni.

13 INTANGIBLE ASSETS AND GOODWILL - GROUP

	Goodwill MVR	Computer Software MVR	Total 2017 MVR	Total 2016 MVR
Cost				
Balance as at 1 st January / 4 th August	167,362,517	194,815	167,557,332	194,815
Reversal of Negative Goodwill	462,357	-	462,357	167,362,517
Balance as at 31 st December	167,824,874	194,815	168,019,689	167,557,332
Accumulated Amortization				
Balance as at 1 st January / 4 th August	-	94,097	94,097	61,628
Amortized during the Year / Period	-	49,857	49,857	32,469
Balance as at 31 st December	-	143,954	143,954	94,097
Carrying Value	167,824,874	50,861	167,875,735	167,463,235

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13 INTANGIBLE ASSETS AND GOODWILL - GROUP (CONTINUED)

13.1 Impairment Testing for Cash Generating Unit Containing Goodwill

Goodwill acquired through business combinations have been allocated to cash generating units (CGU's) for impairment testing as follows;

	Amount 2017 MVR	Amount 2016 MVR
<i>Net Carrying Value of the Goodwill</i>		
Equatorial Lines Private Limited	194,123	194,123
Rohoffe Private Limited	-	(462,357)*
Centurion Transport solution Private Limited	167,630,751	167,630,751
	<u>167,824,874</u>	<u>167,362,517</u>

*The Negative Goodwill of MVR 462,357/- in relation to Rohoffe Private Limited has been reversed through current year profit or loss.

The recoverable amounts of all CGUs have been determined based on the value in use (VIU) calculation.

Accounting Judgements, Estimates and Assumptions

Impairment of Goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the cash generating units, are as follows;

Discount Rate	16.31%
Terminal Value of Growth Rate	2%
Inflation	2%
Budgeted EBITDA Growth Rate (Growth Rate Range of Next Five Years)	10 % - 25%

Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Terminal Value of Growth Rate

Terminal growth rate has been decided based on the average growth rate of country growth.

Inflation

The basis used to determine the rate assigned to the budgeted cost inflation is the inflation rate based on projected conditions.

Budgeted Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") Growth Rate

Budgeted EBITDA growth rate was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the industry. It was assumed that revenue lines would grow at a constant margin above forecast inflation over the next five years.

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14	INVESTMENTS IN SUBSIDIARIES	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	Rohoffe Private Limited	-	-	4,900	4,900
	Equatorial Lines Private Limited	-	-	70,000	70,000
	Centurion Transport Solutions Private Limited	-	-	176,055,000	176,055,000
		-	-	176,129,900	176,129,900
15	TRADE AND OTHER RECEIVABLES	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	Trade Receivables - Receivables from Outside Customers	14,264,310	8,884,350	-	-
	- Receivables from Related Parties (Note 15.1)	2,099,665	2,086,913	-	-
	Less: Provision for Impairment Loss of Trade Receivables (Note 15.2)	(848,781)	(498,333)	-	-
		15,515,194	10,472,930	-	-
	Deposits	629,235	388,735	170,000	-
	Receivables from Agents	300,446	296,912	-	-
	Staff Loans and Advances	171,559	55,878	-	-
	Goods and Services Tax ("GST") Receivable	-	-	61,108	-
	Other Receivables	99,456	61,045	-	-
		16,715,890	11,275,500	231,108	-
15.1	Receivables from Related Parties	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	S-EMS Maldives Private Limited	1,000	1,000	-	-
	Life Support Private Limited	914,912	1,089,279	-	-
	Spectra Concepts Private Limited	855,494	858,410	-	-
	Spectra Public Limited	215,971	-	-	-
	Super Supply Private Limited	112,288	138,224	-	-
		2,099,665	2,086,913	-	-
15.2	Provision for Impairment Loss on Trade Receivables	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	Balance as at 1 st January / 4 th August	498,333	498,333	-	-
	Write-off during the Year / Period	(38,623)	-	-	-
	Provision made during the Year / Period	389,071	-	-	-
	Balance as at 31 st December	848,781	498,333	-	-
16	AMOUNTS DUE FROM RELATED PARTIES	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	S-EMS Maldives Private Limited	6,926,377	6,074,780	-	-
	Cronus Logistics Private Limited	2,507,624	2,505,624	-	-
	Stellar Holdings Private Limited	953,970	789,143	-	-
	Pacmar Shipping - Chennai	455,679	79,537	-	-
	Spectra Concepts Private Limited	994,110	954,631	-	-
	Life Support Private Limited	467,425	467,010	-	-
	Centurion Logistics (Addu) Private Limited	36,008	31,625	-	-
	Centurion Surveyors Private Limited	4,809	4,809	-	-
		12,346,002	10,907,159	-	-

