MTCC

LARGEST CONSTRUCTION COMPANY IN THE MALDIVES

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MTCC ANNUAL REPORT

IN PICURE:
DESIGN AND
BUILD OF SHORE
PROTECTION
STRUCTURES IN
V. FULIDHOO

بسم الله الرحمن الرحيم

2023

MALDIVES
TRANSPORT
AND
CONTRACTING
COMPANY PLC

ANNUAL
REPORT
2023

A T T E N T I O N

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2023 is compiled in accordance with the Company Act (7/2023) of the Republic Maldives, the Listing Rules of the Stock Exchange, the Securities Act of the Republic of Maldives, the Cooperate Governance Code of Capital Market Development Authority Requirements, Securities Regulation and the Continuing Disclosure Obligations of Issuers.

Unless otherwise stated in this Annual Report, the terms 'MTCC' and 'Company' refer to Maldives Transport and Contracting Company PLC and/or its subsidiaries. In this report currency is, unless otherwise indicated, in Maldivian Rufiyaa (1 US Dollar is MVR 15.42).

MTCC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Reference to a 'year' in this report are, unless otherwise indicated, reference to the Company's financial year ending 31st December 2023.

In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date.
This Annual Report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and MTCC plans and objectives to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. MTCC cannot guarantee future results and thus cannot be legally held responsible for levels of activity, performance or achievements.

IN PICTURE:
DESIGN AND BUILD OF SHORE PROTECTION STRUCTURES IN B. DHARAVANDHOO

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OUR

VISION

To build a connected nation.

MISSION

Proudly moving you forward.

VALUES

M - Motivated to move you
O - Organized for smooth sailing
V - Visionary in all actions
E - Entrusted to deliver with pride

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We are committed to effective employee training **& development strategies to ensure staff expertise and excellence.**

OUR COMPANY

Maldives Transport & Contracting Company was formed on 18 December 1980, tasked with delivering infrastructure required for the social and economic development of the country, provide transport for the growing tourism and trade sectors, and to cater to the emerging needs of the fisheries sector with engines, spare parts and services. During the last four decades we have grown to become the largest civil and marine contractor, and the leading marine and land transport provider in the Maldives.

We have contributed to the rapid growth of the country's economy by providing infrastructure for development, expanding the means of connectivity through transport networks, supporting the modernization of fisheries through creating access to products and technology, and facilitating the smooth running of major economic sectors such as tourism and marine transport.

Our current portfolio includes developing airports, roads, modern construction projects, and carrying out major dredging and reclamation works. We serve the marine industry, ensuring that the country's transport and fisheries sectors have access to engines, equipment, and the services to support their requirements. We move people to work and goods to the market with our nationwide land and sea transport networks.

Our business strategy revolves around offering the highest quality and reliability in all the products and services we offer. Our focus is on sustainability through strategic diversification and expansion of our customer base. We are committed to ensuring that we lead the way in the businesses we have developed and sustain the position we have achieved both locally and internationally.

With the capacity and strength we have gained over the last four decades, we are now seeking to expand our portfolio with a new innovative approach that will take the Company forward into the future.

CONSTRUCTION AND DREDGING

We are the leading contractor in infrastructure development and construction in the Maldives and have pioneered know-how and technology in various areas of our work that have revolutionized the construction industry of the Maldives. Our scope in land and marine infrastructure development includes harbour construction, sheet piling, shore protection, beach replenishment, dredging and reclamation. Environmental consultancy, surveying, and architectural design are also an important part of the comprehensive range of services we offer. We have the capacity to undertake advanced bathymetric, geotechnical, and aerial mapping surveys by using state of the art equipment in our inventory. Our portfolio of work also includes building construction, airport construction, road construction, and water, sewerage and electrification infrastructure projects executed across the country.

With the largest dredging fleet in the country, we are perfectly positioned to offer our customers cutting-edge solutions to meet their requirements. Our 3700 cubic meter hopper dredger Mahaa Jarraafu has revolutionized the dredging industry in the Maldives and has established us as one of the largest dredging companies in the region.

Our speciality lies in the operational procedures and mobilization techniques we have developed over the years to suit the unique environmental and logistical challenges faced in carrying out infrastructure projects in the dispersed islands of the Maldives. With the largest fleet of equipment in the country combined with our team's collective experience in project design, management and execution, we have the capacity to execute several projects simultaneously in multiple locations across the country. We are recognized for our adaptability, and we have established a strong reputation for delivering high quality projects and services by providing flexible, cost-effective, and on-time solution for our clients.

TRANSPORT

Our transport services began in 1980 with rental of speedboats to cater to the growing needs of the tourism sector and corporate travel. Our public marine transport service commenced in 2001 with ferry services to offer scheduled connectivity between Male' and Villimale'. Today our transport service is an integral part of Maldivian life. While our RTL high speed ferry network and Comprehensive Transport Network (CTN) connect the dispersed islands and atolls of the country, our land transport services offer convenient transport in large islands and major population centres in various parts of the country.

At present the RTL ferry network links islands in Haa Alifu, Haa Dhaalu, Shaviyani, Lhaviyani Atolls in the north of Male' and islands in Gaafu Alifu, Gaafu Dhaalu and Addu City in the south of the country, while RTL highway links connect Addu City, Fuvahmulah City and Gaafu Dhaalu Atoll.

Our land based public transport services in the Greater Male' Region, provided under the RTL umbrella consists of services within Male' City, and connectivity between Male', Hulhumale' and Velana International Airport. Outside Male' City, RTL bus service is provided in Ha. Dhidhdhoo, Kulhudhuffushi City, Gan and Isdhoo in Laamu Atoll, Addu City and in Fuvahmulah City.

We also offer a range of value-added travel services with speed ferry and premium ferry services on selected routes. Our marine transport services in the Greater Male' Region also include passenger and cargo ferry services between the islands of the Greater Male' Region,
As the country's largest public transport network, our objective is to provide safe, affordable and convenient sea transportation services. As we continue to expand our network, we have also introduced modern technology such as automated of fare collection, online platforms for accessing our services, and live updates on various social media platforms for enhancing the convenience of our passengers.

TRADING

In 1981 we were entrusted with the task of mechanizing the nation's fishing fleet, a program launched by the government in 1974. Over the following five years, our primary focus was to facilitate convenient access for boat owners to procure engines, and establish facilities for repair and maintenance of engines across the country. Trading has been one of our core businesses since then. Along with that, we began the supply of spare parts necessary to ensure the smooth operation of the nation's fishing fleet. In 1987 we were designated as the official distributor of Yanmar engines in the Maldives.

With a proactive approach to identify the needs of the marine sector, our product portfolio has undergone significant expansion over the last four decades. We have continued to add to our product portfolio to meet the needs of the fisheries and transport sectors. Starting with the introduction of basic products such as engine oil and marine coatings, we have progressively diversified into offering outboard marine engines, marine generators, steering systems and a range of high-quality marine and boating accessories along with fibre composites for boat building. Recent additions to our portfolio include Castoldi water jet engines and Yanmar boats.

Our service centre offers a comprehensive range of after-sale services, including product installation, configuration, maintenance, and repairs. We handle all warranty claims from our customers and provide technical advisory services through a highly trained and skilled team of engineers and technicians.

SHIPBUILDING AND REPAIR

While we are one of the largest docking service providers in the country and remain firmly committed to expanding our docking services, with our recent realignment towards entering into shipbuilding, the former Engineering and Docking Division has now been renamed Shipbuilding and Repair Division.

Our shipyard located at Thilafushi, Male' Atoll has the capacity to accommodate 20 vessels of various sizes at a time. Together with our 200-ton boat hoist, our boatyard boasts the largest capacity for docking services in the Maldives. Our docking service is offered for vessels of various sizes, using boat hoist, cranes via duplex slings, slipway, boat trailers and air bag technology, along with complementing engineering services.

We offer a one-stop solution to our customers with a comprehensive range of complementary services which include welding, metal fabrication, blasting and painting, marine engineering, electrical works, machining, fibre works and woodworks. Underwater welding and cutting is also an important part of our service portfolio. Additional value-added services such as provision of water, electricity, accommodation, and rental of tools are also provided to ensure the highest convenience to our customers.

At present we are laying the foundation to introduce shipbuilding with a massive expansion of our docking facilities and the enhancement of technical capabilities at our shipyard and related facilities.
We focus on employing the latest technologies, innovative work methods and specialized training for our workforce, to offer the highest quality of services, while ensuring a safe working environment at the site.

OUR JOURNEY

1980

- MTCC incorporated
- Sawmill services transferred to MTCC
- Rental of speedboats, tugs and barges

1981

- Mechanization of fishing dhonis begin with the introduction of Yanmar

1986

- MTCC Rentals Division established
- Construction segment began with Dhoonidhoo fuel tanks, Presidential Jetty project

1987

- Received official distributorship of Yanmar marine engines in Maldives
- Yanmar Regional Service Centres established in two regions

1988

- MTCC Head Office construction work begins

1994

- Received dealership agreement with Castrol
- Opened the first Yanmar Showroom

1995

- 1st Excavator acquired and began harbor construction work

1997

- Introduced Castrol automotive products
- 1st Employee Development Program held

1998

- Sheet piling introduced to harbour construction
- Boatbuilding works began with construction of barge
- Groundbreaking for the Construction of MTCC Tower Building

1999

- MTCC Tower construction work completed

2001

- 1st Public ferry services from Malé to Villimalé introduced
- 1st cutter dredger introduced for reclamation
- Team MTCC formed
- Ventured into road and airport construction
- Resurfacing works began at Hanimaadhoo Airport

2002

- Work on 1st housing project in Hulhumalé
- Work on 1st Road Project in Fuvahmulah

2003

- Commenced public ferry services from Malé to Hulhumalé

2004

- Commenced public ferry services from Malé to Thilafushi

2005

- 3500-ton barge and tug acquired to import rock boulders for harbour construction
- Hulhumalé Ferry Terminal Services began

2006

- Concrete testing lab
- Started using precast concrete blocks in harbour construction
- Commenced Integrated Transport Network to connect the whole of Maldives with road and sea transport services

2007

- Bus Service Commencement L.Gan - as part of Integrated Transport Network
- Suzuki Outboard Engines introduced to Maldives market
- Alongside berth at Thilafushi MTCC site
- Dedicated Cargo Ferry from Malé to Vilimale'
- Travel Bureau and Ship Service Agency established
- Completed 160 housing units in L. Gan

OUR JOURNEY

2008

- 2 cutter suction dredgers Added to dredging fleet
- Dealership received for Caterpillar Heavy Machinery introduced to Maldives market
- Suzuki Award received for meeting national sales target
- established
- Completed 160 housing units in L. Gan

2009

- Commenced Hulhumalé Bus Service
- Commenced North Central Region Ferry Service introduced under Comprehensive Pre-scheduled Transport Network

2010

- Commenced High-speed Airport Express from Malé to Airport

2011

- Commenced High-speed Hulhumalé Express from Malé to Hulhumalé

2012

- Completed 1st Airport Project Thimarafushi Airport Runway

2013

- Introduced Volvo City Buses Modernization of Hulhumalé bus service
- Entered electrification works M. Kolhufushi
- Introduced Dhathuru Card

2015

- Introduced Shuttle Service Hulhumalé - Airport
- Introduced double-decker ferries from Malé to Hulhumalé route
- Islands of Thaa and Laamu Atoll connected with Zone 5 ferry services
- Odiverinnah Hallu Yageen Installment scheme for purchase of marine engines
- Introduction of MTCC Certified Engineers and Sales Agents
- Musical water fountain for the 50th Anniversary of Independence

2016

- Introduced Scott Bader
- Commenced premium ferry from Malé to Hulhumalé
- Commenced public ferry services in Zones 1, 2, 5 and 6

OUR JOURNEY

2017

- 1st rights issued in Maldives
- Mahaa Jarraafu added to our fleet
- 200-tonne boat hoist added to our fleet at Thilafushi Boatyard

2018

- Introduced Hunavaru Apprenticeship Program for secondary school graduates

2019

- Commenced HA & HDh high-speed ferry service

2020

- Achieved highest annual revenue & annual net profit to date
- Hoarafushi Airport completed in 578 days
- Received Dockyard of The Year Award 2019

2021

- Public transport services provided by MPL transferred to MTCC
- Gold Award for Best Organization for Women in Workplace at the Professional and Career Women Awards Maldives 2021.

2022

- Launched RTL National Integrated Public Ferry Network in HA, HDh & SH Atolls
- Commencement of RTL Bus service in Malé, Addu, Fuvahmulah & Laamu Atoll

2023

- Expanded RTL Ferry Network to Zone 5 (GA Atoll, G.Dh Atoll) & Zone 6 (Addu, Fuvahmulah)
- MTCC introduced Yanmar Fishing Cruiser
- Digitalization of transport operations
- 'Rehendhi Award' for promoting Gender Mainstreaming and Women Empowerment in the Institutional category for the year 2023
- Staff strength reaches 4500

MESSAGE

CHAIRMAN MR. MOHAMED AFEEF HUSSAIN

Dear Shareholders,

Let me begin by expressing my firm belief in the substantial potential of MTCC as a Company. We stand as one of the largest entities in the Maldives in terms of our revenue. Our capabilities are unmatched in our fields of operation. With our valuable assets and the exceptional expertise of our dedicated team, I am confident that we can surpass the limits we have traditionally perceived and achieve unprecedented success in the future.

Addressing Current Challenges and Forging a Bright Future

As we chart our future strategies and plans for MTCC, we are also committed to addressing the current challenges with a proactive and positive approach.

The past year, being an election year, brought changes in management, and with it, an opportunity to align the Company's operations with our high standards. We have identified areas where multiple projects were initiated simultaneously, which, though ambitious, have experienced varying levels of mobilization. Notably, the entire fleet of our dredgers was out of commission, compounded by cash flow limitations. However, I am pleased to assure our shareholders that the Board and Management are diligently working on solutions to ensure the timely and successful completion of all ongoing projects.

One significant concern has been the distribution of dividends for the year 2022. Although the proposal was not approved at the AGM of 2022, making it the first such instance in MTCC's history, we are deeply committed to upholding our long-standing tradition of benefiting our shareholders. Since our founding in 1980, MTCC has aimed to be a partner of the people and serve the community. Rest assured; we are actively working towards a positive resolution to ensure that our shareholders receive the dividends they deserve.

Regarding our RTL service, while it has been profitable on a project level, it has incurred substantial losses due to its reliance on government subsidies. Despite initial assurances of thorough research and planning, we have identified gaps in the commercial arrangements between the government and MTCC. We are now working to establish more sustainable and definitive long-term agreements to ensure the viability of this essential service.

In summary, despite these challenges, we remain confident and committed to driving MTCC forward with a focus on sustainable growth and operational excellence. We thank our shareholders for their unwavering support and look forward to a prosperous future together.

Sustainable solutions for growth

In MTCC, I perceive significant untapped potential that remains dormant. While we serve all major economic sectors of the country, our vision has been constrained by immediate concerns. However, I strongly believe that as a company, we must look beyond our immediate surroundings to broaden our horizons. Our strategies must align with the trajectory of national development while maintaining financial sustainability, echoing the sentiments expressed by His Excellency President Dr. Mohamed Muizzu. Such strategic planning necessitates innovative and robust mechanisms to manage the Company's finances sustainably.

As we contemplate subsidies, it's worth noting that they need not solely manifest as cash settlements. As has been practiced in the past, government subsidies may also take the form of income-generating assets granted to the Company by the government. These assets can alleviate the significant financial burden for the government, accumulated from projects undertaken by the Company over the past decade. This approach not only addresses the Company's financial challenges but also opens the door for unprecedented growth for the Company and unparalleled contribution

to towards the achievement of the Government's development agenda.

A new outlook for expansion and diversification

While several opportunities are being studied, let me share some of the prospects we are exploring in line with these principles and objectives.

I believe that the transportation sector presents significant opportunities for the Company and that the Company has yet to fully leverage its considerable strengths in this sector. The Maldives, being predominantly surrounded by sea, inherently possesses expertise in maritime transport. Offering high-speed transfer services to resorts is an avenue we are currently exploring. We possess the capability to tailor vessels for this purpose, ensuring optimal convenience for tourists visiting the Maldives. Such an endeavor would offer huge commercial potential while at the same time contribute towards adding value to the tourism sector of the country.

We are also exploring opportunities to play a more significant role in resort development. Considering the scarcity of islands available for tourism investment in high-demand areas, we can leverage investor interest in islands reclaimed in specific lagoons. As a dredging and reclamation company equipped with extensive facilities and experience in this field, we can provide services that rival those offered by foreign entities. With 43 years of experience and a strong portfolio, we have the expertise to efficiently execute these projects. While such an initiative would help the Company's growth and help achieve financial sustainability, it would also contribute immensely towards the expansion of tourism in the country and offer greater confidence to customers.

As the largest company in infrastructure development in the country, I believe MTCC can also contribute to the development of infrastructure for new population centers in various parts of the country, in line with the strategies and objectives of the government. Numerous islands have sizable areas of land that have been reclaimed and have remained unused for an extended period of time. Undoubtedly, these lands were reclaimed due to a demand for additional space by island communities. I firmly believe this presents an opportunity for the Company to enter into large scale commercial real estate by developing townships that include housing and other facilities to create population centers in various parts of the country. MTCC possesses the capability to spearhead the development process while involving investors in different facets of such a project.

In line with our vision for large-scale real estate projects, we have also opted to halt the dissolution process which was underway for our real estate subsidiary, Maldives Real Estate Investment Corporation (MREIC). As we endeavor to expand into the real estate sector, facility maintenance, which is MREIC's primary objective, becomes vital in securing such investments and effectively participating in the real estate industry.

The company's shipyard and docking portfolio remains a cornerstone of our operations to this day, operating on a considerable scale. However, the primary obstacle to expanding this sector has been the limited access to sufficient land for expansion. Our proposed solution involves engaging with the government to secure a lagoon in a suitable location, reclaiming land, and subsequently developing it. This initiative will enable us to venture into shipbuilding on a larger scale, constructing ships and tugboats, a promising avenue for further expansion.

Our promise

While we plan for the future, we are also putting in place robust measures to ensure environmental sustainability at the core, in our decision-making process and execution of our operations. We are in the process of establishing mechanisms for oversight in matters related to the environment to ensure we achieve a balance between development and conservation of our delicate environment.

Our priority for the future will be to engage with the government and play a key role in national development in line with the vision of the His Excellency President Dr. Mohamed Muizzu. Our aim is to contribute to the national development effort by being an active partner engaging in all areas where the Company can contribute, to achieve the President's vision, at the same bringing in commercial success for the Company.

I wish to assure shareholders that the Board of Directors is actively exploring all potential solutions for the challenges we currently face and concurrently, in collaboration with the management team, exploring new and innovative avenues to maximize the utilization of our assets and lay the foundation for sustainability, that will strengthen the Company and propel us towards new horizons in the medium and long terms.

The Board remains committed to refining the Company's corporate governance framework and practices to better serve the interests of all stakeholders. We advocate for a culture of transparency, accountability, and responsibility across the Company. Upholding ethical standards and compliance is a top priority for the Board, setting a precedent that resonates throughout the organization.

My thanks

I thank Almighty Allah for the blessings bestowed upon us. We pray that with the grace of Almighty Allah, we will see more prosperous years ahead that take us forward towards maximizing the wealth of our shareholders.

On behalf of the shareholders, the Board of Directors, management and staff of MTCC, I convey my best wishes and sincere gratitude to His Excellency President Dr. Mohamed Muizzu, for the trust he has placed in MTCC and the continued guidance we have received throughout this period.

I also take this opportunity to thank our shareholders for their continued confidence, the trust and loyalty of our clients and business partners; and the commitment and professionalism of our management and staff. I would also like to extend my heartfelt appreciation to the Board of Directors of MTCC for their wise counsel and support.

We have the capacity to reach new heights. We have the assets and most importantly, we have the people who are eager to make a difference. I am excited for the year 2024 and what we will accomplish during the year.

Chairman
Mohamed Afeef Hussain

INTERVIEW

CEO MR. ABDULLA ZIYAD

Greetings to our esteemed shareholders,

It is my distinct pleasure to address you through this Annual Report for the year 2023. I am delighted to highlight that Maldives Transport and Contracting Company (MTCC) stands resilient and poised for greater achievements. We remain steadfast in our dedication to implementing sustainable strategies, guiding the Company toward a future abundant with opportunities.

Strategic Leadership Initiatives: Restructuring for Success

Since assuming the role of CEO, I've led a series of transformative measures aimed at reshaping the Company's trajectory towards enhanced efficiency and profitability. A pivotal aspect of this effort has been the restructuring of our operational framework, marking the dawn of a new era of decentralization and empowerment within MTCC.

This restructuring initiative has seen the Company's operations organized into seven distinct sections, each overseen by a C-suite executive tasked with managing specific areas of our operations. Within these sections, divisions are led by General Managers. My primary focus in this endeavor has been on decentralization and empowering our executive leadership team with extensive authority to efficiently manage their respective departments. This approach facilitates swift decision-making in operational matters.

Cultural Transformation and Employee Empowerment: Nurturing Talent for Success

In addition to structural reforms, I am dedicated to catalyzing a profound cultural evolution within MTCC, aimed at optimizing our performance. My objective is to nurture a workplace environment where every individual is empowered to make meaningful contributions to the Company's success.

Through a rotational staffing approach within the divisions and comprehensive familiarization with the Company's operations, our aim is to enhance cross-functional collaboration, encourage active participation in decision-making by all team members, and foster a culture of inclusivity and innovation. By providing our workforce with exposure to various areas of work, they gain insights into the significance of their contributions and understand how their efforts contribute to the Company's overall success. I anticipate this cultural transformation to unfold over a period of three to four years.

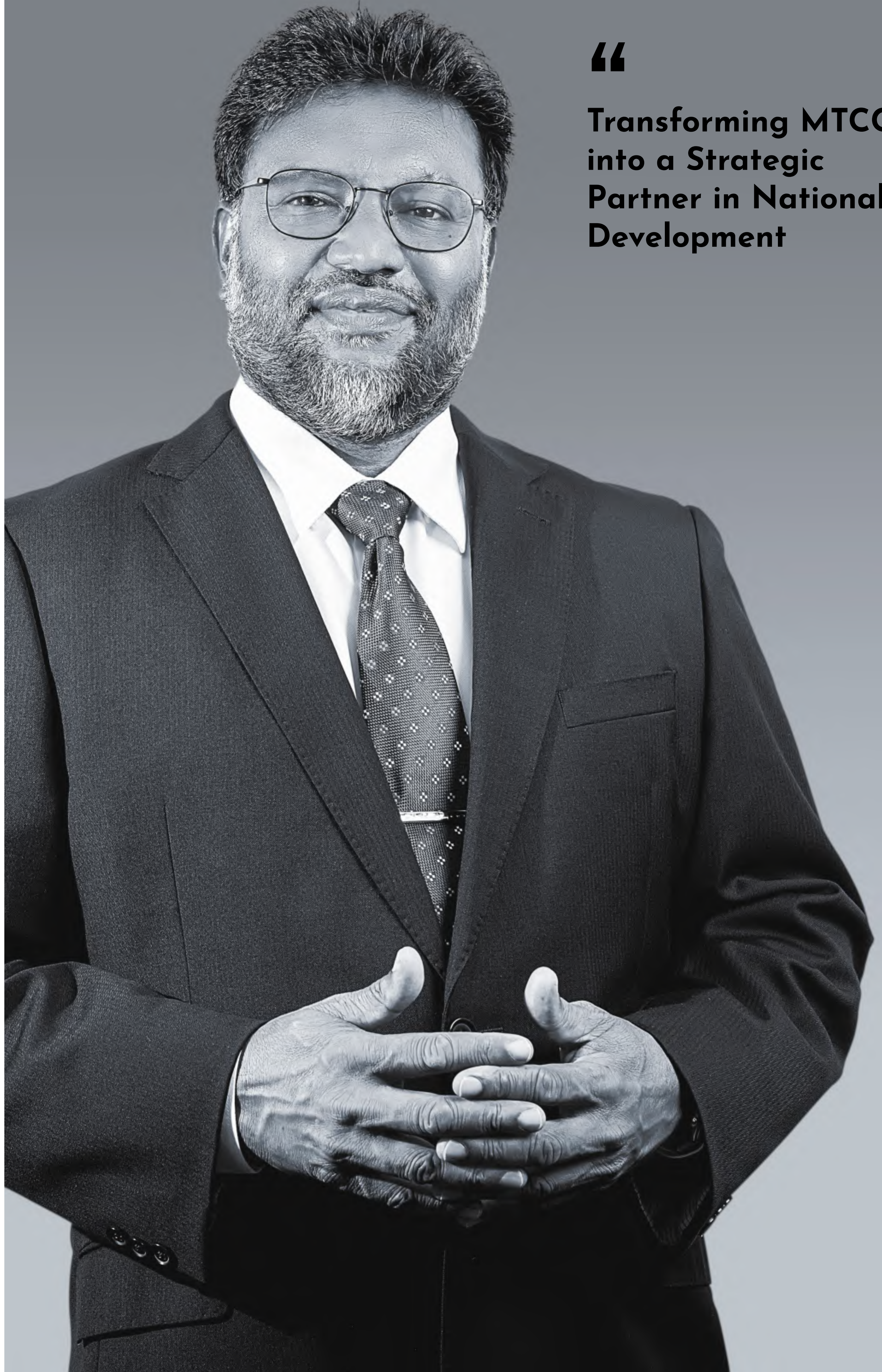
Optimizing Operations: Initiatives for Immediate Challenges

The structural changes we have implemented are designed to lay the foundation for our envisioned transformation while addressing various pressing issues that require immediate attention. As part of my role, I have prioritized ensuring that the Company adheres to formal procedures and undertakes projects with the necessary formal documentation.