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17 AMOUNTS DUE FROM DIRECTORS

GROUP		COMPANY	
2017	2016	2017	2016
MVR	MVR	MVR	MVR
Mr. Ahmed Maumoon	132,663	-	-
Mr. Aimon Jameel	177,088	-	-
	309,751	-	-

18 CASH AND CASH EQUIVALENTS

GROUP		COMPANY	
2017	2016	2017	2016
MVR	MVR	MVR	MVR
Favorable Balances			
Cash in Hand	457,518	350,137	-
Balances with Banks	960,844	2,407,678	101,741
	1,418,362	2,757,815	1,510,193
Unfavorable Balances			
Bank Overdraft (Note 25)	(578,586)	(412,028)	-
Cash and Cash Equivalents for Cash Flow purpose	839,776	2,345,787	101,741

19 SHARE CAPITAL

GROUP		COMPANY	
2017	2016	2017	2016
MVR	MVR	MVR	MVR
Balance as at 1 st January / 4 th August	176,055,000	176,055,000	176,055,000
Issue of Ordinary Voting Shares (Refer Note 19.1)	2,378,770	-	-
Balance as at 31 st December	178,433,770	178,433,770	176,055,000

19.1 Movement in Number of Shares

GROUP		COMPANY	
2017	2016	2017	2016
Balance as at 1 st January / 4 th August	7,042,200	7,042,200	7,042,200
Issue of Ordinary Voting Shares	95,151	-	-
Balance as at 31 st December	7,137,351	7,137,351	7,042,200

19.2 Authorized

The authorized share capital comprises 13,800,000 (2016: 13,800,000) ordinary shares of MVR 25/- each.

19.3 Issued and Fully Paid

The issued and fully paid share capital comprises 7,137,351 (2016: 7,042,200) ordinary shares of MVR 25/- each.

19.4 Dividend and Voting Rights

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

No dividends have been declared by the directors of the Company for the year ended 31st December 2017 (2016: Nil).

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20	LOANS AND BORROWINGS	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	Balance as at 1 st January	1,795,028	1,952,455	-	-
	Repayments made during the Year	(413,455)	(157,427)	-	-
	Balance as at 31 st December	<u>1,381,573</u>	<u>1,795,028</u>	<u>-</u>	<u>-</u>
20.1	Sources of Finance				
	Mr. Ahmed Maumoon & Mr. Aimon Jameel (Note 20.4)	<u>1,381,573</u>	<u>1,795,028</u>	<u>-</u>	<u>-</u>
20.2	Non-current				
	Mr. Ahmed Maumoon & Mr. Aimon Jameel	<u>772,318</u>	<u>1,185,773</u>	<u>-</u>	<u>-</u>
20.3	Current				
	Mr. Ahmed Maumoon & Mr. Aimon Jameel	<u>609,255</u>	<u>609,255</u>	<u>-</u>	<u>-</u>
20.4	Mr. Ahmed Maumoon & Mr. Aimon Jameel				
	The Centurion Transport Solutions Private Limited has obtained a term loan of MVR 2,300,000/- from Mr. Ahmed Maumoon and Mr. Aimon Jameel at a interest rate of 12% per annum. This loan is repayable in 60 monthly installments from the date of disbursement. The loan amount has to be repaid fully in 2020. The loan is secured with a vessel named "Islander" bearing the registration no C8349A-03 10-T own by the Centurion Transport Solutions Private Limited.				
21	LEASE LIABILITY	GROUP		COMPANY	
		2017 MVR	2016 MVR	2017 MVR	2016 MVR
	Balance as at 1 st January / 4 th August	4,576,002	4,996,002	-	-
	Repayments made during the Year	(770,000)	(420,000)	-	-
	Balance as at 31 st December	<u>3,806,002</u>	<u>4,576,002</u>	<u>-</u>	<u>-</u>
21.1	Sources of Finance				
	Mr. Abdulla Rasheed and Ms. Sama Solih (Note 21.4)	<u>3,806,002</u>	<u>4,576,002</u>	<u>-</u>	<u>-</u>
21.2	Non-current				
	Mr. Abdulla Rasheed and Ms. Sama Solih	<u>2,030,000</u>	<u>2,870,000</u>	<u>-</u>	<u>-</u>
21.3	Current				
	Mr. Abdulla Rasheed and Ms. Sama Solih	<u>1,776,002</u>	<u>1,706,002</u>	<u>-</u>	<u>-</u>
21.4	Mr. Abdulla Rasheed and Ms. Sama Solih				
	The Centurion Transport Solutions Private Limited has obtained lease hold right to vessel named "Moonima" bearing registration no P8166A-03 01-R from Mr. Abdulla Rasheed and Ms. Sama Solih an amount of MVR 8,400,000/-. This facility is repayable in 120 equal monthly installments.				

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22	TRADE AND OTHER PAYABLES	GROUP		COMPANY	
		2017	2016	2017	2016
		MVR	MVR	MVR	MVR
	Trade Payables	23,877,241	18,954,380	616,947	-
	Salary Payable	1,287,816	1,178,793	91,500	10,233
	Accrued Expenses	10,116	90,842	12,259	37,100
	Advances Received	352,927	352,927	-	-
	Goods and Services Tax ("GST") Payable	227,235	262,191	-	-
	Other Payables	111,416	256	254	254
		<u>25,866,751</u>	<u>20,839,389</u>	<u>720,960</u>	<u>47,587</u>
23	AMOUNTS DUE TO RELATED PARTIES	GROUP		COMPANY	
		2017	2016	2017	2016
		MVR	MVR	MVR	MVR
	S-EMS Maldives Private Limited	66,342	2,405	-	-
	Stellar Holdings Private Limited	191,918	165,328	-	-
	Spectra Concepts Private Limited	24,438	24,438	-	-
	Life Support Private Limited	414	414	-	-
	Centurion Transport Solutions Private Limited	-	-	3,023,385	2,349,049
		<u>283,112</u>	<u>192,585</u>	<u>3,023,385</u>	<u>2,349,049</u>
24	AMOUNTS DUE TO DIRECTORS	GROUP		COMPANY	
		2017	2016	2017	2016
		MVR	MVR	MVR	MVR
	Mr. Ahmed Maumoon	118,805	90,485	-	-
	Mr. Aimon Jameel	19,556	20,000	-	20,000
	Mr. Abdulla Nafiz	5,000	-	5,000	-
	Ms. Juweyriya Saeed	5,000	-	5,000	-
	Mr. Abdulla Hassan	15,000	-	15,000	-
	Mr. Naheez Ahmed Saeed	15,000	-	15,000	-
	Dr. Ahmed Ranesh	15,000	-	15,000	-
		<u>193,361</u>	<u>110,485</u>	<u>55,000</u>	<u>20,000</u>
25	BANK OVERDRAFT	GROUP		COMPANY	
		2017	2016	2017	2016
		MVR	MVR	MVR	MVR
	Mauritius Commercial Bank (Maldives) Private Limited (Note 25.1)	578,586	412,028	-	-
		<u>578,586</u>	<u>412,028</u>	<u>-</u>	<u>-</u>

25.1 Mauritius Commercial Bank (Maldives) Private Limited

The Centurion Transport Solutions Private Limited has obtained an overdraft credit facility of MVR 450,000 for working capital requirements from Mauritius Commercial Bank (Maldives) Private Limited at an interest rate of 12% per annum. The overdraft facility is secured against personal guarantees and indemnity by the Centurion Transport Solutions Private Limited and its shareholders.

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26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

26.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and 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 if the carrying amount is a reasonable approximation of fair value.