A significant focus has been on managing the numerous projects initiated during the election season. These projects, although ambitious, have faced challenges related to funding and resource allocation. To enhance progress at these sites, we have adopted a strategy of conducting projects on a cluster basis, allowing us to efficiently allocate shared resources across regions. This approach ensures that equipment, materials, or personnel no longer required for one project are effectively utilized in others within the cluster, optimizing resource utilization.

I recognize that this method may raise concerns about perceived delays or cancellations when resources are moved between projects. However, we are committed to reassuring all communities that we are dedicated to completing all undertaken projects. By improving our resource management, we aim to enhance the efficiency and effectiveness of our operations.

These initiatives reflect our commitment to optimizing operations and ensuring the



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Transforming MTCC into a Strategic Partner in National Development

successful completion of our projects, ultimately benefiting the communities we serve.

Maximizing Efficiency: Strategies to Combat Equipment Downtime and Improve Operational Performance

While the cluster approach is anticipated to mitigate historically high idling costs within the Company, I have implemented immediate measures to further address this issue. Moving forward, I have directed the daily reporting of all idling costs from worksites to expedite a swift resolution. Furthermore, I am dedicated to embedding a robust quality policy into our operations, ensuring that such procedures become integral to the Company's ethos. Additionally, I am committed to executing an efficient asset maintenance plan to reduce machinery idle time resulting from breakdowns at the sites.

It is imperative to recognize that equipment downtime not only incurs idling costs but also underscores the Company's reliance on leased equipment during breakdowns, resulting in substantial rental expenses for vital machinery without a clear plan for eventual ownership. To confront these challenges, I have formulated a comprehensive plan to invest in critical machinery, equipment, and vessels. This includes the acquisition of barges, tugs, and landing craft to streamline logistics efficiency, along with the introduction of a fuel bowser for prompt fuel delivery to project sites during supplier logistical delays. While these investments necessitate financial commitments, they are anticipated to yield significant returns in the medium term.

Maximizing Revenue and Diversification: Unlocking New Growth Opportunities

Currently, 85% of the Company's revenue comes from construction and dredging. While this has been a significant source of income, it is essential for the long-term sustainability of the Company to diversify our revenue streams. Rather than focusing solely on increasing the number of projects, my aim is to broaden our business scope and explore new opportunities for growth.

We are currently exploring diversification opportunities, including deeper involvement in tourism and fisheries. During periods when our dredgers are not engaged in projects, we plan to utilize them to develop our own assets by reclaiming islands for leasing purposes..

Additionally, we have been investigating revenue enhancement through shipbuilding, aiming to expand our capacity for constructing fishing vessels. To further expand our trading sector, we are considering supplying refrigerated seawater systems to fishing vessels, which would not only improve their operational efficiency but also contribute to our revenue. Furthermore, we aim to enhance our services in docking and engineering to better serve the transport sector, which boasts an extensive marine fleet of over 15,000 vessels.

Simultaneously, we are currently in the planning stages of establishing zone outlets to enhance accessibility to Yanmar and Suzuki engines along with spare parts. This proactive initiative not only aims to reclaim market share lost due to spare parts unavailability but also endeavors to generate job opportunities nationwide. In 2023, the Trading Division attained sales totaling MVR 284 million, boasting a remarkable 25% profit margin. Looking ahead to 2024, my objective is to elevate sales to MVR 500 million. This will be achieved through a concerted effort to maintain a consistent supply of engines and spare parts, expand our outreach, and strategically recapture market share.

I envision our HR department utilizing our training capabilities beyond the confines of the Company. By offering short-term courses and participating in college training programs, our experienced engineers can impart their knowledge as visiting lecturers. This approach allows us to share acquired expertise with aspiring engineers while leveraging our human resource development tools to contribute to national development initiatives outside the organization.

Expanding our customer base stands as a pivotal initiative in our pursuit of enhanced sustainability and overcoming current challenges. We are actively engaged in prioritizing the acquisition of private sector projects, specifically those that generate revenue in dollars. This strategic emphasis is instrumental in alleviating the substantial foreign exchange losses we encounter on an annual basis.

Changing the image of the Company: From Contractor to Development Partner

I firmly believe that our Company should strive to transcend the role of mere contractors and evolve into integral partners in the nation's development. It is essential for us to broaden our knowledge beyond our specific areas of work and grasp the broader implications of our projects to achieve this objective. As a foundational step, we are planning to adopt internationally accepted sustainability policies, ensuring that every team member is well-versed in them. Furthermore, as contributors to national infrastructure, we must recognize the long-term environmental and social impacts of our projects and take proactive measures to mitigate them. This cultural shift towards risk awareness and mitigation must become ingrained in our work discipline.

A crucial aspect of our work involves reclamation, and I strongly advocate for our capacity to replant corals displaced at these sites. Additionally, replanting corals presents an emerging industry with demand from resorts. In the event of environmental incidents, we must also be prepared to collaborate with the Environmental Protection Agency in the damage assessment process. Furthermore, we aim to develop the capability to monitor and preserve mangroves to actively participate in environmental restoration projects. By integrating restoration into our projects, we can portray ourselves as contributors to environmental conservation.

Recognizing the importance of external expertise, we are currently in the process of establishing a memorandum of understanding (MOU) with the Ministry of Environment and Energy to leverage knowledge beyond our internal capacities. Furthermore, we are exploring collaborations with the Islamic University of Maldives to offer data science programs for our team members, enhancing our skill set and fostering knowledge-sharing. We firmly believe that equipping ourselves with diverse knowledge is essential for achieving the efficiencies and the esteemed image we aspire to.

While these plans may require time for implementation, I am fully committed to ensuring their execution to elevate our Company to the next level and achieve the envisioned results desired by our shareholders

Acknowledgments and Gratitude: A Tribute to Our Partners

I am profoundly thankful to our shareholders for placing their trust in us. My sincere appreciation goes out to the Chairman and the Board of Directors for their invaluable guidance, and to our management team for their steadfast support in bringing our plans to fruition. I extend my heartfelt gratitude to each member of the MTCC Team for their dedication and unwavering commitment, which has been instrumental in our progress.

Moreover, I would like to express our deep gratitude to His Excellency President Dr. Mohamed Muizzu for his invaluable advice and guidance in navigating the challenges we have encountered and charting a new course for the Company.

With the benevolence and grace of Almighty Allah, I am confident in our ability to succeed in our endeavors.

Thank you for your continued and trust and partnership.

Abdulla Ziyad
Managing Director and Chief Executive Officer

BOARD

Mr. Mohamed Afeef Hussain
Chairman

Mr. Mohamed Afeef Hussain was appointed as the Chairman of the Board of Directors by the majority shareholder, Government of Maldives on 18 December 2023. Mr. Afeef joins the Board with four decades of service in the public sector with a rich array of practical experience and comprehensive understanding of a diverse range of business management applications including corporate and legal affairs, administration, human resource management and finance.

Mr. Afeef began his career in the public sector in 1983 at the Maldives Water and Sanitation Authority (MWSA). During his service to the public sector he has contributed to the development of key state-owned enterprises and government institutions. This includes his contribution to the development of State Electric Company (STELCO) and Works Corporation Limited (WCL), as Assistant Managing Director of STELCO from 2005 to 2008, and as Executive Director (Deputy Managing Director) and later as Acting Managing Director of WCL from 2009 to 2012 respectively. He has also served as Director General of the Ministry of National Planning Housing and Infrastructure from 2012 to date.

Mr. Afeef has also offered his valuable service in the Board of Directors of various state-owned enterprises. He served as Chairman of the Board of STELCO from 2013 to 2016, and as Chairman of the Board of Fenaka Corporation Limited in 2013. Mr. Afeef also served as Non-Executive Director of the Board of Upper North Utilities Limited, Northern Utilities Limited Central Utilities Limited, South-Central Utilities Limited, Upper South Utilities Limited and Southern Utilities Limited from 2012 to 2013 and as Executive Director of Works Corporation Limited from 2009 to 2012.

Mr. Afeef holds a Master's Degree in Shariah from Villa College Maldives, a Diploma in Business Administration from Avid College, a Diploma in Business Management from the American Business Academy, Sri Lanka and an Advance Certificate in Business Administration from Avid College Maldives. In addition to his academic qualifications Mr. Afeef has also completed several training programs in the field of administration, information technology and corporate governance

Mr. Abdulla Ziyad
Managing Director
& Chief Executive Officer

Mr. Abdulla Ziyad was appointed as Chief Executive Officer and Managing Director of the Board of Directors by the majority shareholder, Government of Maldives on 28 November 2023. Mr. Ziyad joins the Company with more than two and half decades of experience in various disciplines of civil engineering and engineering management in the country.

Mr. Ziyad began his career at the Ministry of Construction and Public Infrastructure (MCPI) as a Civil Engineer where he served in that capacity from 2001 to 2005. He has contributed his expertise to several key projects in various capacities during his periods of service at MCPI and later at the Ministry of the Environment and Engineering. After working for 2 years in ADB as a local sanitation engineer under Tsunami Emergency Assistance Project (TEAP), he later served at the Ministry of Housing, Transport and Environment as Senior Engineer from 2007 to 2010.After 2 years of work at the private sector as a project Manager he was appointed as the Minister of State at Ministry of Housing and Infrastructure in 2012 where he served until 2014, and thereafter as Minister of State at Ministry of Environment and Energy until 2018.

Mr. Abdulla Ziyad has attained numerous working experiences in various private sector Posts as well as at international organizations and businesses. This includes his role as Sanitation Engineer in the Tsunami Emergency Assistance Program in the Maldives and his work as Project Manager for Al-Habshi Engineering Consultants in Maldives (Kuwait Firm). In the international sphere, Mr. Ziyad also served as Executive Director for Group C-1 of the Islamic Development Bank, which includes Afghanistan, Bangladesh, Maldives, and Pakistan,

Mr. Ziyad holds a Master of Engineering Management Degree from the University of Bahrain, a Bachelor of Science Degree in Civil Engineering (Hons.) from the University of Bahrain and an Associate Diploma in Civil Engineering also from the University of Bahrain. Mr. Ziyad is a member of the Association of Civil Engineers, Maldives.

Mr. Hassan Mughnee
Deputy Managing Director
Executive Director

Mr. Hassan Mughnee was appointed as Deputy Managing Director of the Company and as Executive Director of the Board by the majority shareholder, Government of Maldives on 21 December 2023. Prior to joining the Company, Mr. Mughnee held the post of Minister of State of the Ministry of Environment, Climate Change and Technology from 2022 to 2023 and served as the Managing Director of the State Electric Corporation (STELCO) from 2018 to 2022. Mr. Mughnee also held the post of Managing Director of STELCO in 2014 and served as the Chief Operating Officer of MTCC from 2013 to 2014.

During his career of public service Mr. Mughnee has also served in various autonomous state entities. This includes his service as the Director General of the National Integrity Commission from 2015 to 2018, as Director General of Customs Integrity Commission from 2014 to 2015, and as a Director and the Director General of the Elections Commission from 2012 to 2013. Mr. Mughnee was a member of the Transitional Committee (SOE) for the new government elected in 2018 and has also served as a consultant for various state entities and state-owned enterprises during his career.

Mr. Mughnee holds a Master of Business Administration Degree from the Brandeis International Business School, Massachusetts, USA, and a Bachelor of Science Degree in Financial Management and Marketing from the Upper Iowa University, USA. Mr. Mughnee is a Fulbright Scholar, and recipient of multiple awards between 2019-2022 for governance, organizational change and leadership including the Asia's Most Inspiring Executive 2021 at the ACES Awards, Singapore.

Mr. Sinaan Ali
Non-Executive Independent Director

Mr. Sinaan Ali was appointed as a Non- Executive Independent Director of the Board by the majority shareholder, Government of Maldives, on 6th February 2019. Prior to his current tenure in the Board, he served as a Director of the Board from 2014 to 2016.

Mr. Sinaan Ali has had a long career in broadcasting and journalism spanning over 23 years and currently serves as the Chief Executive Officer and Editor of ONE Media Group Pvt Ltd, one of the largest media companies in the Maldives. Mr. Sinaan has also served as the CEO of Sun Media Group from 2008 to 2018, as General Manager of Job Market Maldives Pvt. Ltd. from 2005 to 2018, and as Editor of University Education Guide, from 2005 to 2018. From 2016 to 2018.

Mr. Sinaan also served as a member of the Board of Directors of Island Aviation Limited. He has also been a senior contributor, writer and columnist for various media publications. Mr. Sinaan Ali is a Senior Fellow Journalist of the Royal Institute of Journalism, Singapore, and received the National Award in Journalism in 2015. Mr. Sinaan Ali holds a Master of Business Management (MBA) from the Angela Ruskin University, London and a Postgraduate Diploma in Journalism from the Asian College of Journalism, Chennai, India. He has also completed several training programs and courses in the areas of corporate governance, finance, risk, audit, and management at various institutions overseas. Mr. Sinaan Ali is Currently the Vice president, Maldives Editors Guild.

Mr. Nasrath Mohamed
Non-Executive Independent Director

Nasrath Mohamed was appointed as a Non-Executive Independent Director of the Board, elected by public shareholders at the Annual General Meeting held on September 27, 2020, and reappointed to the Board at the 2021 Annual General Meeting held on May 19, 2022. Mr. Nasrath also served as a Board Director of the company from May 2013 to June 2019 and as Board Director of Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC, from 2013 to 2016.

Mr. Nasrath Mohamed possesses more than 18 years of experience in sales, customer service, and business management, and he currently serves as a general manager at Allied Insurance Company of the Maldives. Prior to that, he worked as the customer service manager at Allied Insurance Company.

Mr. Nasrath Mohamed holds a Master of Business Administration (MBA) from Victoria University, Australia; a Bachelor of Business (Management and Marketing) Degree from Edith Cowan University, Australia; and an Associate Degree of Business from Perth Institute of Business & Technology, Australia. He also holds an Executive Diploma in Directorship and an Executive Certificate in Directorship from Singapore Management University and has completed several training programs in the areas of corporate governance, finance, risk, audit, and management at various overseas institutions.

Mr. Mohamed Imran Adnan
Non-Executive Independent Director

Mr. Mohamed Imran Adnan was appointed as a Non-Executive Independent Director of the Board, elected by public shareholders on 15 November 2020 and was re-elected as Board Director at the Annual General Meeting of 2021 held on 19 May 2022. Mr. Mohamed Imran Adnan also served as a Board Director of the Company from May 2014 to June 2017.

Mr. Mohamed Imran Adnan have more than 10 years of experience in executive management level. In Male' Water and Sewerage Company Ltd Mr Mohamed Imran Adnan had previously served as General Manager Engineering and General Manager Supply & Logistics. He is currently serving in the capacity of General Manager Debt Recovery in Male' Water and Sewerage Company.

Mr. Mohamed Imran Adnan holds a Master of Business Management with specialization in project management from the University of Southern Queensland, Australia. He also holds Executive Certificate in Directorship from Singapore Management University.

Mr. Ali Naail
Non-Executive Independent Director

Mr. Ali Naail was appointed as a Non-Executive Independent Director of the Board by the majority shareholder, Government of Maldives on 24th December 2023. Mr. Naail is an entrepreneur and joins the Board of Directors with over a decade of experience in the private business sector.

Mr. Naail is a director of one of the most prominent private companies in the Maldives, Redwave Private Limited. He is also a director at Redwave Construction and Avalon Private Limited. Under the stewardship of Mr. Naail, the business has seen considerable growth and expansion with numerous mega outlets opened in the Greater Male Region under his leadership.

Mr. Naail holds a Bachelor (Hons) of Computing from Segi University of Malaysia and Diploma from Sunway University, Mala

EXECUTIVE TEAM

Mr. Abdulla Ziyad
Managing Director & Chief Executive Officer

Mr. Abdulla Ziyad was appointed as Chief Executive Officer and Managing Director of the Board of Directors by the majority shareholder, Government of Maldives on 28 November 2023. Mr. Ziyad joins the Company with more than two and half decades of experience in various disciplines of civil engineering and engineering management in the country.

Mr. Ziyad began his career at the Ministry of Construction and Public Infrastructure (MCPI) as a Civil Engineer where he served in that capacity from 2001 to 2005. He has contributed his expertise to several key projects in various capacities during his periods of service at MCPI and later at the Ministry of the Environment and Engineering. After working for 2 years in ADB as a local sanitation engineer under Tsunami Emergency Assistance Project (TEAP), he later served at the Ministry of Housing, Transport and Environment as Senior Engineer from 2007 to 2010.After 2 years of work at the private sector as a project Manager he was appointed as the Minister of State at Ministry of Housing and Infrastructure in 2012 where he served until 2014, and thereafter as Minister of State at Ministry of Environment and Energy until 2018.

Mr. Abdulla Ziyad has attained numerous working experiences in various private sector Posts as well as at international organizations and businesses. This includes his role as Sanitation Engineer in the Tsunami Emergency Assistance Program in the Maldives and his work as Project Manager for Al-Habshi Engineering Consultants in Maldives (Kuwait Firm). In the international sphere, Mr. Ziyad also served as Executive Director for Group C-1 of the Islamic Development Bank, which includes Afghanistan, Bangladesh, Maldives, and Pakistan,

Mr. Ziyad holds a Master of Engineering Management Degree from the University of Bahrain, a Bachelor of Science Degree in Civil Engineering (Hons.) from the University of Bahrain and an Associate Diploma in Civil Engineering also from the University of Bahrain. Mr. Ziyad is a member of the Association of Civil Engineers, Maldives.

Mr. Hassan Mughnee
Deputy Managing Director Executive Director

Mr. Hassan Mughnee was appointed as Deputy Managing Director of the Company and as Executive Director of the Board by the majority shareholder, Government of Maldives on 21 December 2023. Prior to joining the Company, Mr. Mughnee held the post of Minister of State of the Ministry of Environment, Climate Change and Technology from 2022 to 2023 and served as the Managing Director of the State Electric Corporation (STELCO) from 2018 to 2022. Mr. Mughnee also held the post of Managing Director of STELCO in 2014 and served as the Chief Operating Officer of MTCC from 2013 to 2014.

During his career of public service Mr. Mughnee has also served in various autonomous state entities. This includes his service as the Director General of the National Integrity Commission from 2015 to 2018, as Director General of Customs Integrity Commission from 2014 to 2015, and as a Director and the Director General of the Elections Commission from 2012 to 2013. Mr. Mughnee was a member of the Transitional Committee (SOE) for the new government elected in 2018 and has also served as a consultant for various state entities and state-owned enterprises during his career.

Mr. Mughnee holds a Master of Business Administration Degree from the Brandeis International Business School, Massachusetts, USA, and a Bachelor of Science Degree in Financial Management and Marketing from the Upper Iowa University, USA. Mr. Mughnee is a Fulbright Scholar, and recipient of multiple awards between 2019-2022 for governance, organizational change and leadership including the Asia's Most Inspiring Executive 2021 at the ACES Awards, Singapore.

Mr. Mohamed Jamsheed
Deputy Managing Director

Mr. Mohamed Jamsheed joined MTCC in his current capacity as Deputy Managing Director in December 2023. Mr. Jamsheed joins the Company with extensive experience in the private and public sectors. From 2014 to 2018 Mr. Jamsheed served in the position of Coordinator at the Ministry of Housing and Infrastructure. In his role as Coordinator Mr. Jamsheed was responsible for leading institutional development and coordinating various housing development projects of the Ministry. As Head of the Minister's Bureau Mr. Jamsheed was also responsible for the management of day-to-day operations of the Bureau. Prior to his tenure at the Ministry of Housing and Infrastructure, Mr. Jamsheed served at Mandhu Learning Centre in various capacities for more than 14 years.

Mr. Jamsheed holds a Master of Business Administration from the University of Wales in Colombo, Sri Lanka and a Diploma in Information Technology from the Ramhamhaeng University, Bangkok, Thailand.

Mr. Hussain Naufal Nasir
Deputy Chief Operating Officer

Mr. Hussain Naufal Nasir was appointed as the Deputy Chief Operating Officer in December 2023, having joined the company in 2021. Prior to this role, Mr. Naufal served as an Inventory Manager, where he significantly enhanced the company's inventory management systems. His efforts in this position included the effective monitoring and managing of material requirements for various projects. Mr. Naufal also played a crucial role in developing policies, procedures, guidelines, and workflows that optimized inventory management. Additionally, he oversaw the comprehensive logistics operations, ensuring the smooth movement of materials necessary for project success.

Mr. Hussain Naufal Nasir holds a Bachelors (Hons) in Government and Public Policy from Universiti Tun Abdul Razak, Malaysia.

Mr. Hussain Mohamed Manik
Chief Financial Officer

Mr. Hussain Mohamed Manik was appointed as Chief Financial Officer in November 2023. Before his current role, Mr. Manik served as the Chief Accountant & Financial Controller from 2020 to 2023. He also served the Company as a Senior Accountant and as Accountant from 2017 to 2020. Prior to his current tenure at MTCC, he also served the Company as Auditor and Accountant from 2005 to 2008. Through a decade of dedicated service to the Company, Mr. Manik has amassed a wealth of expertise, uniquely positioning him to assume the role of Chief Financial Officer.

Mr. Manik obtained his Chartered Institute of Management Accountants (CIMA) qualification from Wisdom Business Academy in Sri Lanka. He also holds an Advance Diploma in Management Accounting at the Managerial Level, Diploma in Accounting from the Association of Accounting Technicians in Sri Lanka, and Certificate in Business Accounting. Additionally. Mr. Manik has also completed various training programs in his area of expertise including leadership and teambuilding, and corporate financial planning, budgeting, and control.

Mr. Manik is a Certified Chartered Accountant and is a member of the Chartered Institute of Management Accountants (CIMA-UK) and Association of International Certified Professional Accountants (AICPA).

Mr. Ahmed Latheef
Chief Project Management Officer

Mr. Ahmed Latheef joined MTCC in 1999 and was appointed to the post of Chief Project Management Officer in December 2023. Mr. Latheef assumes the post, having served the Company for 25 years in various technical and managerial positions at key departments of the Company. Although prior to his current post Mr. Ahmed Latheef served as the Chief Risk Officer, he is highly experienced in the field of project management as his tenure at the Company is dominated by his service in the areas of construction and project management. This includes his service as Assistant General Manager in charge of the Construction and Dredging Division, and as Engineer and Senior Engineer of Construction & Project Management Department.

Mr. Ahmed Latheef holds a Master of Science in Quantity Surveying and a Bachelor of Science (Hons) Degree in Construction and Project Management from the Heriot-Watt University, Scotland.

Mr. Ahmed Thiham
Chief Engineering and Technical Officer

Mr. Ahmed Thiham joined MTCC as General Manager, Repair and Maintenance Division in 2020. Mr. Thiham joined the Company from an engineering and military background having served in the Maldives National Defence Force (MNDF) for 11 years from 2004 to 2015. During his tenure at MNDF, he served in the capacity of Junior Engineer and as Engineer Officer in the Maldives Coast Guard. He also served as Executive Officer of several training courses conducted at the Defence Institute for Training and Education and served as full time instructor at the Institute during which he was responsible for designing and conducting various training programs for personnel at MNDF, Maldives Police Service, Maldives Customs and Aviation Security

Mr. Ahmed Thiham holds a Bachelor of Technology (Mechanical Engineering) degree from the College of Military Engineering, Pune, India and has completed various levels of military, engineering, and ordnance and explosives training.