Group

31st December 2017

	Carrying Amount		
	Loans and Receivables	Other Financial Liabilities	Total
	MVR	MVR	MVR
Financial Assets not measured at Fair Value			
Trade Receivables (Gross)	16,363,975	-	16,363,975
Staff Loan and Other Receivables	271,015	-	271,015
Amounts due from Related Parties	12,346,002	-	12,346,002
Amounts due from Directors	309,751	-	309,751
Balances with Banks	960,844	-	960,844
	<u>30,251,587</u>	<u>-</u>	<u>30,251,587</u>
Financial Liabilities not measured at Fair Value			
Trade Payables	-	23,877,241	23,877,241
Loans and Borrowings	-	1,381,573	1,381,573
Lease Liability	-	3,806,002	3,806,002
Amount due to Related Party	-	283,112	283,112
Amounts due to Directors	-	193,361	193,361
Bank Overdraft	-	578,586	578,586
	<u>-</u>	<u>30,119,875</u>	<u>30,119,875</u>

31st December 2016

	Carrying Amount		
	Loans and Receivables	Other Financial Liabilities	Total
	MVR	MVR	MVR
Financial Assets not measured at Fair Value			
Trade Receivables (Gross)	10,971,263	-	10,971,263
Staff Loan and Other Receivables	116,923	-	116,923
Amounts due from Related Parties	10,907,159	-	10,907,159
Amounts due from Directors	94,268	-	94,268
Balances with Bank	2,407,678	-	2,407,678
	<u>24,497,291</u>	<u>-</u>	<u>24,497,291</u>
Financial Liabilities not measured at Fair Value			
Trade Payables	-	18,954,380	18,954,380
Loans and Borrowings	-	1,795,028	1,795,028
Lease Liability	-	4,576,002	4,576,002
Amount due to Related Party	-	192,585	192,585
Amounts due to Directors	-	110,485	110,485
Bank Overdraft	-	412,028	412,028
	<u>-</u>	<u>26,040,508</u>	<u>26,040,508</u>

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26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

26.1 Accounting Classifications and Fair Values (Continued)

Company

31st December 2017

	Carrying Amount		
	Loans and Receivables MVR	Other Financial Liabilities MVR	Total MVR
Financial Assets not measured at Fair Value			
Balances with Banks	101,741	-	101,741
	101,741	-	101,741
Financial Liabilities not measured at Fair Value			
Trade Payables	-	616,947	616,947
Amount due to Related Party	-	3,023,385	3,023,385
Amounts due to Directors	-	55,000	55,000
	-	3,695,332	3,695,332

31st December 2016

	Carrying Amount		
	Loans and Receivables MVR	Other Financial Liabilities MVR	Total MVR
Financial Assets not measured at Fair Value			
Balances with Banks	2,407,678	-	2,407,678
	2,407,678	-	2,407,678
Financial Liabilities not measured at Fair Value			
Amount due to Related Party	-	2,349,049	2,349,049
Amounts due to Directors	-	20,000	20,000
	-	2,369,049	2,369,049

26.2 Financial Risk Management

(i) Overview

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

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

(ii) Risk Management Framework

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

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26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

26.2 Financial Risk Management (Continued)

(iii) Credit Risk

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

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

	GROUP		COMPANY	
	Carrying Amount		Carrying Amount	
	2017	2016	2017	2016
	MVR	MVR	MVR	MVR
Trade Receivables (Gross)	16,363,975	10,971,263	-	-
Staff Loan and Other Receivables	271,015	116,923	-	-
Amounts due from Related Parties	12,346,002	10,907,159	-	-
Amounts due from Directors	309,751	94,268	-	-
Balances with Banks	960,844	2,407,678	101,741	2,407,678
	<u>30,251,587</u>	<u>24,497,291</u>	<u>101,741</u>	<u>2,407,678</u>

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group establishes a provision for impairment that represents its estimate of incurred losses in respect of trade receivables. The provision for impairment represents the specific loss component that relates to individually significant exposures.

Impairment Losses

	2017		2016	
	Gross MVR	Impairment MVR	Gross MVR	Impairment MVR
The aging of trade and other receivables at the reporting date was:				
Neither passed due nor impaired	1,964,432	-	1,928,917	-
Past due but not impaired	13,550,762	-	8,544,013	-
Past due and impaired	848,781	(848,781)	498,333	(498,333)
	<u>16,363,975</u>	<u>(848,781)</u>	<u>10,971,263</u>	<u>(498,333)</u>

Based on historic default rates, the Group believes that, no further additional provision for impairment is necessary in respect of trade and other receivables outstanding as at the reporting date.

Receivables from Related Parties

Management believes that there is no credit risk from the receivables from related parties, because these counterparties are under the common control of the Group's Parent Group who is financially healthy Group.

Balances with Bank

The Group held Bank balance of MVR 960,844/- at 31st December 2017 (2016: MVR 2,407,678/-). These balances are held with banks that Management believes are of high credit quality and accordingly, minimal credit risk exists.

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FOR THE YEAR ENDED 31ST DECEMBER 2017

26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

26.2 Financial Risk Management (Continued)

(iv) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The following are the contractual maturities of financial liabilities.

Group

31st December 2017

	Carrying Amount MVR	0 - 12 Months MVR	1 - 2 Years MVR	2 - 5 Years MVR
Financial Liabilities (Non- Derivative)				
Trade Payables	23,877,241	23,877,241	-	-
Loans and Borrowings	1,381,573	609,255	526,713	245,605
Lease Liability	3,806,002	1,776,002	840,000	1,190,000
Amount due to Related Parties	283,112	283,112	-	-
Amounts due to Directors	193,361	193,361	-	-
Bank Overdrafts	578,586	578,586	-	-
Total	30,119,875	27,317,557	1,366,713	1,435,605

31st December 2016

	Carrying Amount MVR	0 - 12 Months MVR	1 - 2 Years MVR	2 - 5 Years MVR
Financial Liabilities (Non- Derivative)				
Trade and Other Payables	18,954,380	18,954,380	-	-
Loans and Borrowings	1,795,028	609,255	413,455	772,318
Lease Liability	4,576,002	1,706,002	840,000	2,030,000
Amounts due to Related Parties	192,585	192,585	-	-
Bank Overdrafts	412,028	412,028	-	-
Total	25,930,023	21,874,250	1,253,455	2,802,318

Company

31st December 2017

	Carrying Amount MVR	0-12 Months MVR
Financial Liabilities (Non- Derivative)		
Trade and Other Payables	616,947	616,947
Amount due to Related Parties	3,023,385	3,023,385
Amounts due to Directors	55,000	55,000
Total	3,695,332	3,695,332

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26 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

26.2 Financial Risk Management (Continued)

(iv) Liquidity Risk (Continued)

Company (Continued)

31st December 2016

Financial Liabilities (Non- Derivative)

	Carrying Amount MVR	0-12 Months MVR
Amount due to Related Party	2,349,049	2,349,049
Amounts due to Directors	20,000	20,000
Total	2,369,049	2,369,049

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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Profile

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

	GROUP		COMPANY	
	Carrying Amount		Carrying Amount	
	2017	2016	2017	2016
	MVR	MVR	MVR	MVR
Fixed Rate Instruments				
Bank Overdraft	578,586	412,028	-	-

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31st December 2017 by MVR 5,786/- (2016 : MVR 4,120/-). This analysis assumes that all other variables remain constant.

(b) Currency Risk

Exposure to Currency Risk

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

	2017 US\$	2016 US\$
Cash and Cash Equivalents	20,286	-
Trade Receivables	891,893	-
Trade and Other Payables	1,156,250	-
Gross Statement of Financial Position Exposure	2,068,429	-

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

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27 RELATED PARTY DISCLOSURES