Mr. Shifau Ali
Chief Marketing Officer

Mr. Shifau Ali joined MTCC in 2002 and currently holds the position of Chief Marketing Officer, overseeing the Marketing, Public Relations, and Business Development functions of the Company. With over 18 years of dedicated service in various Executive Management roles, Mr. Shifau has significantly contributed to the Company's growth and success over the years. His extensive experience at MTCC includes Executive Management positions such as General Manager of the Trading Division, General Manager of the Business Development & Administration Division, Head of the Support Services Division, Financial Controller, and Head of both the Procurement and Accounts & Finance Departments.

In addition to his responsibilities at MTCC, Mr. Shifau serves as a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited (MREIC), a fully owned subsidiary of MTCC.

Mr. Shifau Ali holds a Bachelor's (Hons) Degree in Accounting and Finance from the University of East London.

Mr. Ahmed Iruhas
Chief Procurement Officer

Mr. Ahmed Iruhas was appointed as Chief Procurement Officer in December 2023. Mr. Iruhas joined MTCC in 2009 and during the 15 years of his service at the Company he has held various technical and managerial posts and have gained extensive knowledge on various aspects of the operations of the Company. Mr. Iruhas held the post of General Manager – Trading Division prior to his current appointment. He has also served the Company in the position of Technical Executive of the Engineering Department and Unit Head of Engineering Workshop.

Mr. Ahmed Iruhas holds a Bachelor ´s (Hons) Degree in Engineering (Marine and Offshore Systems) from the University of Tasmania, Australia. He has won the Connell Medal for the best graduate at Bachelor level (2008), Australian Maritime College, Tasmania, Australia.

Mr. Ibrahim Latheef
Chief People Officer

Mr. Ibrahim Latheef joined MTCC in 1999 and currently holds the position of Chief People Officer. During his 25 years of service at the Company Mr. Latheef has acquired enormous experience in the operation and management of various departments of the Company. Prior to the appointment to his current post,
Mr. Latheef served as the General Manager of the Ship Handing and Quality Assurance Division. Mr. Ibrahim Latheef has also served the Company in the capacity of General Manager in charge of the Logistical Operations Division, Head of Human Resource and Administration Department, Business Development Department, Administration Department, Procurement Department and Building Security and Services Department. He has also served as the Division Head of Transport and Engineering and Docking Division. Having served in leading positions in the operation of various departments across the Company, in addition to his experience in HR, Mr. Latheef is highly suited for his current position.

Mr. Latheef holds a Master's Degree in Business Administration from the Open University Malaysia and a Bachelor of Arts (Hons) Degree in Marketing from the University of Hertfordshire, United Kingdom. He is also a Chartered Marketer of the Chartered Institute of Marketing and a member of the Society for Human Resource Management. Mr. Latheef is a certified Balanced Scorecard Professional (BSP) and a certified KPI professional (KPIP).

Mr. Ismail Fariq
Chief Sales Officer

Mr. Ismail Fariq joined MTCC in 2001 and was assigned to his current position as the Chief Sales Officer of the Company in December 2023. Mr. Fariq has served in several senior posts of the Company during his 23 years of service and is immensely experienced in the operations of the Company and its various departments and divisions. Prior to his appointment to his current position Mr. Fariq held the post of General Manager of the Marine Transport Division from 2021. However, he is also well-versed with the sales and marketing operations of the Company and the operations of the trading segment of the Company having served as General Manager - Trading Division and Head of Sales and Marketing of the Marketing Department for several years.

Mr. Fariq has also served as Head of the Transport Department, Head of Procurement Department, Head of Logistical Operations Department, and as Head of Business Development Department of the Company.

Mr. Ismail Fariq holds a Master of Economics degree from the University of Malaya and a Bachelor of Business Management degree from the University of Queensland, Australia.

SENIOR MANAGEMENT TEAM

Ms. Aishath Savy Jamal
Company Secretary

Ms. Aishath Savy Jamal was appointed as the Company Secretary in 2023. In her previous position as Senior Manager of the Board Unit of the Company Secretary Division from 2021 to 2023 leading the work of the Board Unit, she has acquired invaluable experience in the responsibilities and functions of Company Secretary. Ms. Savy Jamal joined the Company in 2020 as an Administrative Officer and served as a Senior Administrative Officer prior to commencing her tenure at the Company Secretary Division.

Ms. Aishath Savy Jamal holds a Master's Degree in Islamic Finance and Banking from Asia Pacific University, Malaysia. She also holds a Bachelor of Business Administration Degree from the Open University Malaysia and Diploma in Business Studies from the Maldives National University.

Mr. Ali Nashath
Chief Internal Auditor

Mr. Ali Nashath joined MTCC in 2017. With 20 years of experience in auditing and assurance, and with his deep understanding of finance and trade, he has brought extensive developments to the internal audit function of the Company.

Prior to joining MTCC, Mr. Nashath held the posts of Chief Financial Officer at Maldives Road Development Corporation Limited and also served as Head of the Internal Audit Department of Fuel Supplies Maldives, a subsidiary of State Trading Organisation (STO). Earlier in his career Mr. Nashath served in the internal audit department of STO for more than eight years.

Mr. Ali Nashath is a Certified Chartered Accountant and is a member of the Association of Chartered Certified Accountants (ACCA-UK). Mr. Ali Nashath holds a Master of Business Administration degree from the Open University of Malaysia. He has completed several professional and technical courses in the field of auditing and investigation and is currently pursuing the Certified Internal Auditor qualification from the Institute of Internal Auditors (IIA Global).

Mr. Mohamed Shamil Abdul Sattar
Chief Risk Officer

Mr. Mohamed Shamil Abdul Sattar joined the Company and assumed the role of Chief Risk Officer in March 2024. Mr. Shamil has been in the field of auditing and risk advisory throughout his entire career and has served in major state-owned enterprises in the Maldives and at renowned international audit firms in the Maldives and abroad. With his experience and expertise in the field Mr. Shamil brings with him a wealth of experience to the Company in his area of expertise.

Prior to assuming his current role in MTCC, Mr. Mohamed Shamil Abdul Sattar served in the post of Audit Director at the State Electricity Company (STELCO), where he led the internal audit function of the Company. Under his leadership, the company witnessed the development and introduction of its first Audit Committee Charter, Internal Audit Charter, Internal Audit Policy and Competency Framework for Internal Auditors. He also played a key role in introducing Enterprise Risk Management (ERM to the company. From 2017 to 2018 he worked as the auditor of State Trading Organisation (STO). Mr. Shamil's experience in international audit firms include his tenure at Deloitte Touche' Tohmatsu, Philippines and at KPMG, Maldives.

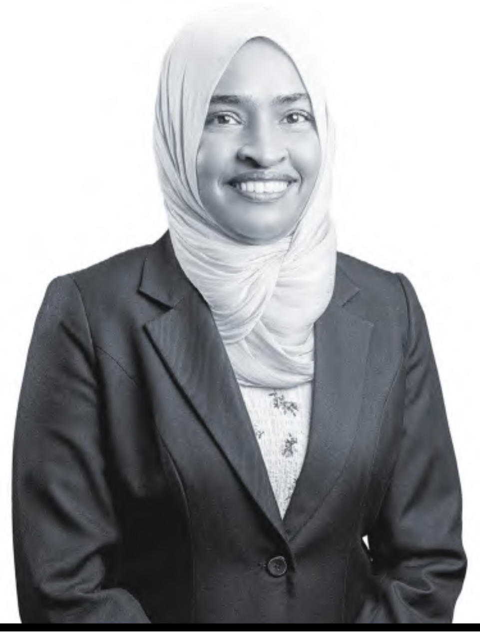
Mr. Mohamed Shamil holds a Bachelor of Science in Business Administration majoring in Internal Auditing from the Far Eastern University, Philippines and is a Certified member of the Institute of Internal Auditors. He has also completed several professional and technical training programs in the field of internal audit and risk management.

Ali Jabeen
Financial Controller, Finance & Accounts Division

Mr. Ali Jabeen was appointed to the General Manager position as Financial Controller of the Accounts & Finance Division of MTCC in January 2024. Before his current role, he served as the Receivables Manager, Treasury Manager & Finance Manager of the company's Finance Division within a duration of 7 years which spanned from 2016 to 2023.

Prior to that he worked as Senior Enforcement Officer in the Enforced Collection Department of Maldives Inland Revenue Authority. He started his career at Ministry of Human Resources Youth and Sports Employment and Social Security as an Accounts Officer, where he worked in the Finance Department.

Mr. Ali Jabeen has completed ACCA and holds a Bachelor of Arts Degree in Accounting and Finance from Teesside University, UK.



Ms. Fathimath Jabeen
General Manager – Human Resources Division

Ms. Fathmath Jabeen joined MTCC in 1996 and currently holds the position of General Manager, Human Resources Division of the Company. A highly experienced professional in the field of human resource management, Ms. Fathmath Jabeen served as the Assistant General Manager of the Department prior to her appointment to her current post. During her 27 years of service at MTCC, Ms. Jabeen has also served the Company in the capacity of Senior Manager of several Departments which includes Human Resources Department and Trading Department.

Ms. Fathmath Jabeen holds an Associate Degree in Human Resource Management from MAPS College, Maldives and has also participated in several workshops, seminars and conferences in the area of management, human resource and strategic planning.

Ms. Mariyam Shamiha
General Manager – Building Services Division

Ms. Mariyam Shamiha was appointed to the post of General Manager – Building Services Division in December 2023. Prior to that she served as the Executive Secretary of the CEO Bureau from December 2020. Ms. Shamiha joined the Company in 1997 as an Administrative Officer. She has served in various posts and prior to her appointment as Executive Secretary in 2020 including the post of Senior Manager of the Construction and Dredging Division.

Ms. Mariyam Shamiha holds a Master's Degree in Business Administration from the Australian Institute of Business, South Australia.

Uza. Fathimath Inasha
General Manager – Administration and Legal Division

Uza. Fathmath Inasha was appointed to the post of General Manager – Administration and Legal Division in December 2023. Prior to her current appointment she served as the General Manager - Legal Affairs Division from September 2020.

Uza. Fathmath Inasha joined the Company in 1998 and has served the Company in various capacities during the 26 years of her tenure in the Company. Uza. Inasha began her career at the administrative function of the Company, which she leads today, and worked her way up in various other departments of the Company. Prior to her appointment to the post of General Manager – Legal Affairs Division, Uza. Inasha served as a Senior Lawyer of the Company.

Uza. Inasha holds a Masters of Shariah from Villa College Maldives, and a Bachelor of Science (Hons) in Management and Law from the University of London.

Mr. Ahmed Salam
General Manager – Information, Communication & Technology Division

Mr. Ahmed Salam joined MTCC in 1997, and currently holds the position of General Manager in charge of the Information Communication & Technology Division of the Company. Mr. Salam is well-versed in the ITC function of the Company with the key role he has played in this area, in various technical and managerial positions during his 27 years of service at MTCC. Prior to his current post, Mr. Ahmed Salam has also served the Company as Software Programmer and Manager of Information Systems Department.

Mr. Salam holds a Bachelor 's Degree in Computer Science from the University of Wollongong, Australia and is a Certified Information Systems Security Professional (CISSP) and hold a certification in Governance of Enterprise IT (CGEIT) from Koenig Dubai.

Mr. Mohamed Khalid
General Manager – Dredging Projects Division

Mr. Mohamed Khalid currently serves as the General Manager of the Dredging Projects Division. With an extensive tenure since 1999, he brings a wealth of experience spanning over 23 years in project management, coordination, dredging and reclamation, as well as coastal engineering works. Prior to assuming his current position, he served the Company in the capacity of Project Manager and Head of Section from July 2017.

Mr. Mohamed Khalid joined the Company in 2002 and has dedicated his entire tenure at the Company in project management, coordination, and related areas, during which he has contributed significantly to the success of projects executed by the Company. In his role as Coordinator, and subsequently as Project Manager from 2008 and to 2023, Mr. Khalid was responsible for overseeing the smooth operation of the Section and played a key role in the planning, design, and implementation of a variety of projects including building construction, airport, reclamation, harbour and coastal development projects and other projects undertaken by the Company during that time. Mr. Mohamed Khalid also served for a short period as Deputy Project Coordinator in 2008, and as a Site Officer from 2005 to 2008.

Holding a Master of Business Administration, and a Higher Diploma in Quantity Surveying, Mr. Mohamed Khalid participates in conferences and workshops focusing on project management and related fields.

Mr. Umar Zahir
General Manager – Construction Support Division

Mr.Umar Zahir joined MTCC in 2002 and currently holds the position of General Manager – Construction Support Division. He assumed the post in January 2024 with over two decades of experience in project management and project engineering, beginning in 2002. He has served in various capacities in the field throughout his entire tenure with the company.

Mr. Umar Zahir served the Company in the position of Executive Project Manager in which he served from 2020 until his current appointment, during which he oversaw the execution of several projects across the country. Project Engineer from 2006 to 2016 Mr. Umar Zahir was responsible for providing technical assistance for projects undertaken by the Company including costing and estimation of construction work, quality assurance and quality control including project coordination and management.

Mr. Umar Zahir holds a Master of Science Degree in Project Manager from Birmingham City University, UK and a Diploma in Engineering (Civil) from South Bank TAFE – Brisbane, Australia.

Mr. Rinaz Abdullah
General Manager – Construction Projects Division

Mr. Rinaz Abdulla assumed the post of General Manager – Construction Projects Division in January 2024. Mr. Rinaz began his career at MTCC in 2002 as a Surveyor. During the 22 years of service at the Company he has served in various posts related to project coordination and management and has overseen work of multiple projects undertaken by the Company and has amassed a wealth of experience in quantity surveying, geometric engineering, spatial science, and management of various types of projects from harbours, roads, sewerage systems to airports.

Mr. Rinaz was appointed as Executive Project Manager and Head of Department -Survey, Design and Development in 2021 and Executive Project Manager and Head of Department, in charge of foreign funded and international projects in 2022. Prior to his service as Executive Project Manager he served the Department as Senior Project Manager (Head of North Region projects) preceding his service as Project Manager and Project Coordinator.

Mr. Rinaz Abdulla holds a Master's Degree in Business Administration from the Australian Institute of Business and an Advance Diploma in Civil Engineering from the Maldives National University. He has also completed a variety of training programs relevant to the field of engineering, project management and related areas.

Mr. Ali Fathih
General Manager – Transport Services Division

Mr. Ali Fathih joined the Company in 2008 and was appointed to the current post of General Manager – Transport Services Division in 2023. Mr. Fathih has served in the Transport Services of the Company in various leadership capacities, initially with his appointment to the post of Transport Manager in 2019 and subsequent appointment to the post of Assistant General Manager of the Division in 2022. Mr. Fathih has contributed to the development of the transport services offered by the Company through his role in the planning and implementation of public transportation in the country, and his role in human resource management and customer relations management related to the service.

Mr. Fathih holds a Master's Degree in Business Administration from the University of West of England, Bristol and a Bachelor's Degree in Business Administration from Heriot-Watt University, Scotland. He has also completed several training programs in the areas of Public Transportation and has been a member of the Technical and Vocational Training (TVET) Sector Council since 2019.

Mr. Ahmed Zameer
General Manager – Shipbuilding and Repair Division

Mr. Ahmed Zameer, joined MTCC in 2021 as a Naval Architect and assumed the role of General Manager of the Engineering and Docking Division within the same year. Under his leadership, the division underwent a strategic restructuring, evolving into the Shipbuilding and Repair Division by 2023.

Before joining MTCC, Mr. Zameer held diverse positions in both public and private sectors of the industry. Particularly noteworthy is his tenure as the Technical Manager at MPL Dockyard. Additionally, he served as a Naval Architect and Production Manager at Guarantee Fiberglass Fabrications Private Limited. His professional background also encompasses independent consulting in project management.

Mr. Ahmed Zameer is a graduate of Istanbul Technical University, Turkey, holding a BSc in Naval Architecture and Marine Engineering. He has completed other technical training programs conducted in Japan and India. Furthermore, he is distinguished as a member of the Royal Institution of Naval Architects and holds an Honorary membership with the Chamber of Naval Architects and Marine Engineers in Turkey.

Mr. Ali Shareef Moosa
General Manager – Asset Repair and Maintenance Division

Mr. Ali Shareef Moosa first joined the Company in 2000 and was appointed to the current position of General Manager of the newly created Asset Repair and Maintenance Division in January 2024.

Educated in the field of electrical and electronic engineering, Mr. Ali Shareef Moosa has served in various posts related to project management and engineering during the 19 years he has served the Company. Prior to his current appointment he served as the Engineering Manager of the Machinery Management Department from 2020, responsible for the management of the Department. His previous positions include the position of Senior Technical Manager, Head of Machinery Management Section and Head of Project Management Section. During his first tenure of service in the Company from 2000 to 2008 he served in project site management and engineering. Mr. Ali Shareef Moosa has also worked as a Mechanical and Electrical Engineer at the Maldives Tourism Development Corporation in the Uligan Project and as a Mechanical and Electrical Engineer at Static Company Pvt. Ltd.

Mr. Shareef holds a Bachelor of Engineering (Hons.) in Electrical and Electronic Engineering from the University of Bradford, UK and has completed several specialised training programs in engineering and engineering management.

Mr. Shihan Mohamed
General Manager – International Logistics Operation Division

Mr. Shihan Mohamed, a master mariner with over 20 years of sea time experience, was appointed as General Manager of the Logistics Operations Division in January 2024. He has held senior positions at Maldives National Shipping Limited (MNSL) and served with renowned foreign fleets like Brise Bereederung, the Mediterranean Shipping Company (MSC), and Egon Oldendorff for over 7 years.

Prior to his current role, he served as the Chief Logistician in the Logistical Operation Department and as the Designated Person Ashore since 2018. He has also contributed to the successful implementation of the Integrated Management System (IMS) and the alignment of ISO 9001:2015 and Occupational Safety and Health Administration (OSHA) standards.

Mr. Shihan holds a B.Sc. Degree in Maritime Science from Dalian Maritime University, China, and an Advanced Diploma in Maritime Science from CINEC Maritime Campus, Sri Lanka. He holds a Certificate of Competency from the Merchant Shipping Department, Sri Lanka, and the GMDSS GOC (General Operators Certificate) UK. He has also completed short courses from Det Norske Veritas (DNV), Norway, enhancing his maritime operations expertise.

Mr. Ali Shahid
General Manager – Procurement Division

Mr. Ali Shahid joined MTCC in 2016 and currently holds the position of General Manager of the Procurement Division of the Company to which he was appointed in January 2024. Prior to his appointment to his current post, Mr. Shahid held the position of Procurement Manager. During the last eight years leading the Division, he has been responsible for overseeing the purchasing cycle of the Company to ensure the Companies strategic objectives including its financial goals are met through its operations and is therefore highly capable of executing the functions of the Procurement Division. Before joining the Company Mr. Shahid worked at the State Trading Organisation for five years and served the Company in the post of Assistant Manager in the same field of work.

Mr. Ali Shahid holds a Bachelor of Business Administration (Hons) from the Open University Malaysia and a Diploma in Business Administration from Villa College, Maldives

Mr. Mohamed Rasil
General Manager – Marketing and Business Development Division

Mr. Mohamed Rasil, appointed as the General Manager of the Marketing and Business Development Division in April 2024, joined the Company in 2017. During his entire tenure at the Company, he has served in the field of marketing and business development, starting as the Senior Business Development Officer, and subsequently serving as Business Development Manager and Assistant General Manager of the Division, before assuming his current role as General Manager.

Mr. Rasil has also served as the Marketing and Business Development Manager at Excorp Pvt. Ltd., and has worked in Procurement and Public Relation Divisions at the State Trading Organization Plc.

Mr. Rasil holds a Bachelor of Business (Hons.) degree specializing in International Business, from the University of Hertfordshire, UK, and has completed various training programs in the field of finance, international trade, and logistics.

Mr. Rasil is also a Member of the Chartered Institute of Marketing (MCIM).

Mr. Ahmed Imaad Raashid
General Manager – Trading Division

Mr. Ahmed Imaad Raashid assumed his role as the General Manager of the Trading Division in 2024. Mr. Imaad, who joined the Company in 2014, has spent most of his tenure serving in various capacities within the Trading Division. Appointed as the Manager of the Trading Department in 2016, Mr. Imaad was responsible for the overall management of the department, developing marketing programs, and creating distribution methods for the Company's products.

After a brief stint at the Information and Technology Department from 2020 to 2021, during which he was a core team member in implementing the ERP system, particularly focusing on the sales and marketing module and inventory modules, Mr. Imaad rejoined the Trading Division as the Senior Manager of the Inventory Department. Prior to his current appointment, he served as the Sales Manager in the Division, overseeing the overall sales and marketing functions.

Mr. Ahmed Imaad Raashid holds a Master of Business Administration from the University of Wales, United Kingdom. Furthermore, he has earned a postgraduate diploma in Global Business Leadership from TASMAC India, accredited by the University of Wales. His academic achievements also include a Bachelor of Business Management Degree from the University of Mysore, India.

IN PICTURE: DESIGN AND CONSTRUCTION OF JETTY AT HA. HOARAFUSHI

BUSINESS REVIEW

BUSINESS REVIEW 2023

The operational structure of the Company was reorganised during the year in a drive to improve efficiency, streamline our operations and to ensure readiness for the new strategic direction that we plan to implement in the next few years.

A C-Suite of top executives comprising of a Chief Financial Officer, Chief Risk Officer, Chief Internal Auditor, Chief Engineering and Technical Officer, Chief Procurement Officer, Chief Project Management Officer, Chief Sales Officer and Chief Marketing and People Officer was established as part of the restructuring. The move is designed to ensure that the divisions under those segments work in unison to achieve the desired outcomes and achieve the objectives of the Company, while facilitating a high degree of autonomy for various functions, to gain efficiencies in our operations. Under the new structure, each division is headed by a General Manager.

Construction and Dredging has always been our core business, generating the highest revenue for the Company, while at the same time it is key to the development of national infrastructure Recognizing its importance to the Company and for the country, the Construction and Dredging function of the Company has been radically changed to generate its maximum potential. Under the new structure, the functions of the former Construction and Dredging Division has now been allocated to three specialised divisions, namely the Construction Projects Division, Dredging Projects Division, and the Construction Support Division, each led by a General Manager and headed by the Chief Project Management Officer.

In the restructuring process, the former Engineering and Docking Division was renamed Shipbuilding and Repair Division, and the boatyard was renamed MTCC Shipyard to reflect our intention to enter shipbuilding sector. Preliminary works to commence shipbuilding has already begun during the year. A feasibility study has already been completed with the assistance of a consultant hired to undertake the study. During the year preliminary work on expansion of docking facilities to cater to vessels of up to 2000 metric tonnes has also begun.

The RTL service launched in 2022 saw the expansion of its highspeed ferry service to Zone 5 and Zone 6 to cover the southernmost atolls of the country, connecting the islands of Addu City and Gaafu Alifu and Gaafu Dhaalu atolls. The highway link between Zone 5 and Zone 6 also became operational during the year. RTL Bus services were expanded in the Greater Male' Region to cater to the growing population in the region, especially in Hulhumale' Phase II. RTL bus services were also introduced in HA. Dhidhdhoo and HDh. Kulhudhufushi during the year.

During the year, new additions were made to our trading portfolio. Castoldi Waterjets, renowned as the premier waterjet worldwide, made its debut at the Marine Expo 2023. Additionally, Yanmar boats, encompassing fishing boats and luxury cruisers, were also unveiled at the Expo, supplementing our existing range of Yanmar products.

IN PICTURE: ASPHALT WORKS FOR THE AMEENEE MAGU STREET SCAPING

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CONSTRUCTION & DREDGING

IN PICTURE: CONSTRUCTION OF SHORE PROTECTION STRUCTURES IN M. KOLHUFUSHI

CONSTRUCTION & DREDGING

The infrastructure development projects executed by the Company are integrally linked to the nation's social and economic progress. Our reclamation projects support government initiatives to combat land scarcity, while our harbor development projects significantly impact the fisheries and logistics industries. Over the past four decades, these efforts have contributed substantially to the growth of various sectors in the nation.

We also prioritize environmental preservation through shore protection projects and support social development by constructing hospitals, schools, and sports facilities for the youth. Additionally, we enhance the transportation network by developing airports and roads, and we aid the tourism sector's expansion through reclamation and shore protection projects for new tourist resorts. The projects we completed in 2023 highlight our extensive contributions to multiple industries within the economy.

To improve efficiency and synergy, the Company restructured its Construction and Dredging segment as part of an organizational overhaul. Under the new structure, these projects now fall under the direct supervision of the Chief Executive Officer and are led by the Chief Projects Management Officer. This segment is organized into three divisions: the Construction Projects Division, the Dredging Projects Division, and the Construction Support Division, ensuring streamlined operations and enhanced collaboration across divisions.

SERVICE PORTFOLIO

- Dredging, reclamation and Coastal protection
- Harbour Construction
- Airport Construction
- Building Construction
- Road and Bridge Construction
- Water, Sewerage & Electrification
- Surveying (topographic, hydrographic, engineering)
- Environmental Consultation
- Architectural Design & Design Consultation

PROJECTS COMPLETED DURING THE YEAR

DREDGING, RECLAMATION & SHORE PROTECTION

NAMMOS NEDAFUSHI LAGOON, KAAFU ATOLL
DREDGING & RECLAMATION PROJECT

Reclaimed area:	12.8 hectares
Reclamation volume:	425,000 cubic metres

DHIGGARU, MEEMU ATOLL
LAND RECLAMATION & SHORE PROTECTION PROJECT

Reclaimed area:	25 hectares
Reclamation volume:	935,903 cubic metres
Filling on existing island:	109,556 cubic metres
Rock boulder revetment:	414.5 metres
Breakwater:	287.2 metres

KULHUDHUFFUSHI, HAA DHAALU ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Rock boulder revetment:	885 metres
Groyne:	30 metres

DHARAVANDHOO, BAA ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Breakwater:	448 metres
Rock boulder revetment:	144 metres
Beach filling:	10,800 cubic metres

KURENDHOO, LHAVIYANI ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Breakwater:	361 metres
Rock boulder revetment:	643 metres
Reprofiled revetment:	159 metres
Groyne:	142 metres

KUN'BURUDHOO, ALIFU DHAALU ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Reclamation/Backfill:	24,000 cubic metres
Rock boulder revetment:	430 metres
Geobag revetment:	235 metres
Beach replenishment:	7,171 cubic metres

FULIDHOO, VAAVU ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Reprofiled submerged breakwater to revetment:	90 metres
Groyne:	159 metres

KOLHUFUSHI, MEEMU ATOLL
CONSTRUCTION OF SHORE PROTECTION PROJECT

Swimming area dredging:	5,575 cubic metres
Central west area dredging:	4,108.5 cubic metres
Breakwater:	202.4 metres
Rock boulder revetment:	518.8 metres

GAADHIFFUSHI, THAA ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Beach filling:	18,894 cubic metres
Rock boulder revetment:	500 metres
Groyne:	15 metres

GAN, LAAMU ATOLL
DESIGN & CONSTRUCTION OF SHORE PROTECTION PROJECT

Beach nourishment:	1,129 cubic metres
Geobag revetment:	45 metres

PROJECTS COMPLETED DURING THE YEAR CONTINUED

HARBOUR & PORT DEVELOPMENT

HANIMAADHOO, HAA DHAALU ATOLL
DESIGN & CONSTRUCTION OF HARBOUR (UPGRADE) PROJECT

New basin dredging:	53,522.5 cubic metres
Channel dredging:	31,575 cubic metres
Breakwater:	338.5 metres
Rock boulder revetment:	221 metres
Groyne:	90 metres
Quay wall:	296 metres
Ramp:	11 metres x 11 metres
Jetty:	125 metres x 2 metres
Bridge:	22 metres x 2 metres
Harbour pavement:	2,713 square metres

Installation of mooring buoys, harbour lights and navigation lights.

FEYDHOO, SHAVIYANI ATOLL
DESIGN & CONSTRUCTION OF HARBOUR (UPGRADE) PROJECT

New basin dredging:	19,956 cubic metres
Existing basin dredging:	5,500 cubic metres
Channel dredging:	9,000 cubic metres
Breakwater:	317 metres
Submerged breakwater:	5 metres
Rock boulder revetment:	186 metres
Quay wall:	185 metres
Ramp:	11 metres x 11 metres
Harbour pavement:	1,782.27 square metres

Installation of harbour lights and navigation lights.

NOOMARAA, SHAVIYANI ATOLL
HARBOUR & CHANNEL DREDGING PROJECT

Basin & channel dredging: 6,347 cubic metres

VELIDHOO, NOONU ATOLL
DEVELOPMENT OF A BOAT BEACHING AREA PROJECT

Reclamation:	42,010 cubic metres
Breakwater:	100 metres
Rock boulder revetment:	214 metres

KINOLHAS, RAA ATOLL
DESIGN & CONSTRUCTION OF HARBOUR (UPGRADE) PROJECT

New basin dredging:	31,726 cubic metres
Existing basin dredging:	15,252 cubic metres
Boat beaching area dredging:	6,100 cubic metres
Channel dredging:	1,920 cubic metres
Breakwater:	285 metres
Rock boulder revetment:	65 metres
Rectification of existing quay wall:	172.3 metres
Quay wall:	182 metres
Groyne:	195 metres
Ramp:	10 metres x 9 metres
Jetty:	80 metres x 2 metres
Harbour pavement:	1,756.25 square metres

Installation of mooring buoys, quay wall mooring hooks, harbour lights and navigation lights.

MADUVVARI, RAA ATOLL
DESIGN & CONSTRUCTION OF SOUTH HARBOUR PROJECT

New basin dredging:	72,799.6 cubic metres
Breakwater:	434 metres
Rock boulder revetment:	426 metres
Quay wall:	583 metres
Ramp:	11 metres x 11 metres
Jetty:	260 metres x 2 metres
Bridge:	10 metres x 2 metres
Harbour pavement:	2,825 square metres

Installation of harbour lights and navigation lights.

FELIVARU, LHAVIYANI ATOLL
RECLALAMATION & HARBOUR DEVELOPMENT PROJECT

Basin dredging:	179,780.4 cubic metres
Breakwater:	225 metres
Rock boulder revetment:	287 metres
Sheet pile quay wall:	310 metres
L-block quay wall:	220.1 metres
Harbour pavement:	9.484.46 square metres

Installation of bollards and fenders.

HINNAVARU, LHAVIYANI ATOLL
CONSTRUCTION OF HARBOUR EXTENSION PROJECT

Basin dredging:	26,870.09 cubic metres
Reclamation:	32,585 cubic metres
Breakwater:	124 metres
Rock boulder revetment:	72.29 metres
Sheet pile quay wall:	269.53 metres
L-block quay wall:	421 metres
Groyne:	88 metres
Ramp:	11 metres x 11 metres
Jetty:	80 metres x 2 metres
Harbour pavement:	2,753.56 square metres

Installation of mooring buoys, bollards and harbour lights.

MEEDHOO, DHAALU ATOLL
DESIGN & CONSTRUCTION OF HARBOUR (UPGRADE) PROJECT

Basin dredging:	15,875 cubic metres
Rock boulder revetment:	35 metres
L-block quay wall:	295 metres
Ramp:	11 metres x 11 metres
Harbour pavement:	1,470 square metres
Existing harbour paving:	1,560 square metres
Existing harbour soil seepage rectification:	312 metres

Installation of mooring buoys mooring hooks and harbour lights.

HULHUDHOO, SEENU ATOLL
DESIGN & CONSTRUCTION OF HARBOUR PROJECT

New basin dredging:	96,945.04 cubic metres
Breakwater:	50 metres
Rock boulder revetment:	723 metres
Geobag revetment:	100 metres
L-block quay wall:	746 metres
Groyne:	65 metres
Ramp:	11 metres x 11 metres
Bridge:	25 metres x 6 metres
Harbour pavement:	3,710 square metres

Installation of mooring blocks, harbour lights and navigation lights.

BUILDING CONSTRUCTION

DEVELOPMENT OF JUVENILE JUSTICE UNIT (HALFWAY HOUSE) PROJECT
HOARAFUSHI, HAA ALIFU ATOLL

1,240 single storey building

DEVELOPEMNT OF A MULTI-PURPOSE HALL PROJECT
IHAVANDHOO SCHOOL
IHAVANDHOO, HAA ALIFU ATOLL

Completion works of multi-purpose hall

DEVELOPMENT OF OPD BUILDING PROJECT
KULHUDHUFFUSHI REGIONAL HOSPITAL
KULHUDUFFUSHI, HAA DHAALU ATOLL

Built-up area: 16,508 square feet

21 consultation rooms with connection walkway to existing building.

DEVELOPMENT OF A SOLID WASTE STORAGE SHED & ACCESS RAMP PROJECT
KUN'BURUDHOO, HAA DHAALU ATOLL

Reclamation:	1,021 square feet
Built-up area:	16,792 square feet
L-block quay wall:	49.5 metres

DHUVAAFARU, RAA ATOLL

Construction of 9 major roads (total length 2.2 kilometres) in Dhuvaafaru Phase 2.

MALE'

Asphalt works of Ameenee Magu (2,511 square metres) PROJECT

WATER SUPPLY & SEWERAGE SYSTEMS

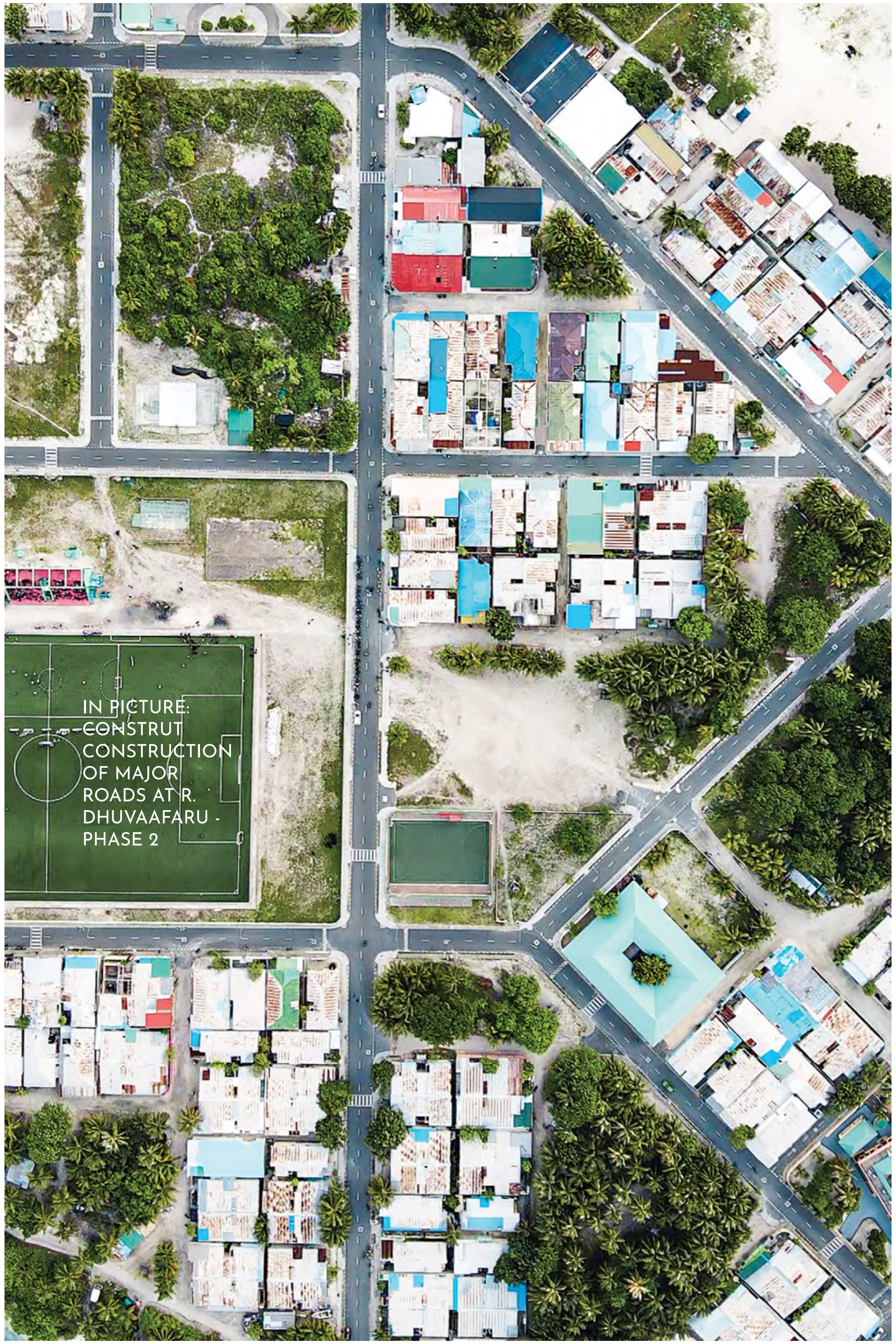
GAADHIFFUSHI, THAA ATOLL

Design and construction of water supply and sewerage facilities PROJECT

JETTIES

HOARAFUSHI, HAA ALIFU ATOLL

Channel dredging:	18,000 cubic metres
Geobag revetment:	49.4 metres
L-block quay wall:	44 metres
Installation of navigation lights	



IN PICTURE: ~~CONSTRUT~~ CONSTRUCTION OF MAJOR ROADS AT R. DHUVAAFARU - PHASE 2

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TRADING

IN PICTURE:
SAFARI
POWERED
BY YANMAR
ENGINE

TRADING

Pioneering Modernisation: In 1981, we began the ambitious task of modernizing the country's fishing fleet as part of a government initiative launched in 1974. Our primary focus was to streamline the engine procurement process for boat owners and establish comprehensive repair and maintenance facilities across the nation. This period marked the emergence of trading as a cornerstone of our operations. The significant milestone in our trading activity came in 1987, when we were designated as the official distributor of Yanmar Products in the Maldives. This achievement not only solidified our position in the market but also underscored our commitment to supporting the modernization the Maldivian fishing and marine industry.

Expanding our Products & Service Portfolio : We continuously strive to understand the needs of the local marine industry evolving with the market changes. Over the past four decades, our product portfolio has grown significantly, expanding from essential items such as engine oil and marine coatings to include outboard engines, generators, steering systems, and top-tier marine accessories. Today, our product portfolio also encompasses materials for boat building, reflecting our commitment to supporting the diverse and evolving needs of the marine industry.

Supporting the Marine Industry: We provide comprehensive services in addition to our product offerings. Our highly trained engineers and technicians offer expert technical advice to boat owners. Furthermore, we have introduced convenient financing options for those in the transport, tourism, and fisheries sectors seeking to acquire marine engines and related equipment. This blend of products, services, and financing option support ensures we effectively address the diverse needs of the marine industry.

OUR PRODUCT PORTFOLIO

EMPOWERING THE MALDIVES MARINE INDUSTRY WITH TOP BRANDS AND TAILORED SOLUTIONS.

Yanmar Marine Engines, Generators, and Water Pumps
Added to our portfolio in 1984

YANMAR is a name trusted throughout the world marine industry and is the leading marine diesel engine brand in the Maldives, chosen by 80% of Maldivian fishermen and vessel owners for its reliability and performance.

CASTROL LUBRICANTS
Added to our portfolio in 1994

Recognized as the world's leading specialist in lubrication solutions, Castrol dominates the lubricant market in the Maldives, with annual sales exceeding one million liters.

SUZUKI OUTBOARD ENGINES
Added to our portfolio in 2007

Among the world's leading brands in the marine industry, known for their lightweight, high performance, and fuel efficiency, Suzuki outboard motors has won numerous awards, and its product range varies from 2.5hp to 300hp.

PPG INDUSTRIAL AND MARINE COATINGS
Added to our portfolio in early 1990's

A world premium brand that offers solution-based products for various applications such as marine coatings, antifouling systems for marine vessels, tank coatings, and anticorrosive coatings for various superstructures.

CASTOLDI WATERJETS
Added to our portfolio in 2023

Castoldi Company is unanimously considered the innovator of the waterjet propulsion system. Since 1962 until today Castoldi is leading the edge with advanced concepts making its waterjet units efficient, long lasting, self contained and easy to maintain.

SCOTT BADER
Added to our portfolio in 2016

Solutions for boat builders with a wide range of products that include polyester resin, gelcoat, pigment pastes and various other chemicals and waxes, along with complimenting products required by the industry.

MAROL STEERING
Added to our portfolio in 2003

Specialized products in hydraulic and electronic steering controls for the marine industry. Marol Marine is the recognized leader in the field setting the highest standards of performance and durability.

DONALDSON FILTERS
Added to our portfolio in 2000

One of the most comprehensive filtration solutions required for any fleet. Donaldson product range includes air intake, lube, coolant and transmission filters for marine engines as well as a wide range of hydraulic filters and accessories for a variety of marine equipment.

NAKASHIMA PROPELLERS
Added to our portfolio in 1994

Optimized, integrated propeller for all types of vessels from small motorboats to large commercial vessels such as tankers and container careers.

BOATING ACCESSORIES
Quality boating accessories such as maintenance free batteries, electric water pumps, radars, blowers, flood lights and search lights.

INDUSTRIAL GAS
Our product range includes oxygen, acetylene, and argon. We offer customers the convenience to purchase industrial gas as and when required, without having to experience the complications in importing and storing gas for themselves.

SPARE PARTS
With a commitment to customer satisfaction, we maintain a diverse inventory of spare parts tailored to the specific needs of each product line we represent, facilitating swift replacements and minimizing downtime for our valued customers.

AFTERSALES SERVICING
Our service centre provides a range of after-sale services which includes product installation, configuration, maintenance, and repairs. The after- sales department provides engine testing services for the engines sold by MTCC. We cater to all warranty claims from our customers.

Technical Vessel Surveys & Inspections: Ensuring vessels meets OEM recomended engineering safety and operational standards.
Speed Calculation & Recommendation: Analyzing performance and engineering recommendation for maximum efficiency.
Commissioning & Engine Installation: Expert installation and commissioning for a seamless experience.
Sea Trials, propeller matching & Testing: Fine-tuning vessel with comprehensive on-the-sea testing and propeller matching.
Warranty Support & Claims: Facilitating warranty procedures and ensuring customers receive their entitled benefits.
OEM Authorized Servicing & Troubleshooting: Keeping engines running smoothly with expert technical support.
Expert Technical Consulting: Utilizing the expertise and experience of our team to help solve various challenges faced by our customers.
Customized Service Solutions (Servicing Contracts): An opportunity to partner with us to develop service contracts tailored to your specific needs.

KEY ACTIVITIES AND DEVELOPMENTS 2023

The Trading Division was established to serve key industries of the country, initially focusing on the fisheries sector with marine engines and engine spare parts. While we have remained steadfast in serving the fisheries sector, we have diversified our offerings to provide a wide range of products tailored to both fisheries and marine transportation sectors. Additionally, we have broadened our product range and extended our services to cater to other vital sectors such as tourism and construction.

Notably, in 2023, we introduced several new products into our portfolio, including Yanmar boats, Castoldi waterjets from Italy, and the powerful Yanmar 1400HP engine—the highest horsepower single engine sold in the Maldives.

Market visits are an integral part of our operations, providing us the opportunity to maintain direct contact with our customer base. This includes fishermen and vessel owners, engineers, transport service providers, players in the tourism sector, and companies undertaking major projects in the country. This year has been no exception. Our teams visited ten atolls, covering several islands with the objectives of promoting our marine product portfolio, creating awareness of our product range, and advising existing customers on the use and maintenance of our products. During these visits, meetings were held with island councils, existing customers, and potential customers. Site visits were also made to boat building sites for technical inspections of vessels.

INTRODUCTION OF NEW PRODUCTS & BRANDS

In collaboration with Yanmar Marine International Asia Co. Ltd., we proudly introduced Yanmar Boats to the Maldives in 2023. This marks an exciting addition to our portfolio and was unveiled at the Marine Expo 2023. At the event, we showcased the VF23AZ recreational fishing boat (Zarpa 23 II).
The Yanmar Boat lineup features the Fishing Cruiser series (ranging from 23 to 46 feet, including the Zarpa Series, EX Series, and Toprun Series) and the Luxury Cruiser series (available in 39 and 47 feet, including the X series). The newly introduced Fishing Cruiser, VF23AZ (Zarpa 23 II), has already undergone

testing in Maldivian waters. Furthermore, we have conducted product performance experience trials for interested stakeholders, including fishing enthusiasts and field professionals.
Introduction of Castoldi Waterjets (Italy)

In 2023, we expanded our product portfolio with the addition of Castoldi Waterjets from Italy. The "Distribution & Service Agreement" between Castoldi and MTCC was signed in March 2023, granting us the authorization to sell and provide aftersales support for Castoldi Waterjets in the Maldives.
Castoldi Waterjets made their debut in the Maldives aboard RTL high-speed ferries, powered by Yanmar 6CXBM-GT engines. Additionally, we showcased a TURBODRIVE 340 H.C. model of Castoldi Waterjet at the Marine Expo 2023.
Our focus with this product is to capitalize on and identify sectoral market opportunities in the country, particularly in creating an economical and reliable high-speed transportation solution for the public and the tourism sectors.

UNVEILING THE YANMAR 12AYM-WST (1400HP) ENGINE

Single engine with the highest horsepower introduced in the Maldives

The Yanmar 12AYM-WST (1400HP) engine was officially unveiled and exhibited at the Maldives Marine Expo 2023, held in Central Park, Hulhumale in March 2023. This engine holds the distinction of being the highest horsepower engine for a single engine introduced in the Maldives.

Following its debut, the engine was promptly installed and commissioned on a Safari Vessel in Utheemu, Haa Alifu Atoll. The vessel underwent undocking in July 2023, marking a significant milestone in our ongoing commitment to providing cutting-edge marine technology to our customers.

YANMAR SERVICE CAMPAIGN 2023

Gaafu Alifu and Gaafu Dhaalu Atolls – August 2023

In August 2023, as part of our ongoing Yanmar Service Campaign, our teams visited Gaafu Alifu Atoll and Gaafu Dhaalu Atoll. The primary aim of these visits was to engage with our existing customers and raise awareness about the importance of using genuine spare parts. Additionally, our teams sought to identify specific spare part requirements of our customers and discuss their overhaul schedules to ensure timely fulfillment of their needs.
A key objective of the Yanmar Service Campaign is to expand our market share, particularly for Yanmar spare parts, by enhancing brand awareness among our target audience. Through these initiatives, we aim to strengthen our relationship with customers and provide them with the support they need to optimize the performance and longevity of their Yanmar engines.

SUZUKI SERVICE PROGRAM 2023

Ukulhas, Alifu Alifu Atoll - July 2023

The Suzuki Service Program is an annual initiative aimed at providing comprehensive support to Suzuki users. In July 2023, our team visited Ukulhas in Alifu Alifu Atoll as part of this ongoing program. The primary objective of the visit was to raise awareness among existing customers about the importance of utilizing genuine spare parts and to assess their current spare part requirements.
During the visit, our team also identified the overhaul schedules of Suzuki users to ensure the timely availability of required spares in alignment with their maintenance schedules. By engaging with customers in this manner, we aim to enhance their understanding of the value of genuine spare parts and reinforce our commitment to delivering high-quality service and support.