27.1 Transactions with Related Companies - Group

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2017 MVR	Amount 2016 MVR	Balance due from/(to) as at 31-Dec-17 MVR	Balance due from/(to) as at 31-Dec-16 MVR
S-EMS Maldives Private Limited	Affiliate Company	Expenses Paid for Expenses Incurred Service Provided Settlements	1,461,459 (609,862) (63,937) 2,405	3,568,050 (955,729) (2,405) -	6,926,377 1,000 (63,937) (66,342)	6,074,780 1,000 - (2,405)
Cronus Logistics Private Limited	Affiliate Company	Expenses Paid for	2,000	4,650	2,507,624	2,505,624
Stellar Holdings Private Limited	Affiliate Company	Expenses Paid for Settlements Service Provided	165,827 (1,000) (26,950)	41,651 (175,828) -	953,970 (191,918)	789,143 (165,328)
Pacmar Shipping - Chennai	Affiliate Company	Expenses Paid for Expenses Incurred	376,142	- -	455,679	79,537
Spectra Concepts Private Limited	Affiliate Company	Expenses Paid for Settlements	136,563 (100,000)	1,423,113 (542,142)	994,110 855,494 (24,438)	954,631 858,410 (24,438)
Life Support Private Limited	Affiliate Company	Expenses Paid for Settlements	84,415 (258,367)	1,232,230 (145,166)	467,425 914,912 (414)	467,010 1,089,279 (414)
Centurion Logistics (Addu) Private Limited	Affiliate Company	Expenses Paid for	4,383	20,325	36,008	31,625
Super Supply Private Limited	Affiliate Company	Settlements	(25,936)	-	112,288	138,224
Spectra Public Limited	Affiliate Company	Expenses Paid for Settlements	249,471 (33,500)	- -	215,971	-
Transactions with Related Companies - Company						
Name of the Related Party	Relationship	Nature of the Transaction	Amount 2017 MVR	Amount 2016 MVR	Balance due from/(to) as at 31-Dec-17 MVR	Balance due from/(to) as at 31-Dec-16 MVR
Centurion Transport Solutions Private Limited	Subsidiary Company	Expenses Incurred	(674,336)	(2,349,049)	(3,023,385)	(2,349,049)

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FOR THE YEAR ENDED 31ST DECEMBER 2017

27 RELATED PARTY DISCLOSURES

27.2 Transactions with Key Management Personnel - Group

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2017 MVR	Amount 2016 MVR	Balance due from/(to) as at 31-Dec-17 MVR	Balance due from/(to) as at 31-Dec-16 MVR
Mr. Ahmed Maumoon	Director	Expenses Paid for Settlements	6,743,782 (6,639,439)	1,151,154 (2,284,695)	132,663 (118,805)	- (90,485)
Mr. Aimon Jameel	Director	Expenses Paid for Settlements	155,366 (117,102)	225,303 (767,641)	177,088 (19,556)	94,268 (20,000)

As explained in Note No 20 Mr. Ahmed Maumoon and Mr. Aimon Jameel has granted a loan to Centurion Transport Solutions Private Limited.

Transactions with Key Management Personnel - Company

Name of the Related Party	Relationship	Nature of the Transaction	Amount 2017 MVR	Amount 2016 MVR	Balance due from/(to) as at 31-Dec-17 MVR	Balance due from/(to) as at 31-Dec-16 MVR
Mr. Aimon Jameel	Director	Settlements	20,000	(20,000)	-	(20,000)

27.3 Emoluments to Key Management Personnel - Group

The Board of Directors of the Group are the members of the key management personnel. The Group has paid an amount of MVR 810,000/- as remuneration to the key management personnel during the year ended 31st December 2017 (2016: MVR 240,000/-).

Emoluments to Key Management Personnel - Company

The Board of Directors of the Group are the members of the key management personnel. The Company has paid an amount of MVR 240,000/- as remuneration to the key management personnel during the year ended 31st December 2017 (2016: MVR 45,000/-).

28 COMMITMENTS

Approved and Contracted

ERP Implementation Project

**31-Dec-2017
MVR** **31-Dec-2016
MVR**

92,460

-

Other than above there were no material capital commitments approved or contracted as at the reporting date.

29 CONTINGENT LIABILITIES

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

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30 COMPARATIVE FIGURES

The Company has incorporated on 04th August 2016 and made the investments on its subsidiaries on the same date. As a result financial statements for 2016, which is the comparative information to the current year financial statements has been presented for 150 days. The comparative amounts presented in these Financial Statements as at and for the period ended 31st December 2016 are not entirely comparable with the current year amounts.

31 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since reporting date which require adjustments to/or disclosure in the financial statements.

32 DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Group is responsible for preparation and presentation of these financial statements.