SALES PROMOTION TRIPS 2023

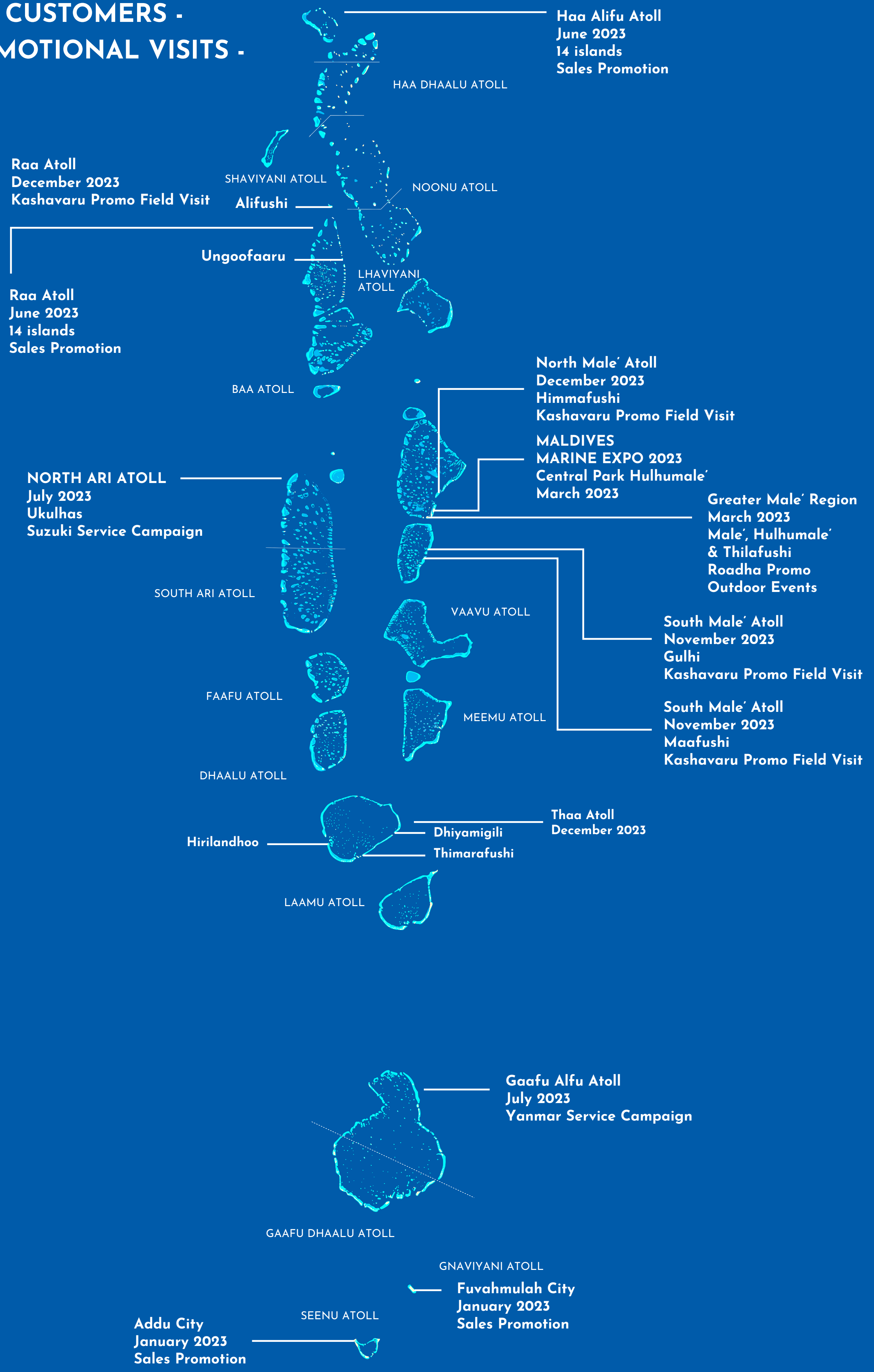
in 2023, we organized numerous sales promotion trips aimed at showcasing the diverse range of products within our portfolio and promoting upcoming promotions. During these trips, our dedicated teams engaged in a variety of activities to enhance customer engagement and identify potential sales opportunities.

Our teams conducted technical inspections of engines, offered valuable suggestions, and identified potential sales opportunities for a wide array of products, including Suzuki outboard engines, Yanmar engines and spare parts, as well as PPG Coatings and Castrol Lubricants. These efforts were aimed at maximizing our outreach and strengthening our market presence across multiple islands spanning ten atolls.

These sales promotion trips served as integral components of our marketing strategy, allowing us to directly engage with customers, understand their needs, and effectively promote our products and services throughout the year.

January 2023	Addu City
January 2023	Fuvahmulah City
June, December	2023 Raa Atoll
June 2023	Haa Alifu Atoll
July 2023	Alifu Alifu Atoll
July 2023	Gaafu Alifu Atoll
July 2023	Gaafu Dhaalu Atoll
November 2023	South Male' Atoll
December 2023	North Male' Atoll
December 2023	Thaa Atoll

REACHING OUT TO OUR CUSTOMERS - PROMOTIONAL VISITS - 2023



MALDIVES MARINE EXPO 2023 CENTRAL PARK HULHUMALE' MARCH 2023

Since its inception in 2014, the annual flagship event of the National Boating Association of Maldives has emerged as a pivotal gathering for the boating industry and marine transport sector in the Maldives. This prestigious exhibition attracts a multitude of local and international exhibitors representing various segments of the marine transport and related industries.

MTCC's active participation in the event as the main sponsor underscores its commitment to the boating industry and highlights the company's prominent position within this sector. By leveraging its role as the main sponsor, MTCC strategically ensures effective exposure of its brand, reinforcing its significance as a key player in the boating industry landscape.

The event serves as an invaluable platform for MTCC to showcase its comprehensive marine products portfolio and expand its customer base within the industry. Through engaging exhibitions and networking opportunities, MTCC capitalizes on this event to foster meaningful connections, enhance brand visibility, and drive business growth in the marine transport sector.

KASHAVARU PROMO CAMPAIGN NOVEMBER & DECEMBER 2023

"Kashavaru Promo" is an annual promotional campaign organized by MTCC, offering customers the opportunity to purchase products at discounted prices. The 2023 edition of the campaign took place from November to December, commencing with a launch event at the MTCC Kashavaru showroom in November.

Throughout the campaign period, MTCC conducted extensive field visits to diverse locations within the Greater Male' Region, as well as selected atolls and islands. These visits aimed to promote the "Kashavaru Promo" and raise awareness among boat owners about the benefits of participating.

While the primary objective of these events and visits was to promote the "Kashavaru Promo" campaign, they also served as valuable opportunities to enhance customer awareness of MTCC's product portfolio. Engaging with customers during these interactions further strengthened the bond between them and the company.

Field visits during November and December included stops at Himmafushi, Maafushi, and Gulhi in the Male' Atoll, events at Ukulhas in Alifu Alifu Atoll, visits to Thimarafushi, Hirilandhoo, and Dhiyamigili in Thaa Atoll, and visits to Ungoofaaru and Alifushi in Raa Atoll. Additionally, outdoor events were organized in Male', Thilafushi, Hulhumale', and Villimale' during the campaign period.

ROADHA PROMO CAMPAIGN MARCH 2023

"Roadha Promo" is an annual promotional event conducted by MTCC. The 2023 edition of the promo was launched in March, coinciding with the Ramadan season. Held at the Kashavaru Showroom, this month-long promotion offered customers the opportunity to purchase selected products at discounted prices.
During the promotion period, MTCC's teams actively engaged with vessel owners and operators in the Male' and Hulhumale' Harbor Areas. Their objective was to raise awareness of the promotional offers available at the "Roadha Promo" and provide detailed information about the brands and product range featured in the event.
Additionally, as part of the promotional campaign, site visits were conducted to industrial sites, dockyards, and repair and maintenance facilities located at Thilafushi. These visits aimed to extend the reach of the promotion and ensure that potential customers across various sectors were informed about the available discounts and product offerings.

STAFF TRAINING

Development of product knowledge
Throughout the year, MTCC conducted multiple product training sessions to ensure that sales and operational staff are well-versed with the latest products in the company's portfolio. Some of the key training sessions included:

- DICL (Industrial Gas Handling): Equipping staff with the necessary skills for safe and efficient handling of industrial gases.
- Yanmar Spares Training: Focusing on imparting knowledge about spare parts for Yanmar engines, enhancing staff proficiency in servicing these products.
- Castoldi Training: Providing insights into the features and maintenance of Castoldi waterjets, a valuable addition to the company's product offerings.
- YASC Portal Training: Training sessions aimed at familiarizing staff with the YASC portal, facilitating efficient product management and customer service.
- Dismantling of Yanmar 6AY Engines Training: Enhancing technical expertise by providing hands-on experience in dismantling Yanmar 6AY engines for maintenance purposes.

- SUZUKI DF350A & DF325A Technical Service Seminar: Offering comprehensive technical training on servicing Suzuki outboard engines for optimal performance.
- Besides product training, the company also conducted technical and refresher training sessions to keep staff updated with the latest industry trends and practices.

CUSTOMER SERVICE TRAINING

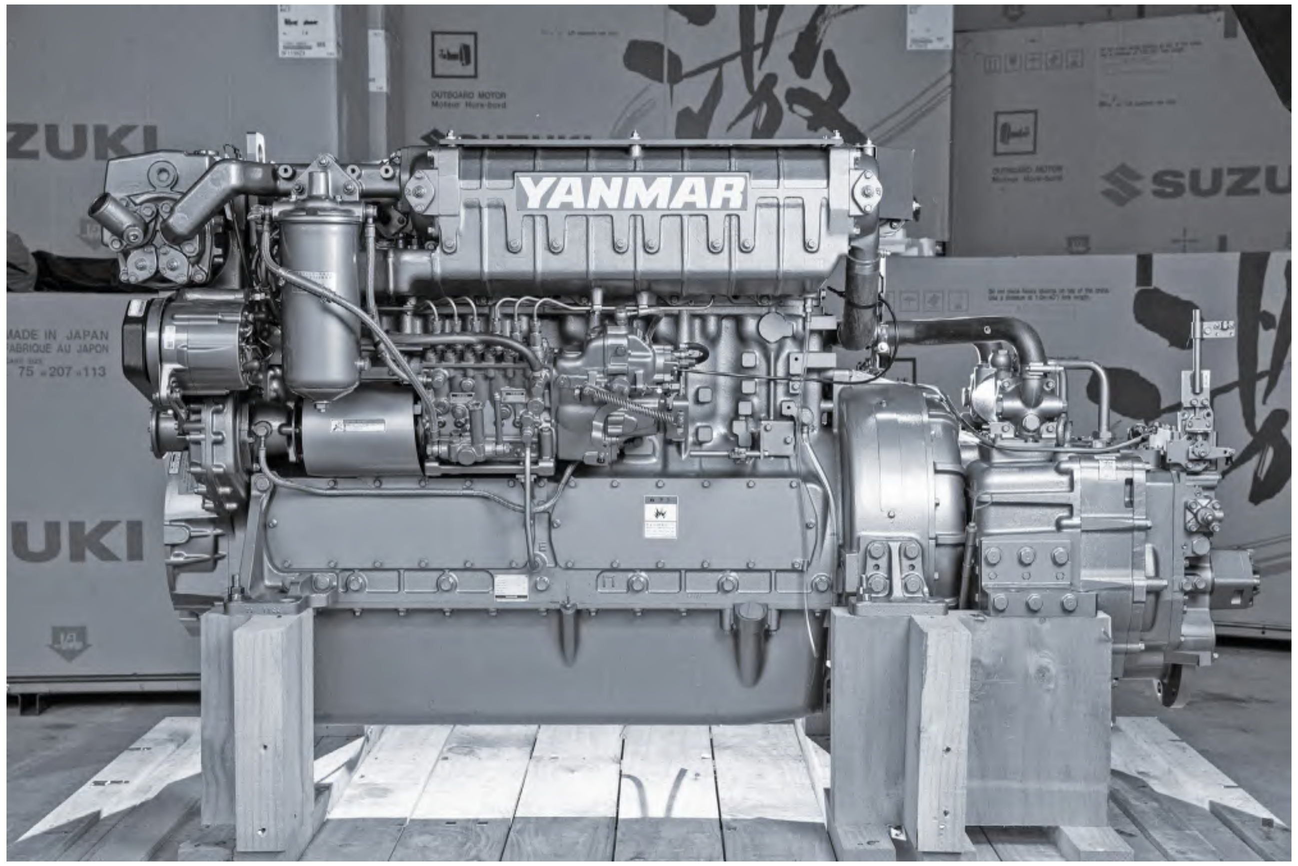
Recognizing the importance of delivering exceptional customer service, MTCC organized various training programs aimed at maintaining high service standards. Key initiatives included:

- Customer Service Excellence Training: Empowering sales staff with the skills to deliver outstanding customer experiences, thereby enhancing customer satisfaction and loyalty.
- Training of Trainers: Equipping field trainers with the necessary tools and knowledge to effectively train staff in customer service practices.
- Customized Training: Tailored training sessions were conducted for administrative, operational, and managerial staff to address specific needs and strengthen divisional operations.

ADDITIONAL TRAINING PROGRAMS

MTCC also conducted a series of diverse training programs covering areas such as time management, cost accounting, ERP modules, team development, and leadership. These initiatives aimed at fostering a culture of continuous learning and professional development across the organization, strengthening the operations of the Division.

IN PICTURE: MTCC AFTERSALES SERVICE CENTRE



IN PICTURE: MTCC RECEIVED DOCK YARD / SLIPWAY OF THE YEAR AWARD AT MALDIVES BOATING AWARDS 2023

IN PICTURE: MTCC RECEIVED MARINE ENGINEERING SERVICE PROVIDER OF THE YEAR (MAIN ENGINE) AWARD FOR YANMAR AT MALDIVES BOATING AWARDS 2023


SUZUKI MARINE
SUZUKI

85

TRANSPORT SERVICES

IN PICTURE:
TRANSPORT
BUS UNVEILING
CEREMONY

TRANSPORT SERVICES

MARINE TRANSPORT SERVICE PORTFOLIO

Ferry Link East	
Hulhumalé Ferry Services	Our Hulhumalé Ferry service in the Malé-Hulhumalé sector.

Ferry Link West	
Villimalé Ferry Services	Ferry services between Malé and Villimalé,
Thilafushi Ferry Services	Ferry services between Malé and Thilafushi
Gulhifalhu Ferry Services	Ferry services between Malé and Gulhifalhu.
Cargo Service	Cargo delivery service to and from Malé, Villimale, Gulhifalhu & Thilafushi.

Intra Atoll & Inter Atoll Ferry Services (Comprehensive Transport Network)	
Zone 1	Haa Alifu, Haa Dhaalu & Shaviyani Atoll
Zone 2	Noonu, Raa, Baa & Lhaviyani Atoll
Zone 3	Kaafu, Alifu Alifu, Alifu Dhaalu & Vaavu Atoll
Zone 4	Meemu, Faafu, Dhaalu, Thaa & Laamu Atoll with High speed ferry in Meemu Atoll
Zone 5	Gaafu Alifu & Gaafu Dhaalu Atoll
Zone 6	Addu City & Fuvahmulah City

RTL Highspeed ferry service	
Zone 1	Haa Alifu, Haa Dhaalu & Shaviyani Atoll
Zone 2	Lhaviyani Atoll
Zone 5	Gaafu Alifu & Gaafu Dhaalu Atoll
Zone 5 to Zone 6	Highway link between the zones

LAND TRANSPORT SERVICE PORTFOLIO

Greater Malé Region Bus Services	
RTL Bus Services	Malé – Hulhumalé Phase I
	Malé – Hulhumalé Phase II
	Malé – Velana International Airport
	Hulhumalé Phase I – Hulhumalé Phase II
	Hulhumalé Phase I - Velana International Airport
	Hulhumalé Phase II - Malé
	Hulhumalé Phase II – Velana International Airport

Malé Bus Services	
Malé Minibus Service	Malé minibus service provided on three routes

Villimalé Bus Services	
Villimalé Minibus Service	Minibus service in Villimalé on 2 routes

Addu City Bus Services	
RTL Bus Services	School Bus service
	Hithadhoo – Gan
	Hulhumeedhoo

Fuvahmulah City Bus Services	
RTL Bus Services	Fuvahmulah minibus service provided on 3 routes

Laamu Atoll Bus Services	
RTL Bus Services	Fonadhoo – Gan Thun'di

Kulhudhuffushi City Bus Services	
RTL Bus Services	Kulhudhuffushi minibus service provided on 2 routes

H.A. Dhidhdhooo Bus Services	
RTL Bus Services	Dhidhdhoo minibus service provided on 1 route

Charters & Private Hire	
Private Hire	Bus hire service within Hulhumalé and between Hulhumalé, VIA and Malé

EXPANSION OF RTL PUBLIC SPEED FERRY NETWORK

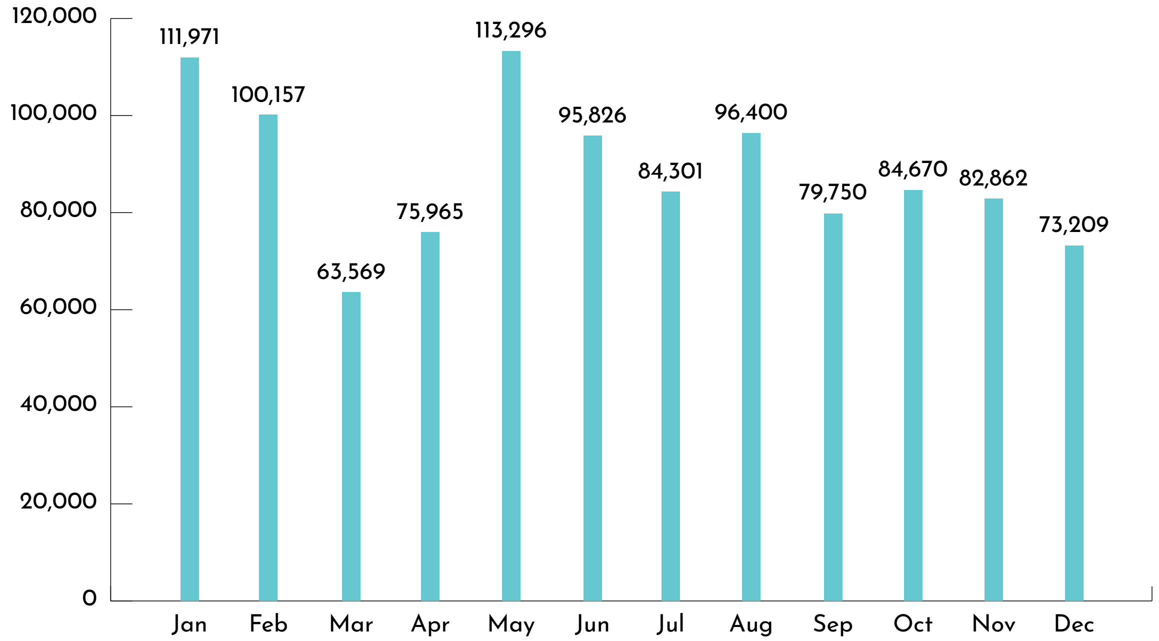
EXPANSION OF RTL SPEED FERRY NETWORK

The RTL high speed ferry service which offers high speed connectivity between the island was launched in August 2022. Work on the first phase commenced in 2021 with the signing of the Service Agreement between the Company and the Ministry of National Planning Housing and Infrastructure. By the beginning of the 2023 RTL Speed Ferry Service was operational in Zone 1 – Haa Alifu Atoll and in Zone 2 – Lhaviyani Atoll. RTL Speed Ferry services in Zone 5 which includes Gaafu Alifu Atoll and Gaafu Dhaalu Atoll commenced during the third quarter of 2023 along with a highway link between Zone 5 and Zone 6 (Addu City).

EXPANSION OF RTL BUS SERVICES IN THE GREATER MALÉ REGION

Our public land transport services in the Greater Malé Region serve as a crucial transportation link between the three major hubs in Greater Malé: Malé, Hulhumalé, and Velana International Airport (VIA). RTL bus services play a vital role in connecting people to work, education, and social activities, catering to locals, work permit holders, and tourists alike.
The year 2022 witnessed significant expansion of RTL bus service in Greater Male region, driven by the rapid population growth in Hulhumalé, particularly with the influx of residents to Hulhumalé Phase II. This expansion trend continued into 2023, fueled by the completion of additional housing projects and the consequent rise in Hulhumalé's population. During the second quarter of 2023, the final circuit in the internal Malé RTL bus network, the Sosun Route, was introduced. Additionally, EV RTL bus services was launched in Villimalé in January 2023, marking a significant step towards sustainable and eco-friendly transportations solutions.

RTL BUS SERVICE - MALE' INTERNAL ROUTES
NO. OF PASSENGERS 2023



13.5 Million

Public Transport Network in Greater Malé Area recorded a total of 13.5 million commutes in 2023

In 2023, the Greater Male´ Area recorded a total of 13.5 million public transport commutes, including 8.1 million commutes on the RTL Bus service (2022: 6.2 million commutes).

8.1 Million

RTL Bus Service in Greater Male´ Area recorded a total of 8.1 million commutes in 2023

FARE AUTOMATION AND IMPROVEMENTS TO RTL BUS SERVICE.

During the year, the nationwide RTL Bus Network underwent significant improvements aimed at enhancing the commuting experience for our passengers. This included the integration of an EMV payment system and introduction of the RTL wallet, simplifying fare transactions for greater customer convenience.

Notable enhancements were implemented on the R5 Hulhumale Internal Route, which now includes stops at the new CHSE campus, Orange Hiya, and Treetop Hospital, catering to the evolving needs of commuters. Furthermore, routes such as R1 and R7 (West Park – Hulhumale Phase 1 and 2) extended their operating hours to offer round-the-clock service, further improving accessibility for passengers.

Additionally, we introduced free travel privileges for all students enrolled in higher education institutions registered in the Maldives. This initiative allows students to travel for free on all bus routes upon presenting their college or university student cards, supporting their educational pursuits and promoting accessibility to transportation services.

SERVICE IMPROVEMENTS IN THE GREATER MALÉ FERRY NETWORK

In 2023, significant efforts were directed towards expanding and renovating the public ferry terminals across the Greater Malé Area. This involved refurbishing projects at Villimalé Ferry Terminal, Henveiru Ferry Terminal, and Hulhumalé Ferry Terminal. The renovation of Hulhumalé Ferry Terminal reached completion during the last quarter of the year. Progress was also made on Maafannu Ferry Terminal Extension Project by the end of the year. Moreover, adjustments to the Hulhumalé Ferry Schedule were introduced to better align services with customer demand.

EXPANSION OF RTL BUS SERVICES TO ADDITIONAL REGIONS

During the third quarter of the year, the introduction of RTL Bus Services in H.A. Dhidhdhoo and H.Dh. Kulhudhuffushi marked a significant expansion of our RTL Land Transport Network. This expansion, which built upon existing services in Addu City, Fuvahmulah City, and Laamu Atoll, aimed to enhance connectivity and accessibility within these regions. With the expansion of RTL Bus Services to these new regions, residents and visitors gained improved access to reliable and convenient public transportation options, facilitating easier mobility for daily commutes, travel, and other activities.

COMMENCMENT OF SPEED FERRY SERVICE IN MEEMU ATOLL UNDER CTN

In response to the growing transportation needs within Meemu Atoll, a new public speed ferry service was introduced to the existing CTN ferry network in Meemu Atoll during the third quarter of the year. This service was designed to provide fast connectivity between the different islands comprising the atoll. The introduction of this service aimed to enhance transportation infrastructure and facilitate smoother movement of people and goods across Meemu Atoll, thereby contributing to the overall development and connectivity of the region.

IMPROVEMENTS TO RTL TRAVEL APP

Throughout the year, significant advancements were made to enhance the RTL travel app, aimed at providing users with a more streamlined and efficient experience. These developments included rigorous testing and successful implementation of various features. Among these features were live tracking, which allowed users to monitor the real-time location of their desired transportation, ensuring greater convenience and reliability in planning their journeys. Additionally, dynamic ferry schedules were introduced, enabling users to access up-to-date information on ferry timings, facilitating better trip planning and reducing wait times. Push notifications and in-app alerts were also integrated, enabling the app to provide timely updates and relevant information to users, further enhancing their overall travel experience. These improvements underscored our commitment to leveraging technology to optimize the functionality and usability of the RTL travel app, ultimately enhancing the satisfaction and convenience of our customers.

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SHIPBUILDING
& REPAIR

SHIPBUILDING & REPAIR

The Shipbuilding and Repair Division plays a crucial role within our company by overseeing the docking and maintenance needs of our diverse internal marine fleet, comprising vessels constructed from a variety of materials, including steel, fiberglass, and wood. We also provide docking and engineering services to external clients, further extending our expertise beyond the confines of our company.

While these core functions have been the backbone of our division's operations, we are currently directing our attention towards the development and expansion of shipbuilding facilities at our Shipyard in K.Thilafushi. This strategic shift marks a significant milestone for our company, as it holds the potential to fundamentally transform our business profile. By investing in the enhancement of our shipbuilding capabilities, we aim to position ourselves at the forefront of the maritime industry, catering to a broader range of client needs and expanding our scope of operations. This initiative underscores our commitment to innovation and growth, paving the way for a more dynamic and sustainable future for our company.

FACILITIES & SERVICES

The Shipbuilding and Repair operation of the Company is based in Thilafushi, in Male' Atoll. The facility has a 200-tonne boat hoist and a 200-metre slipway to cater to the wide range of vessels that it serves. Our docking service is also offered for vessels of various sizes using cranes via duplex slings, slipway, boat trailer and air bag technology, along with a comprehensive range of complementing engineering services.
We offer a comprehensive suite of services, encompassing dry-docking, welding, metal fabrication, marine engineering, fiber and woodwork, machine-shop services, and electrical and electronics maintenance. Furthermore, we provide support services, catering to the freshwater and electrical needs of our customers during the docking.

DOCKING SERVICE

In 2023, a total of 222 vessels, comprising both our internal fleet of vessels and vessels from external parties, utilized our docking service at K. Thilafushi Shipyard. Notably, 89% of these vessels belonged to external parties, emphasizing the Division's reputation and trust within the local maritime industry.

SHIP REPAIR & MAINTENANCE SERVICES

During the year, we conducted major repair services on 27 vessels, with a significant portion of jobs belonging to external parties. This highlights our capability to address the diverse internal repair needs, ensuring the operational integrity of vessels under our care.

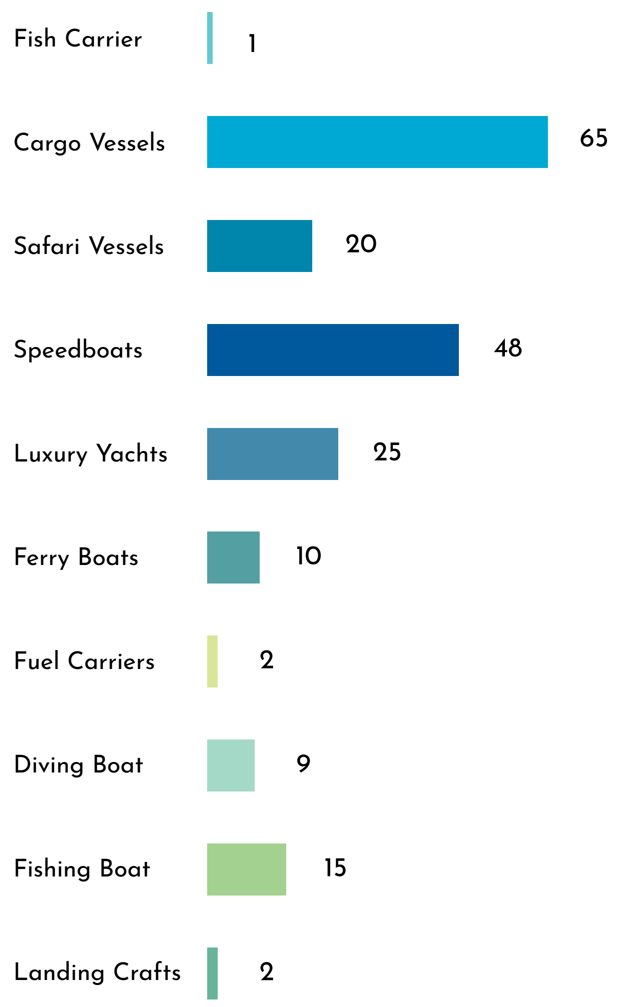
IMPLEMENTATION OF NEW ORGANISATIONAL STRUCTURE

In 2023, our engineering and docking service underwent a significant internal organizational restructuring aimed at optimizing operations and improving efficiency. One of the pivotal changes involved renaming the Division responsible for engineering and docking portfolio to Shipbuilding and Repair Division. This decision was accompanied by an internal restructuring process, which saw the establishment of five distinct departments within the division. Each department was carefully designed to fulfill specific functions and contribute to the overall effectiveness of our operations.

- The Commercial Planning Department was tasked with strategic planning and developing commercial strategies to drive business growth.
- The Production and Repair Department focused on overseeing the actual shipbuilding and repair processes, ensuring that projects were completed efficiently and to the highest standards.
- The Inventory Control Department was responsible for managing inventory levels, optimizing stock levels, and ensuring smooth supply chain operations.
- The QA/QC and HSE Department integrated quality management systems to maintain high standards of quality control and ensure compliance with health, safety, and environmental regulations.
- The Administration Department handled administrative tasks, including human resources, finance, and general office management, to support the smooth functioning of the division.
- Moreover, as part of this restructuring initiative, we decided to rebrand the boatyard, previously known as MTCC Boatyard, to "MTCC Shipyard." This renaming was not merely cosmetic but signified our renewed focus and commitment to shipbuilding and repair services. This change were meticulously planned and executed, with the new internal structure being fully implemented in August 2023.

PRELIMINARY WORKS RELATED SHIPBUILDING

During the year, we finalized the Feasibility Study on venturing in to Shipbuilding service was conducted in collaboration with an international consultant. Additionally, we formulated a comprehensive framework proposal outlining the transition of MTCC Shipyard into a nationally recognized shipbuilding facility. These initiatives represent crucial steps in our preliminary efforts towards establishing this innovative venture.



EXPANSION OF DOCKING FACILITIES

In pursuit of our goal to enhance our shipyard facilities, we conducted the initial assessment which includes Bathymetric and Environmental Impact Assessment (EIA) to support the development of a new slipway capable of accommodating vessels weighing up to 3000 metric tons. Additionally, we successfully completed the tendering process to engage a consultant responsible for overseeing the construction of the slipway project.
Furthermore, we initiated the development of a new Shipyard Management System (SMS) in collaboration with our Information Communication Technology Division (ICTD). By the end of the year, approximately 60% of the system's development had been accomplished, with plans for its full implementation in 2024.

EXPANDING THE SHIPYARD'S CAPACITY

In line with our ongoing commitment to improving the Division's spatial and technical capacities, construction began on a new steel and metal fabrication workshop in 2023. By year-end, approximately fifty percent of the construction work of this new facility had been completed. Moreover, we acquired new machinery and equipment, including a 100-ton crane and other assets valued at over MVR 10 million, which were integrated into the Division's operational inventory, further enhancing our operational capabilities.

MAINTENANCE OF RTL VESSELS

As the Division responsible for the upkeep and repair of our internal fleet of marine vessels, the Shipbuilding and Repair Division was tasked with the crucial task of maintaining the vessels utilized in our RTL speed ferry Network. With the expansion of the RTL operation in 2023, and to guarantee the effective maintenance of these vessels, we deployed our technical staff to three zones where RTL high-speed ferry services are active. Furthermore, the Division has assumed supervisory responsibilities in the fabrication and commissioning of vessels utilized in the RTL Speed ferry Network.

REPAIR SERVICES

During the year we conducted major repair services on 27 vessels, with 14 of them belonging to the Company's fleet and the remaining 13 owned by external parties.

09 HUMAN RESOURCES

HUMAN RESOURCES

OUR TEAM

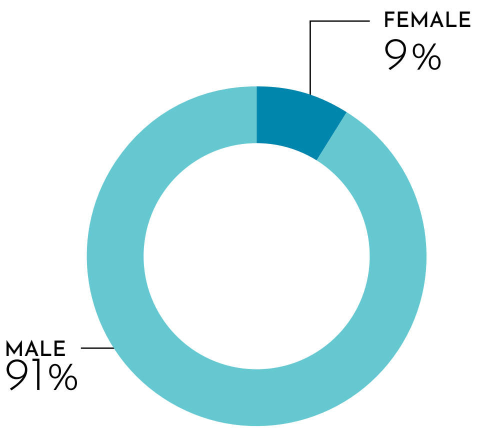
In 2023, we continued our focus on improving employee productivity through workforce engagement and enhancing the knowledge and skills of our workforce by strengthening the recruitment and selection process, improving the rewards and recognition systems, and bolstering the talent management process.

STAFF STRENGTH

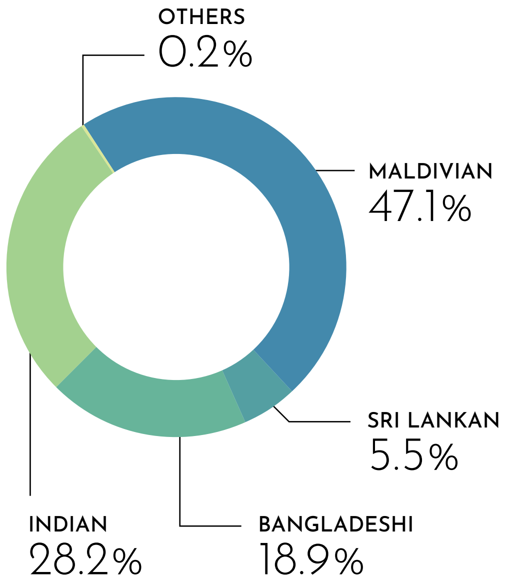
4507
AS OF 31 DECEMBER 2023

Staff strength increased by over 11.5% year-on-year due to new recruitments made to accommodate the growing volume of work undertaken by the Company.

DIVERSITY



Percentage of employees by gender



Percentage of employees by nationality

Efforts were made to sustain and increase the proportion of female employees with priority given to hire female employees for areas of work that are traditionally male dominated. As a result, the Company was able to increase the proportion of female to male workers in spite of the significant growth in the workforce. As of end 2022, 13% of the Company's workforce was made up of females compared to 9% as of end 2021.

At the same time efforts to increase the number of Maldivian employees, proved to be successful during the year.

This was achieved through rigorous recruitment for Hunavaru licensing program and Hunavaru technical skill development programs as well as efforts made to recruit Maldivian staff for CDD Projects and RTL operations.

Recruitment team conducted walk-in interviews across the nation to recruit Maldivians to fill open vacancies.

It is notable that despite the large recruitment drive and the increase in the workforce by over 27%, the Company was able to sustain the ratio of Maldivians to expatriates working in the Company. The number of Maldivians employed at the Company increased by 28% from 1680 as at end 2021 to 2150 as at end 2022.

TECHNICAL STAFF CERTIFIED BY PROFESSIONAL BODY

2
STRUCTURAL ENGINEER

1
SENIOR QUANTITY SURVEYING MANAGER

2
EIA CONSULTANT

2
ENVIRONMENTAL ENGINEER

5
LAWYERS

2
AUDITORS

3
ARCHITECTS

STAFF TRAINING

Aligning with the key HR objectives for the year, staff training was given the highest priority in 2023.

281
NO. OF TRAINING PROGRAMS CONDUCTED

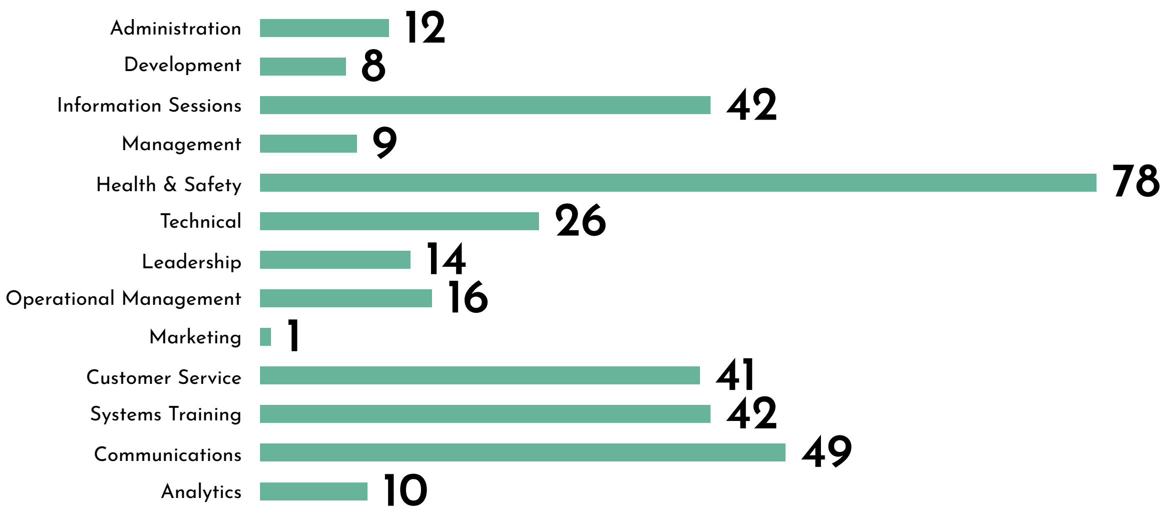
23,653
NO. OF PERSON HOURS OF TRAINING

1646
NO. OF STAFF TRAINED

A total of 23,653 person-hours of training were completed through various staff training programs conducted throughout the year. These programs included in-house training, overseas training, online courses, and training at local educational institutions.

TRAINING PROGRAMS BY AREA OF TRAINING

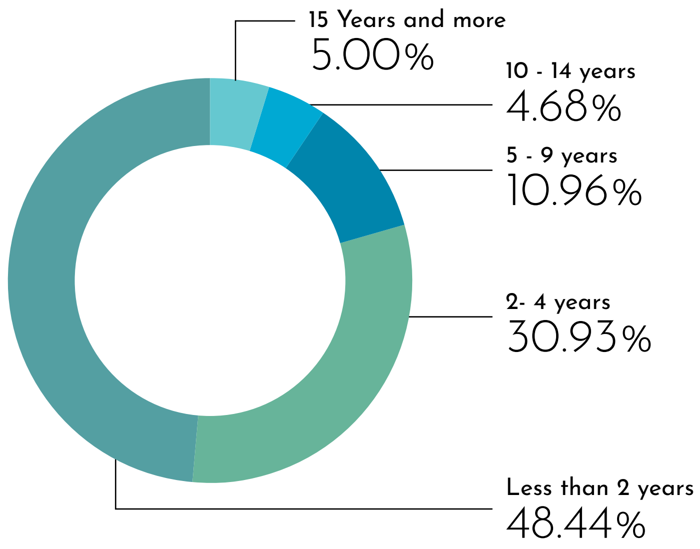
While the Company conducted or sponsored 281 training programs, the highest number were in the areas of health and safety, communications, systems training, and customer service. Training in these areas accounted for over 60% of the total training programs organized by the Company during the year.



TENURE

As of the end of 2023, 9.7% of the staff have been employed at the Company for over 10 years, and within that 10%, 5% have completed a tenure of more than 15 years. Due to the increase in new recruits over the last two years, 48% of the staff have been with the Company for less than two years.

Eight members of the staff were awarded with retirement benefit and plaque for completion of 20 years of service in the Company.



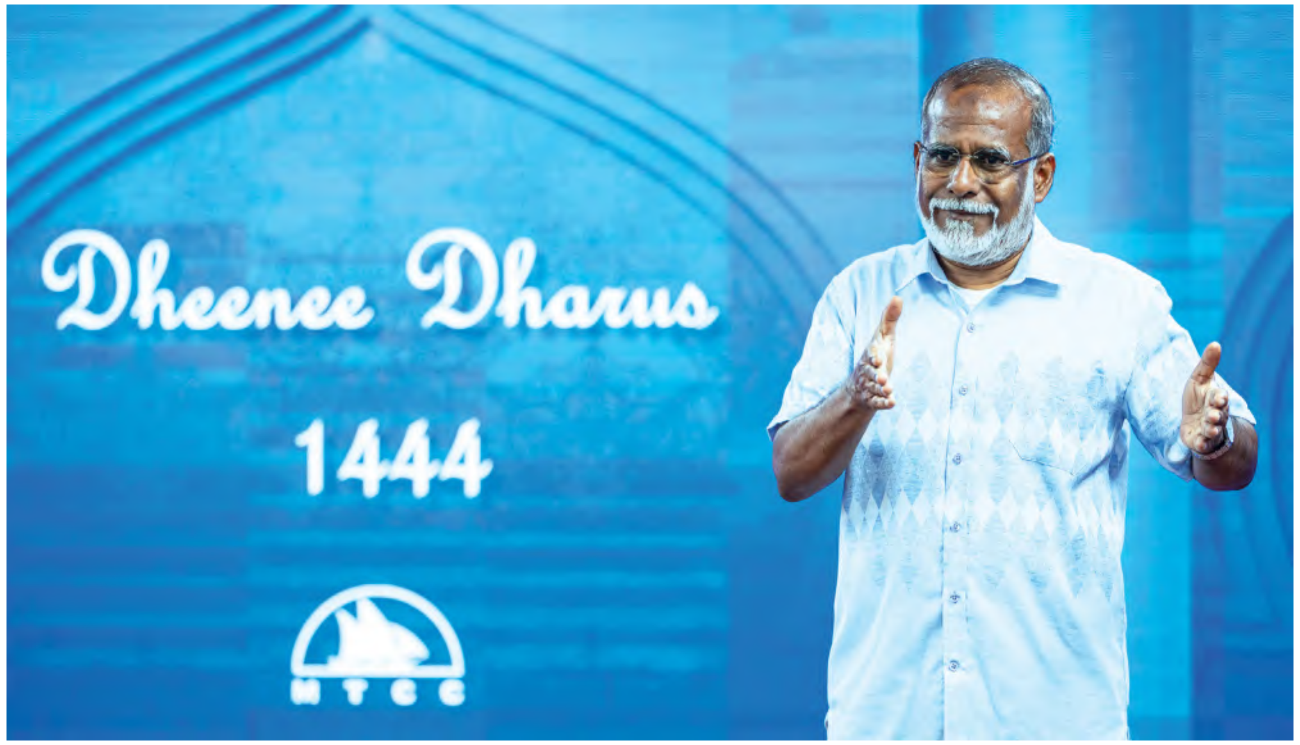

119
CLUB
MTCC

CLUB MTCC

Club MTCC serves as the core of social interaction within the company, significantly contributing to fostering unity among MTCC team members. It offers a platform for developing team spirit, friendship, and unity. The vision of Club MTCC is to cultivate a friendly, health-conscious, responsible, and community-focused organization with a winning mentality through recreational and social activities. Besides representing the company in external tournaments and events, the Club also organizes its own sports and social activities to enhance motivation and reinforce the team's winning spirit.

INTER OFFICE FAIGATHALHAA FOARI 2023 (FEBRUARY)
- Team MTCC represented the company in the Inter Office Faigathalha Tournament 'Faigathalha Foari 2023'.
- Participated in both male and female categories.
- The competition fostered inter-company relationships and competitive spirit.

ACTIVITIES & ACHIEVEMENTS



IN PICTURE: CLUBMTCC HOSTS RELIGIOUS SERMON AND THARAWEEH FEAST FOR EMPLOYEES IN THE SPIRIT OF RAMADAN

IN 2023

MTCC FAIGATHALHAA FOARI 2023 (FEBRUARY)
- Club MTCC organized a one-day 'MTCC Faigathalha Foari 2023' tournament, a local dodgeball game, held in Hulhumale'.
- The tournament featured twelve teams, with six women's teams.
- Competitions were held separately for male and female categories with a total of 120 participants.
- The event emphasized team collaboration and friendly competition among staff.

MTCC MAS RACE 2023 WITH MAAHEFUN (Q1)
- A highlight of the first quarter, this one-day fishing tournament saw significant engagement.
- Featured thirty-two teams with active participation by 380 staff members.
- Concluded with 'MTCC Maahefun 1444," a traditional feast welcoming the holy month of Ramazan.
- The event promoted camaraderie and cultural traditions among staff.

CLUB MTCC DHARUS (RAMAZAN 1444)
- In the spirit of Ramazan, Club MTCC organized a religious sermon and Tharaweeh feast.
- The sermon, delivered by Dr. Ibrahim Zakariyya Moosa, Vice Chancellor of the Islamic University of Maldives, highlighted the importance of discipline and sincere intentions in both work and personal life.
- This event fostered spiritual growth and unity among employees.

MTCC FAIGATHALHA FOARI 2023 HELD BY CLUBMTCC

MTCC INTERNAL VOLLEYBALL TOURNAMENT (MAY 2023)
- Featured a Men's Division (7 teams) and a Women's Division (4 teams).
- Group matches were held at Maldives Police Volleyball Grounds, with finals at Hulhumale' Ferry Terminal Grounds.
- The tournament promoted physical fitness and teamwork among staff members.

MTCC FUTSAL CUP (MAY 2023)
- Held at Rehendhi Futsal Ground in Hulhumale'.
- Featured twenty-two teams, including four women's teams.
- The event encouraged athleticism and provided a competitive yet fun environment for participants.

INTER OFFICE BAIBALA CHALLENGE (JUNE 2023)
- MTCC participated in the inaugural Inter Office Baibala Tournament organized by the Baibala Association of Maldives.
- A 17-member team competed in the "Group of Death" against teams from STO, Road Recreation Club, Club WAMCO, and Team FMT.
- This participation highlighted MTCC's commitment to engaging in diverse cultural sports.

MFCC FUTSAL CHALLENGE (ADDU CITY)
- The MTCC team reached the finals of the MFCC Futsal Challenge organized by S. Maradhoo Feydhoo Community Center.
- Despite a robust performance, the team was defeated by Fenaka in the final match.
- Ali Liruam from Team MTCC was recognized among the top five players of the tournament.

CLUB MALDIVES CUP 2023 (JULY 2023)
- Club MTCC participated in the Club Maldives Futsal Cup, drawn in Group A with Baros, Maldivian, and STELCO.
- Despite a spirited effort, the team did not advance past the group stage.
- This experience provided valuable exposure and competitive experience for the team.

THE MTCC TEAM COMPETING IN THE INTER-OFFICER BAIBALAA CHALLENGE 2023

INTER OFFICE CARROM TOURNAMENT 2023

- MTCC's men's team reached the finals in this year's inter-office carrom tournament.
- They narrowly lost to Maldives Airports Company Limited in a tense final.
- The participation emphasized MTCC's engagement in traditional games and team activities.

MTCC FANTASY PREMIER LEAGUE (AUGUST 2023)

- Club MTCC launched the Fantasy Premier League competition for staff.
- 116 employees participated, fostering friendly competition and sportsmanship.

FUNDRAISING FOR PALESTINE (OCTOBER-NOVEMBER 2023)

- A CSR initiative to raise funds for victims of the ongoing conflict in Palestine.
- The fundraiser, open to staff, collected MVR 31,294.45 through direct transfers and fund boxes placed in various company locations.
- This initiative showcased MTCC's commitment to global humanitarian efforts.

MEN'S DAY CELEBRATIONS (NOVEMBER 19, 2023)

- To celebrate International Men's Day, Club MTCC sent cakes to all divisions.
- This gesture appreciated the contributions of male staff members and promoted workplace camaraderie.

GDH. THINADHOO CITY COUNCIL AND WDC FUTSAL FIESTA 2023 (DECEMBER 2023)

- A team of staff from MTCC Transport Service Division's Zones 5 and 6 participated in the first-ever Futsal Fiesta.
- The team reached the Men's Quarter Finals.
- This event provided an opportunity for regional engagement and showcased the athletic talent within MTCC.

MTCC CELEBRATED INTERNATIONAL FAMILIES DAY WITH BRING YOUR KIDS TO WORK EVENT

STUDENTS FROM KEYODHOO SCHOOL EMBARK ON AN EXPLORE MTCC TOUR

05

CORPORATE
SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Since our inception, MTCC has been deeply committed to contributing to society, a value firmly embedded in our corporate culture. In line with our corporate vision and core values, we actively promote corporate social responsibility (CSR) across all our operations. Our goal is to create economic value while fostering the development of a harmonious and sustainable society.

Our approach to CSR involves leveraging our resources, expertise, and knowledge to build partnerships that positively impact the communities where we operate. We collaborate closely with local and international NGOs to execute our CSR plans, engaging a broad range of societal interests and stakeholders.

We believe that creating a better society is both desirable and achievable. Throughout the year, our CSR efforts primarily focused on supporting the island communities where our projects are implemented. We are dedicated to making a constructive difference and work collaboratively with our stakeholders to achieve this goal.

CONTRIBUTION TO COMMUNITIES

Our commitment to community contribution continued throughout the year, particularly in the islands where we conduct infrastructure development projects. These contributions aim to enhance the social life and infrastructure of island communities. For instance, we addressed beach erosion in M.Muli by sand-filling the eroded areas and constructed a jetty hut for the residents of ADh. Mandhoo.

Beneficiary	Scope of Work	Value (MVR)
ADh. Mandhoo	Construction of Jetty Hut	301,096.35
HA. Hoarafushi	Filling and Compaction of Handball Court	101,662.00
HA. Baarah	Supply of sand required to fill and level children's park	143,000.00
M. Muli	Sand filling in areas with beach erosion	105,187.00
GDh. Faresmaathodaa	Supply of materials for Huvadhoo School	104,942.00
Ministry of National Planning Housing & Infrastructure	Removal of trees in R. Kinolhas and transferring them to V. Fulidhoo	121,457.60

YOUTH AND SPORTS DEVELOPMENT

We recognize the importance of investing in youth and sports development as a way of empowering and building communities. Therefore, this year we carried out filling and compaction of a handball court in HA. Hoarafushi under our CSR initiatives, in the aim of promoting healthy lifestyles and fostering community spirit.

We avidly recognize the vital role that education plays in the development of individuals and communities. Notably, we supplied materials for Huvadhoo School, and supplied sand required to fill and level the children's park in HA. Baarah.

SOCIAL ACTIVITIES

During the year we also contributed to various social activities through providing free transport both by land and sea. This includes trips made for government agencies, schools and various non-governmental organizations.

BUILDING A DIVERSE AND SOUND WORKPLACE

We believe that fostering a positive relationship between employees, management, and business operations is crucial. We provide training and career development opportunities, and organize various sports and recreational activities to promote team building. Our efforts to attract and retain talent include fair evaluations, comprehensive employee benefits, and support for work-life balance.
We strive to mobilize a workforce with diverse skills and talents, encouraging greater involvement of women, employing a multicultural workforce, and utilizing the experience of veteran employees. Our initiatives include:

- Training and Development: Offering continuous learning opportunities to enhance employee skills and career growth.
- Sports and Recreation: Organizing events and activities to foster team spirit and employee well-being.
- Diversity and Inclusion: Promoting gender diversity, multiculturalism, and the inclusion of experienced employees to create a vibrant and dynamic workplace.

OUR RESPONSIBILITY AS A CORPORATE CITIZEN

As a publicly listed company, we recognize the importance of paying government taxes responsibly. We comply with tax laws and ensure accurate tax accounting and related processes, fulfilling one of our most fundamental societal responsibilities. Proper tax payment supports national development, enabling the government to provide essential services and infrastructure. Our commitment to tax compliance reflects our dedication to being a responsible corporate citizen, contributing to the overall prosperity and well-being of the nation.

CONCLUSION

Through our comprehensive CSR efforts, we aim to create lasting value for our communities, employees, and stakeholders. Our initiatives are designed to drive sustainable development, foster a better future for all, and ensure that MTCC continues to be a positive force in the Maldives. We remain dedicated to our mission of contributing to society and making a meaningful difference in the lives of the people we serve.

09 FINANCIAL REVIEW

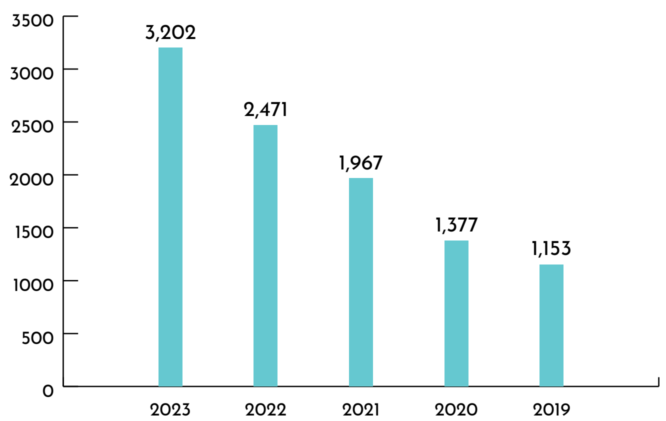
IN PICTURE:
YANAMAR
ENGINE

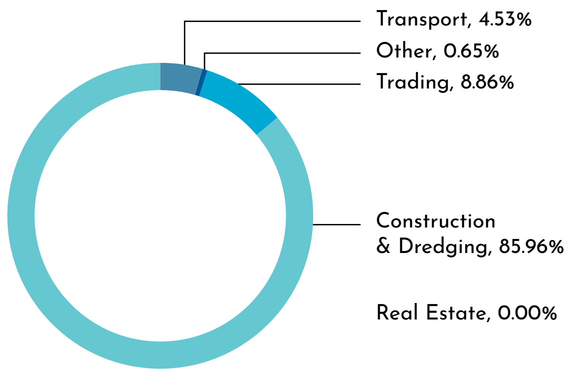
FINANCIAL REVIEW

REVENUE

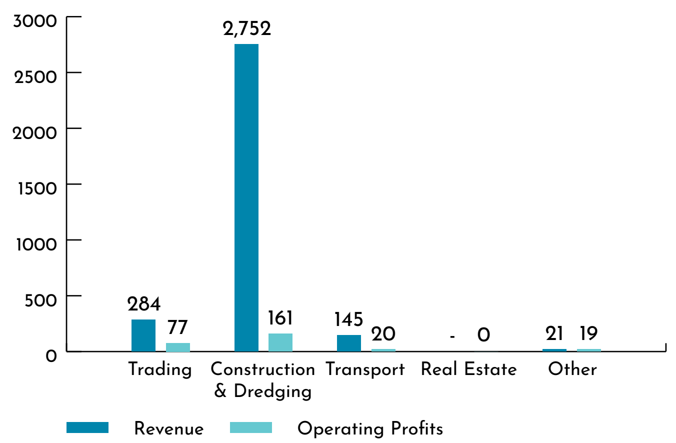
The Group achieved a remarkable total revenue of MVR 3,202 million, marking a substantial 30% increase compared to the previous year. Notably, the construction and dredging segment stood out, demonstrating significant revenue growth attributed to the increased number of construction projects undertaken throughout the year.

REVENUE IN (MVR IN MILLIONS)





SEGMENT REVENUE & PROFITS (MVR IN MILLIONS)



While the core business operations of the Group are spread across the country, the main hub of operations is based in the Greater Male' Region. The business units are operationally segmented into four strategic business units (SBUs): Trading, Construction & Dredging, Transport, and Real Estate.

Within these segments, Trading and Construction & Dredging stand out as the primary revenue generators for the Group. Consequently, the bulk of the Company's profits for the year ending December 31, 2023, predominantly stemmed from these two segments.

During the year, out of the total Group revenue of MVR 3,202 million, Trading contributed MVR 284 million (2022: MVR 297 million), Construction & Dredging MVR 2,752 million (2022: MVR 2,039 million), Transport MVR 145 million (2022: MVR 110 million), with no revenue reported for the Real Estate segment (2022: Nil), and others MVR 21 million (2022: 24 million)

The other segment comprises of ship agency, docking, logistics and maintenance services.

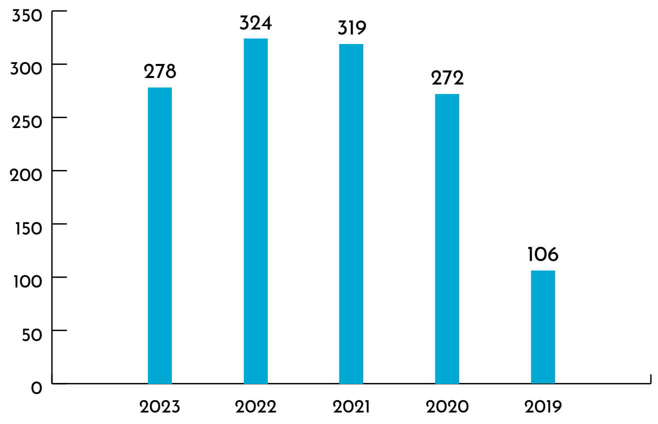
The positive performance of the Construction and Dredging segment can be attributed to new projects undertaken and accelerated progress of projects in general, particularly in reclamation projects, facilitated by the charter hire of a dredger during the year. This resulted in a remarkable 35% increase in revenue compared to 2022.

Conversely, the total revenue generated from the trading segment experienced a slight decline of 5% compared to the financial year 2022. This can be attributed to challenges arising from the increased market competitiveness

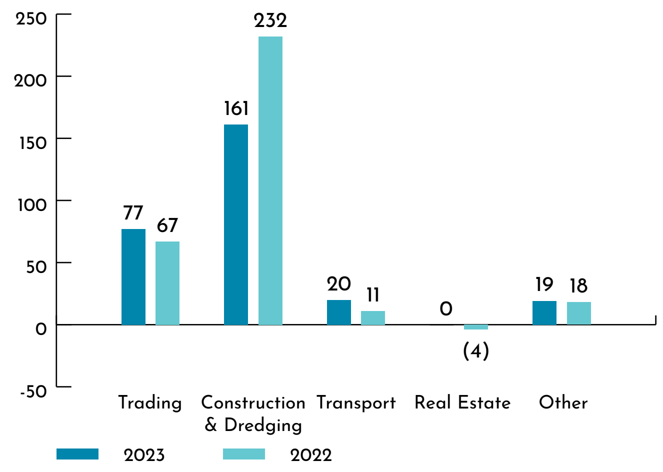
Moreover, the Transport segment of the company witnessed expansion during the year, notably with the commencement of RTL speed ferry operations in Zone 5 and 6, as well as minibus services in Villingili and speed ferry services in Meemu Atoll. This expansion led to a significant 33% increase in transport revenue compared to 2022.

OPERATING PROFIT

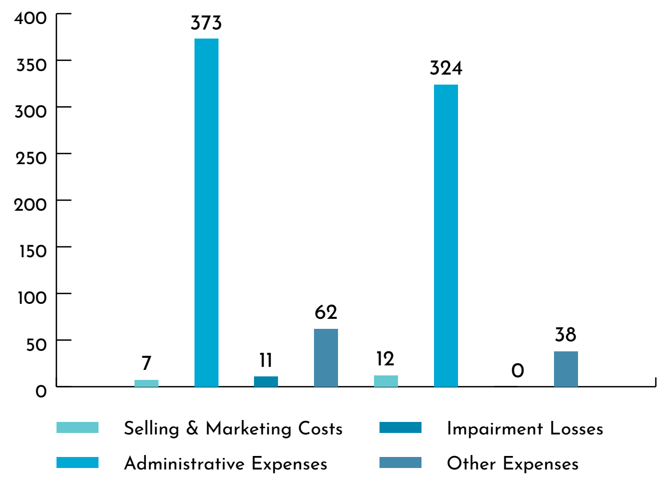
OPERATING PROFIT (MVR IN MILLIONS)



SEGMENT PROFIT LOSS (MVR IN MILLIONS)



OPERATING EXPENSES (MVR IN MILLIONS)



The operating profit of the Group dropped by 14% (2023: MVR 278 million) compared to the previous year (2022: MVR 324 million) with the provisions made for receivables, inventory and impairment of assets.

Out of the total operating profit of MVR 278 million posted by the Group for the year ended 31 December 2023; MVR 77 million (2022: MVR 67 million) is attributable to Trading, Construction & dredging MVR 161 million (2022: MVR 232 million), Transport MVR 20 million [2022: MVR 11 million], Real Estate MVR 0.1 million [2022: loss of MVR 4 million) and others a profit of MVR 19 million (2022: loss of MVR 18 million)

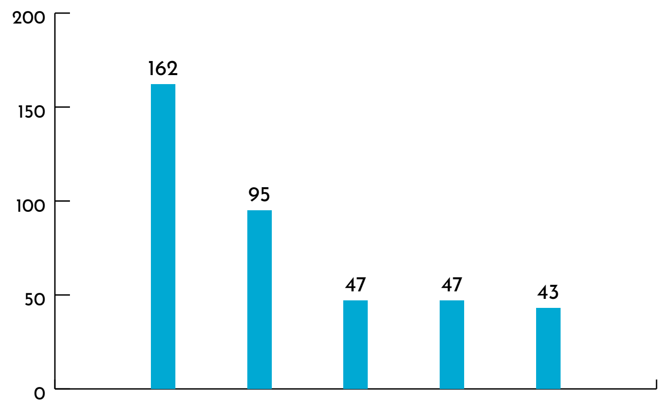
Comparison of segmental earnings reveals that revenue from the contracting segment surged by 35%, while the operating profit plummeted by 31% compared to 2022. This decline is primarily attributed to the increased landed cost of materials due to global inflation, logistical challenges, and escalated costs associated with reclamation projects stemming from the charter hire of dredger. Additionally, provisions for inventory and receivables for the year further contributed to the decline in profits despite revenue growth.

OPERATING INCOME AND EXPENSES

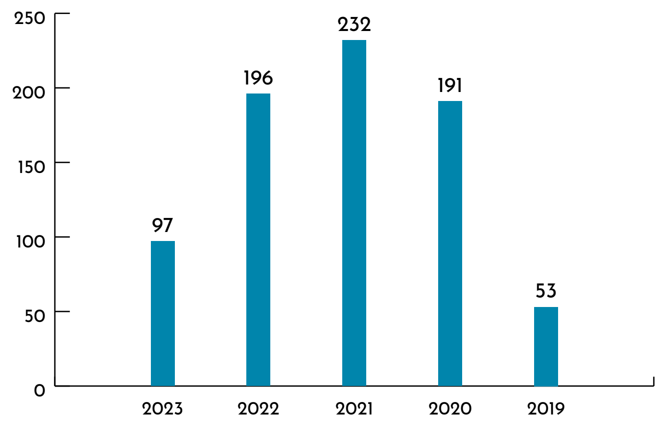
Other income has increased mainly due to increase in government subsidy of MVR 460 million, received by the Company to compensate for the losses incurred from transport services operated by the Company with controlled tariffs. Dividend received from investment in shares of Bank of Maldives amounting to MVR 8.76 million (2022: MVR 10.52 million) and profit from Tawmil Takist Asset Financing amounting to MVR 2.97 million (2022: 3.95 million) has also been classified under other income.

Administrative expense increased by 15% with the expansion in the scale of operation of the Company in 2023. Staff development cost, health insurance and payroll cost increased with the recruitment of new staffs for projects and supporting divisions. Expenses on utility, travelling expenses to project sites and other project related expenses including rent also

FINANCE COST (MVR IN MILLIONS)



PROFIT AFTER TAX (MVR IN MILLIONS)



increased due to the increased number of construction activities.

Selling and marketing expenses decreased by 43%, primarily due to reduced spending on promotional activities compared to 2022. In 2022, there was a significant investment in an awareness campaign for RTL operation, marking its inaugural year.

Provision for impairment loss on trade and other receivables for bad and doubtful debt of the Company, MVR 11 million was accounted, considering the change in estimates over future defaults on trade & other receivables. (2022: a reversal of MVR 26 million accounted under other income). The management has used its best estimates based on economic indicators such as GDP to assess the provisions for impairments, which is described in detail in the notes to the financial statements.

Other Operating expense increased by 61% compared to the previous year. This includes provision on inventory amounting to MVR 17.72 million and impairment of vessels MVR 5.88 million and loss on disposal of vessel MVR 20.09 million.

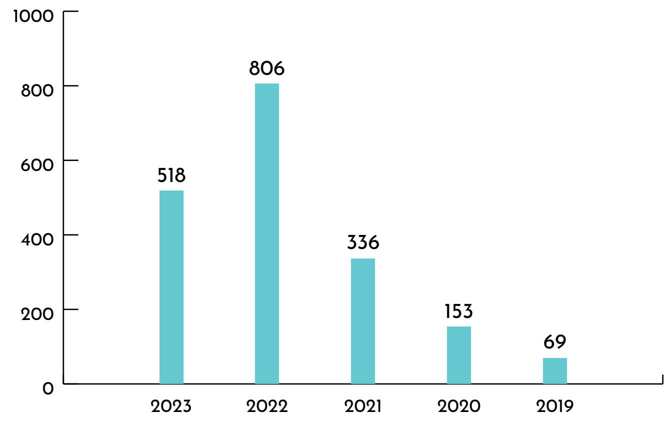
The increased finance cost on capital investments by MVR 16.8 million and loss on exchange of foreign currencies by MVR 42.4 million, led to an increase the net finance cost by 72% compared to the previous year.

NET PROFITS

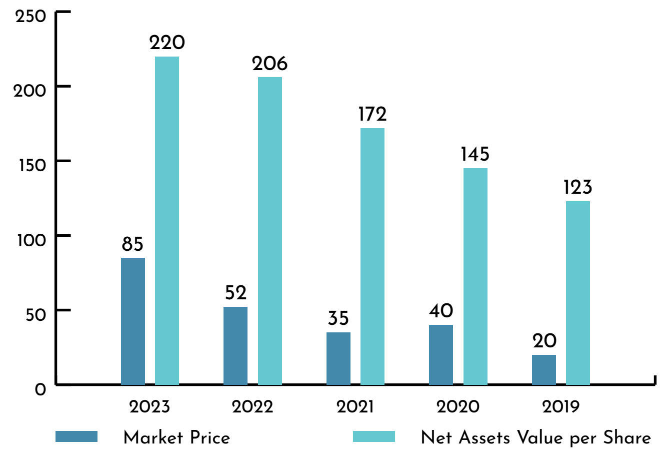
The Group profit after tax (PAT) for the year ended 31 December 2023 decreased by 50% compared to the previous year mainly due to increased provisions and finance cost expenses during the year 2023.

Regardless of the substantial improvement in revenue, the gross profit margin of the company has fallen to 7% (2022: 12%) and net profit margin to 3% in 2023 (2022: 8%). The increased cost of materials, charter hire of dredger from abroad led to a decrease in the profit margins of the Construction and Dredging segment drastically. Furthermore, the increase in revenue from the transport segment does not contribute to profits of the company. Losses of the Transport segment was subsidized by the Government by MVR 460 million for the financial year 2023.

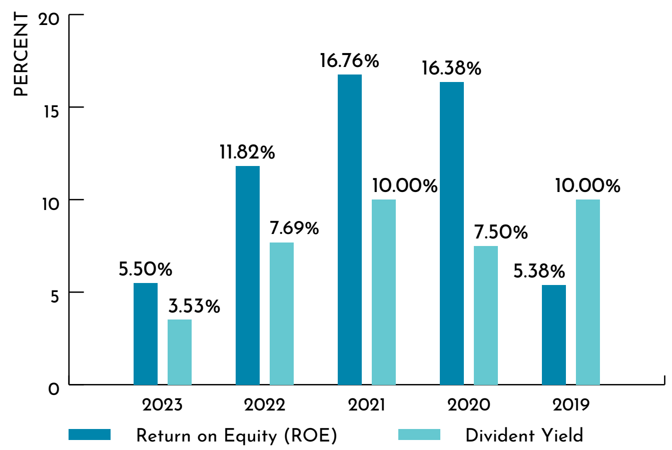
CAPITAL INVESTMENTS (MVR IN MILLIONS)



MARKET PRICE & NET ASSET VALUE PER SHARE (MVR IN MILLIONS)



RETURN ON EQUITY & DIVIDEND YEILD



LONG TERM INVESTMENTS

The Group reduced its investments in capital assets by 36% compared to the previous year. Investment in capital assets amounted to MVR 518 million (2022: MVR 806 million) financed through term loans and operating cash flows. Investments in capital assets for the fiscal year 2023 primarily comprised the addition of a new dredger to the dredging fleet, acquisition of machinery and equipment to meet the demands of increased construction projects, and procurement of a high-speed ferry for the RTL transport operation, aimed at delivering convenient, comfortable, and reliable services to the public.

Additional investments include MTCC's investment in shares of Bank of Maldives Plc. which has been considered as an available for sale investments. At the end of the year, the shares of Bank of Maldives had a market price of MVR 900 (2022: MVR 775) per share and the highest traded price during the year was recorded at MVR 800. MTCC received dividend of MVR 8,763,840 from the investment in shares of Bank of Maldives Plc. during the year ended 31 December 2023(2022: MVR 10,516,608).

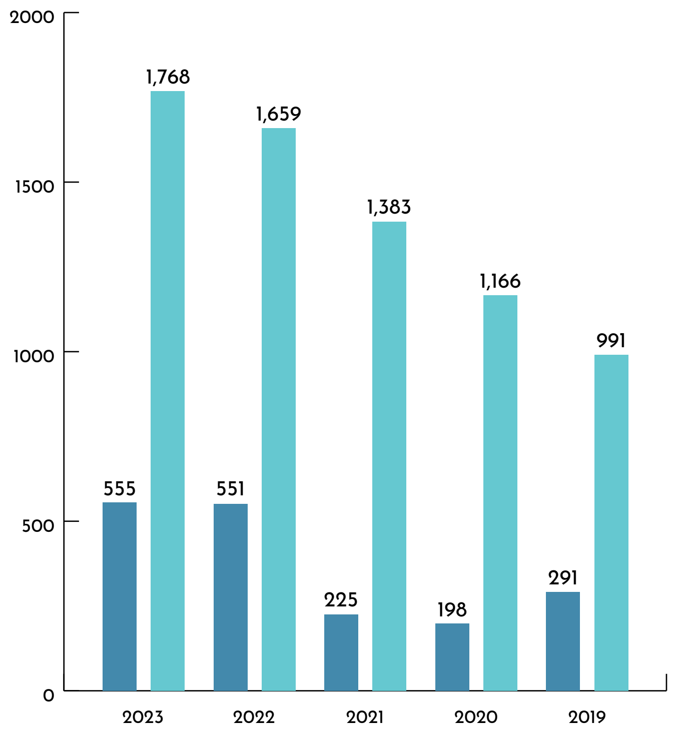
During the year no provision for impairment was made over the investment of Maldives Real Estate Investment Corporation Private Limited (MREIC) (2022: MVR 3,881,884) over the investments of Maldives Real Estate Investment Corporation Private Limited (MREIC) considering the decision to continue the operation with a new business plan.

SHAREHOLDERS RETURN

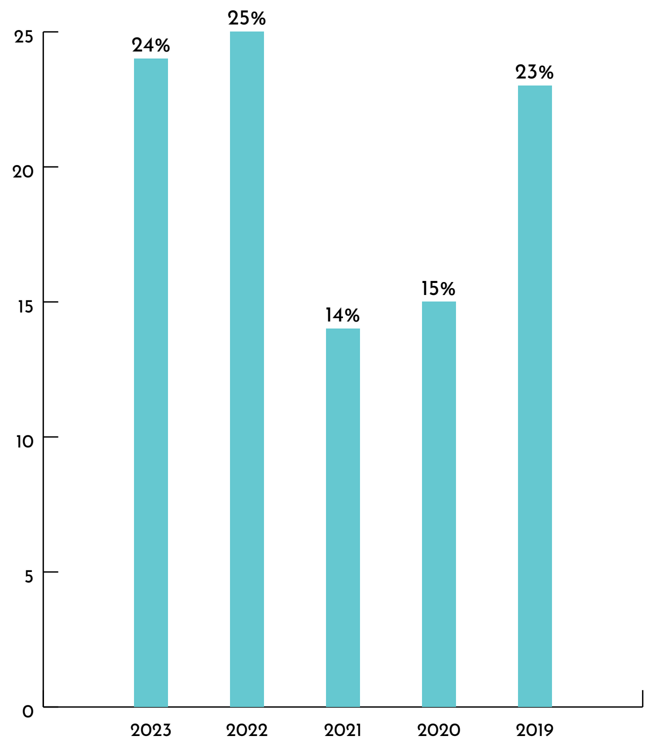
The Group has accumulated a return of 5.50% to the equity holders for the year ended 31 December 2023. The net asset value per shares has increased by MVR 13.38 per share during the year ended 31 December 2023.

The Company has declared a dividend of MVR 3 (2022: MVR 4.00) per share from the net profits of 2023.

NET DEBT TO EQUITY (MVR IN MILLIONS)



TOTAL GEARING RATIO (%)



DEBT FINANCE

New borrowings of MVR 181.13 million were geared during the year for capital investments to improve the operational capacity of the company. Meantime, during the year, loan principals amounting to MVR 288.75 million was repaid from operating cashflows.

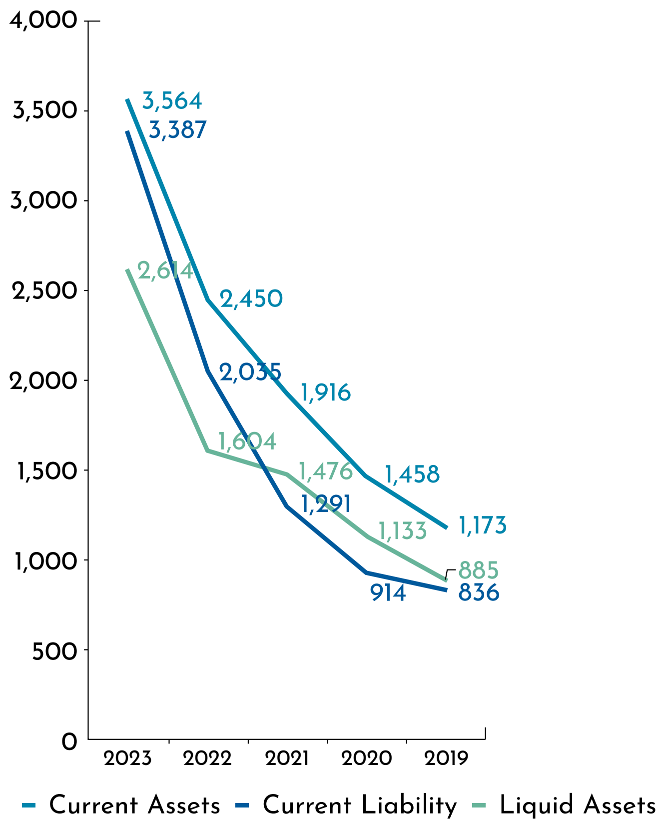
The gearing ratio gearing ratio decreased by 1% the repayment of borrowings.

WORKING CAPITAL

The current ratio dropped to 1.05x in 2023 compared to 2022 (1.20x) along with the fall in quick assets ratio to 0.77x as well in 2023 compared to 2022 (0.79x).

Increase in repayment of borrowings resulted in a drop in cash & cash equivalents as at 31 December 2023.

WORKING CAPITAL (MVR IN MILLIONS)



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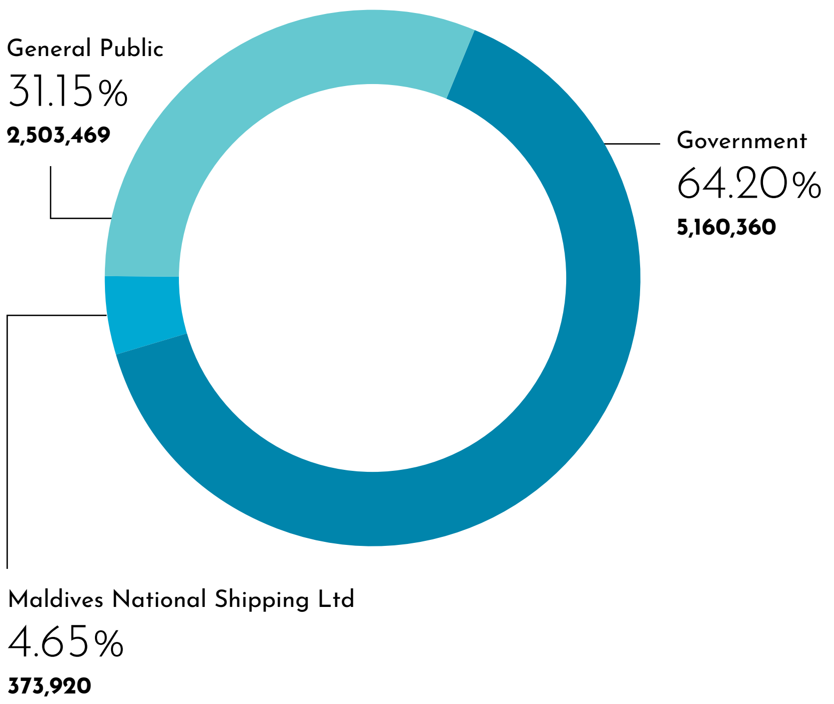
SHARE PERFORMANCE

IN PICTURE:
DESIGN AND
BUILD OF SHORE
PROTECTION
STRUCTURES IN
LH. KURENDHOO

SHARE PERFOMANCE

SHAREHOLDING STRUCTURE



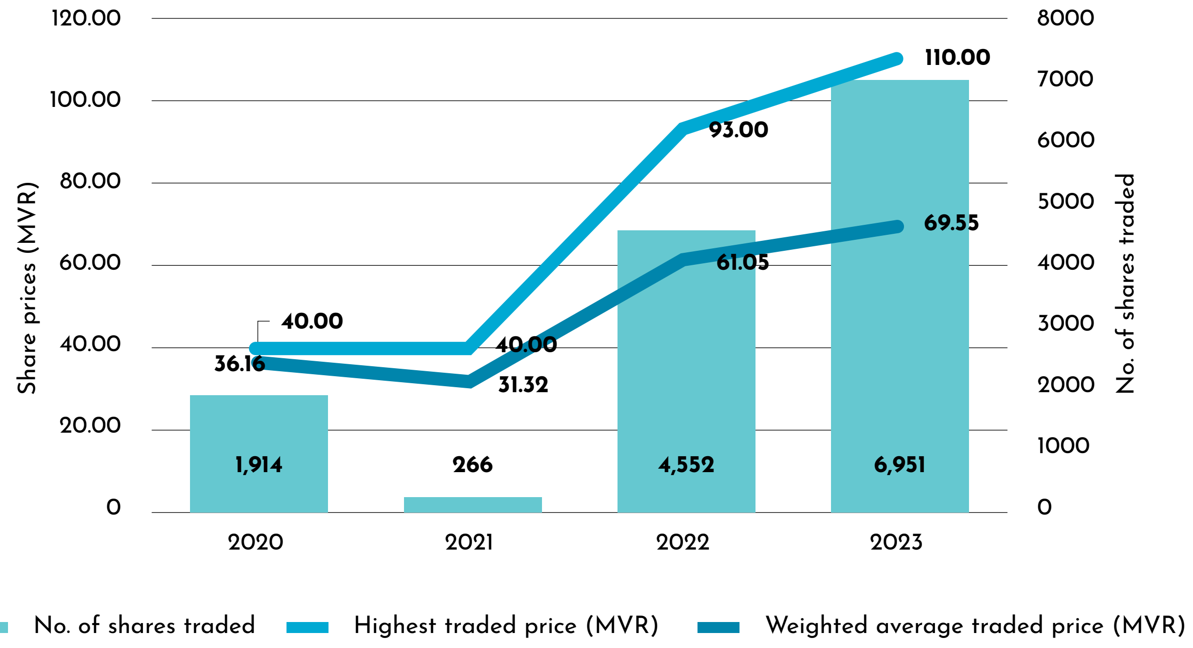
The Government of Maldives is the only single party that hold more than 5% of the shares of the Company.

Total Number of Shares
8,037,749

Face Value of Shares
MVR 5 per share

Proposed Dividend for the Year 2023
MVR 3 per share

SHARE PRICE AND SHARES TRADED (2020 TO 2023)



SHARE TRADE

	UOM	2021	2022	2023
Lowest traded price	MVR	30	40	52
Highest traded price	MVR	40	93	110
Last traded price	MVR	35	52	85
Last traded date	Date	08/09/2021	12/12/2022	19/12/2023
Weighted average traded price	MVR	31.32	61.05	69.55
No. of Trades	Number	08	68	78
No. of shares traded	Number	266	4552	6,951
Value of Shares	Number	8,332	277,913	483,474
Lowest market capitalization	MVR in Millions	241.13	281.32	417.96
Highest market capitalization	MVR in Millions	321.96	747.51	884.12

CORPORATE GOVERNANCE REPORT

IN PICTURE:
DESIGN AND BUILD OF
GDH. FARESMAATHODAA
AIRPORT

CORPORATE GOVERNANCE REPORT

As a Public Limited Company, MTCC is governed in accordance with the principles set forth in the Company's Act (Act no. 07/23), Maldives Securities Act (Act no. 02/2006), Securities (General) Regulations 2007, Continuing Disclosure Obligations of Issuers Regulation 2019 (Regulation no. 2019/R-1050), Corporate Governance Code of the Capital Market Development Authority, Listing Rules of the Maldives Stock Exchange, and the Memorandum of Association of the Company.

The Board of MTCC is committed to high standards of corporate governance, which it considers critical to business integrity and to maintaining investors' trust in the Company. MTCC ensures that the Company has improved to maintain compliance with the CMDA's Corporate Governance Code. In the event of variations, explanations are provided.

BOARD CHARTER

The Company operates with a Board Charter approved and adopted in 2018 which details the Directors' authorities, Directors' terms, general roles and responsibilities of the Board, Directors, Chairman, Managing Director and Chief Executive Officer, and the Board's ethical standards.

ROLE OF THE BOARD OF DIRECTORS

The main responsibilities of the Board of Directors are as follows.

- Providing strategic direction to the senior management of the Company on matters relating to the business and seeking accountability for the achievement of objectives.
- Establishing, reviewing, and monitoring the business plans, annual budget, and policies of the Company.
- Ensuring that the Company has clear goals aligned to fulfill stakeholder expectations and improve shareholder value and business growth.
- Ensuring compliance with laws and regulations in all matters related to the Company.
- Acquiring essential investments and resources for the smooth functioning of the business.
- Reviewing and approving the financial statements and reports of the Company.
- Recognizing and assessing risks and establishing internal controls and other measures to manage such risks.

BOARD COMPOSITION

In accordance with the Articles of Association (AOA) of the Company, the Board comprises of seven directors, of which five directors are nominated by the major shareholder, Government of Maldives and elected by the shareholders at the Annual General Meeting (AGM) and two are elected by public shareholders at the AGM. As defined in CMDA's Corporate Governance Code, the Board of Directors represents a mix of Executive, Non-Executive, and Independent Directors.

Maldives Transport and Contracting Company PLC's Board of Directors ensures the highest levels of integrity and ethics and ensures the Company's success by adopting and developing efficient corporate governance structures.

The composition of the Board of Directors as of 31st December 2023 was as follows:

NAME OF DIRECTORS	DESIGNATION	DATE OF FIRST APPOINTMENT	
1. Mr. Mohamed Afeef Hussain	Chairman/Non-Executive Director	18 December 2023	Appointed by the Government
2. Mr. Abdulla Ziyad	Executive Director/ Chief Executive Officer	28 November 2023	Appointed by the Government
3. Mr. Sinaan Ali	Non-Executive Director	06 February 2019	Appointed by the Government
4. Mr. Ali Naail	Non-Executive Director	24 December 2023	Appointed by the Government
5. Mr. Nasrath Mohamed	Non-Executive Director	27 September 2020	Appointed by the Public
6. Mr. Mohamed Imran Adnan	Non-Executive Director	15 November 2020	Appointed by the Public

The following members served the Board of Directors from the beginning of the year until they were relieved from their duties on the dates stated.

NAME OF DIRECTORS	DESIGNATION	RELIEVED FROM DUTIES ON	
1. Mr. Mohamed Faheem	Chairman/Non-Executive Director	18 December 2023	Appointed by the Government
2. Mr. Adam Azim	Executive Director/ Chief Executive Officer	18 November 2023	Appointed by the Government
3. Mr, Shahid Hussain Moosa	Executive Director/ Chief Operating Officer	10 December 2023	Appointed by the Government
4. Uz. Mohamed Fareed	Non-Executive Director	10 December 2023	Appointed by the Government

BOARD MEETINGS

The Board of Directors held 21 Board meetings during the year. The Board determines the Company's strategy and objectives by establishing, assessing, and monitoring internal controls to identify and govern the risks of the Company. The Board ensures that the Company's businesses maintain and improve sustainability and profitability from year to year. The Board of Directors also reviews the reports related to the Company's internal controls and monitoring controls submitted to the Board by the Chief Internal Auditor., Chief Risk Officer and the management of the Company.
During the year Board discussions focused on the following issues.

- Business Plan
- Business Performance
- Approval of Annual Report and Quarterly Reports
- Approval of financing and investment activities and other business development activities

KEY BOARD DECISIONS OF 2023

INVESTMENTS

Approval to invest in cutter suction dredger, workboat, spare parts, and pipeline.
Approval to invest in ten highspeed vessels.
Budget revision for additional Investment in machineries for construction and dredging.
Budget revision for additional investment in bus fleet for Greater Male and Addu City.
Approval of Financial and Performance Report of the third quarter of 2023.

POLICIES AND PROCEDURES

Revisions to Board Director's Benefit Procedure.
Approval to amend Salary and Allowance Policy.
Approval of Pricing Promotion and Discount Policy.
Approval of Employee Performance Management Policy.
Approval of Employee Recruitment and Selection policy.
Approval of Revision to Disciplinary Policy.

APPROVAL OF FINANCIAL REPORTS

Approved Fourth Quarterly Financials and Report for the year 2022.
Approved Audited Financials for the year 2022.
Approved Annual Report for the year 2022.
Approval of the first quarter financials and report of 2023
Approval of Business Plan & Budget for the year 2024.

CORPORATE MATTERS

Approval to publish the minutes of the 2021 Annual General Meeting for shareholder comments.
Approval of the 2022 AGM notice.
Approval to submit revisions to Articles of Association for shareholders' vote.
Approval of AGM 2022 Minutes to share for Shareholders comments.

OTHER MATTERS

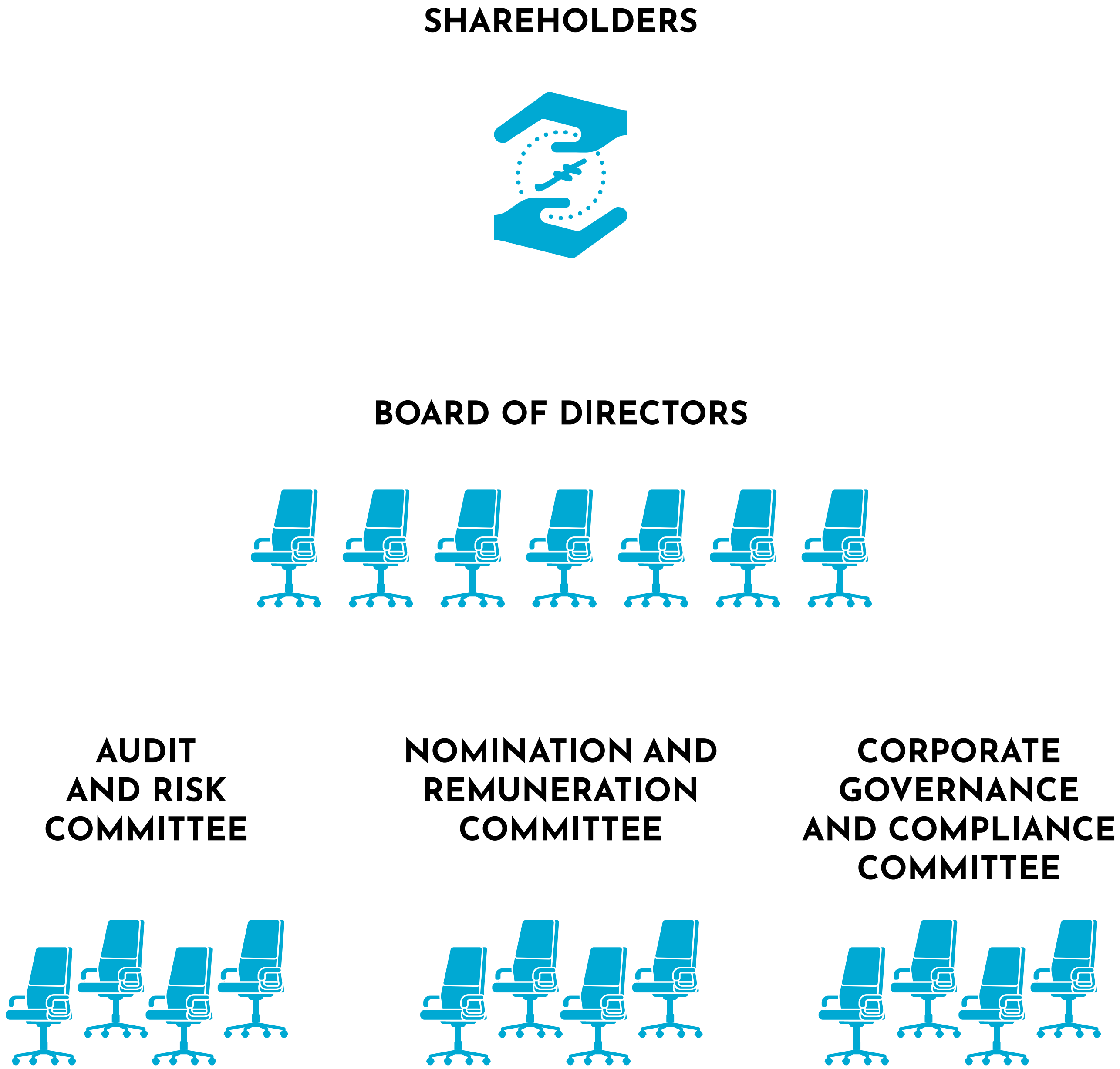
Approval to extend Board and Top Management's health insurance for the year 2023.
Appointment of External Auditors for the year 2023.
Approval to give employee performance reward for the year 2022.
Approval to provide 14 units of Yanmar Y4U60 engines to various institutions under CSR.
Approval of prospectus to sell fixed income bond of MVR 300 million.
Approval of revised Organizational Structure

ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

NAME	MEETINGS TO ATTEND	MEETINGS ATTENDED
Mr. Mohamed Faheem	17	17
Mr. Adam Azim	15	15
Mr. Shahid Hussain Moosa	17	17
Mr. Sinaan Ali	21	20
Uz. Mohamed Fareed	17	16
Mr. Nasrath Mohamed	21	20
Mr. Mohamed Imran Adnan	21	20
Mr. Mohamed Afeef Hussain	2	2
Mr. Abdulla Ziyad	6	6
Mr. Ali Naail	1	1

BOARD COMMITTEES

The Board of Directors has established three committees, consisting of the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Compliance Committee. The Board delegates certain duties to these committees as defined by their respective committee charters. The Company has focused its efforts on developing its internal systems, policies, and procedures to ensure maximum transparency and governance.



During the year, the Audit and Risk Committee held 35 meetings, the Nomination and Remuneration Committee held 16 meetings and the Corporate Governance and Compliance Committee held 9 meetings.

COMPOSITION OF BOARD COMMITTEES

THE FOLLOWING APPOINTMENTS WERE MADE TO THE BOARD COMMITTEES DURING THE YEAR.

DIRECTORS	AUDIT AND RISK COMMITTEE (ARC)	CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE (CGCC)	NOMINATION AND REMUNERATION COMMITTEE (NRC)
Mr. Mohamed Imran Adnan	Chairman	Member	Member-
Mr. Sinaan Ali	Member	Member	Chairman
Uz. Mohamed Fareed (Terminated on 10 December 2023)	Member	Chairman	Member
Mr. Nasrath Mohamed	Member	Chairman	Member

*Mr. Mohamed Imran Adnan was appointed as a Member of CGCC and NRC effective from 19th December 2023.
*Mr. Nasrath Mohamed was appointed as the Chairman of CGCC effective from 19th December 2023.

BOARD DEVELOPMENT

The Board Induction Program has been designed by the Company Secretariat in accordance with the Board Training and Induction Policy of the Company and in compliance with the Corporate Governance Code. Furthermore, the Board of Directors were facilitated to participate in various Corporate Governance related trainings to enhance their knowledge and to keep up to date with the evolving corporate world.

Directors also completed the following training programs during the year.

TRAINING/SESSION NAME	AREA
Purchasing Strategies, Cost Saving, Budget & Financial Analysis	Business Management
Fraud Detection and Prevention	Risk Management
Prevention of Cyber Crime and Fraud Management	Risk Management
Strategic Management & Business Policy	Business Management
Governance, Risk Management & Compliance	Risk and Compliance Management
Project Management Simplified	Project Management

INDEPENDENCE

The independence of Directors is ensured and monitored in accordance with the CMDA Corporate Governance Code 1.2 (2). As such the Company requires Directors to disclose any conflicts of interest and members have resolved to abstain from participating in discussions or voting on occasions where potential conflicts of interest arise. The Company Secretariat maintains a 'Conflict of Interest and Disclosure Policy' to mitigate potential conflicts of interests that may arise.

TENURE

As per the Clause 66 of the Articles of Association, the Board Directors are appointed or elected at an Annual General meeting, and as defined in the Articles of Association their term of service lasts until the second Annual General Meeting of the Company from the meeting of appointment. Furthermore, as per Clause 67 of the Articles of Association, Non-executive Directors can serve as a member of the Board for a maximum of six consecutive terms consecutively.

Tenure, dates of appointment and termination of members of the Board 2023

NAME OF DIRECTORS	DATE OF INITIAL APPOINTMENT	DATE OF TERMINATION	TENURE
1. Mohamed Faheem	11 February 2019	18 December 2023	4 years. 10 months
2. Adam Azim	21 January 2020	28 November 2023	3 years 10 months
3. Shahid Hussain Moosa	25 March 2019	10 December 2023	4 years 8 months
4. Sinaan Ali	06 February 2019	-	4 years 10 months
5. Uz. Mohamed Fareed	27 June 2020	10 December 2023	3 years 5 months
6. Nasrath Mohamed	27 September 2020	-	3 years 3 month
7. Mohamed Imran Adnan	15 November 2020	-	3 years 1 month
8. Mohamed Afeef Hussain	18 December 2023	-	Less than 1 month
9. Abdulla Ziyad	29 November 2023	-	1 month
10. Ali Naail	24 December 2023	-	Less than one month

PROHIBITION OF INSIDER TRADING

In accordance with the Capital Market Development Authority's Policy on Prohibition of Insider Trading and the Securities Act (02/2006), the Company has established its Insider Trading Policy to ensure restriction of any purchase or sale of Company securities using non-public and strategic information of the Company. Any stakeholder of the Company with access to non-public and strategic information regarding the Company's securities may not be involved in any kind of trading of Company securities.

RELATIONSHIP WITH SHAREHOLDERS

The Board of Directors and the Company Secretariat give the utmost importance to provide information to shareholders and facilitate convenient channels for sharing information and communication between the shareholders and the Company.

As such, the Company has created effective channels to communicate with shareholders and continually seeks to make further improvements. The Company Secretariat strives to maintain the relationship with shareholders through various means.

The financial and strategic achievements of the Company are disclosed to the shareholders through timely publication of its quarterly reports and annual reports on the Company's website. The quarterly reports offer information to shareholders on the financial performance of the Company, key developments within the Company, major projects undertaken and activities of the Board including major decisions that were taken by the Board during the quarter. More detailed information is provided on the Company's annual reports. Information on the trade on Company shares and share performance are included in the quarterly reports and the annual reports. Additionally, with the online 'Shareholders Portal' launched in 2021 which offers all shareholder services conveniently in one place, we have greatly enhanced accessibility for our shareholders.

ANNUAL GENERAL MEETING 2022

The Annual General Meeting (AGM) for 2022 was held on 15 June 2023. The AGM provides the opportunity for all to exercise their powers and rights in important matters relating to the Company. Each Shareholder represent themselves or by proxy in the Annual General Meeting. 'FahiVote", the electronic general meeting system platform of the Maldives Securities Depository (MSD) was used at the Annual General Meeting. A total of 151 shareholders participated in the AGM 2021 both in physical and virtual attendance.

MAJOR DECISIONS MADE AT THE AGM 2022.

- Approval of the minutes of the 2021 Annual General Meeting.
- Approval of the Director's Report of 2022.
- Approval of the Company's Audited Balance Sheet and Profit and Loss Statements for 2022.
- The proposal made by the Board of Directors to distribute a dividend of MVR 4.00 per share to shareholders for the year 2022 was rejected at the meeting.
- Approval of PricewaterhouseCoopers (PwC) as the external auditors of the Company for 2023.
- Election of Mr. Mohamed Imran Adnan and Mr. Nasrath Mohamed as Directors for the next term, to represent public shareholders of the Company.

DECLARATION OF DIVIDEND FOR THE YEAR 2023

In accordance with the Company's Dividend Policy, the Board of Directors resolved to declare a final dividend of MVR 24,113,247 which equates to MVR 3 per share for the year 2023.

DECLARATION AND FUTURE OUTLOOK

The Board of Directors declares that the Annual Report is prepared in accordance with the Corporate Governance Code of the Capital Market Development Authority, Continuing Disclosure Obligation of Issuers Regulation (2019/R-1050), Articles of Association of MTCC, Listing Rules of Maldives Stock Exchange, Securities' Act (2/2006) and the Companies Act (07/2023).

The Board of Directors also declares that the information presented in this Annual Report is true and accurate and that the Board of Directors with the top management of MTCC has made all efforts to ensure that the Company is governed and managed in a fair and transparent manner. The Board confirms that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and internationally accepted best practices within the required laws, rules, and regulations. Furthermore, importance is given to providing shareholders with a clear and fair assessment of the Company's financial position and performance.

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with all applicable laws and regulations as mentioned above to fulfil the interest of all shareholders, while creating the best value for the Company's shareholders.

The strategic business plan of the Company is carefully reviewed by the Board of Directors and ensures that future plans are aligned with the strategic objective of the Company, which is to shape and transform the Company's businesses for long-term competitiveness and profitability. The Company's future plans have been drawn up with careful consideration of the Company's strengths and the opportunities that are expected to arise in the market. Furthermore, the Company aims to invest in areas that will ensure the sustainability of the Company's businesses. The Board of Directors is confident that the Company has enough resources to continue its operation for the foreseeable future. Accordingly, the Company will continue to adopt the going concern basis in preparing the financial statements.

11 June 2024

Mohamed Afeef Hussain Chairman	Abdulla Ziyad Chief Executive Officer

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established in accordance with the Articles of Association (AOA) of the Company and required under the Corporate Governance Code of the Capital Market Development Authority of Maldives.

KEY ROLES AND RESPONSIBILITIES

The function of the Audit & Risk Committee is to assist the Board in its oversight of the following in relation to the MTCC:

- The integrity of the financial statements and the Company's financial reporting processes.
- The independent auditor's qualifications and independence.
- The performance of the Company's internal audit function and independent auditors.
- Compliance by the Company with legal and regulatory requirements.
- To assure that there is in place, an effective system of controls designed to reasonably safeguard assets and income of the Company and maintain compliance with Company's ethical standards, policies, plans, and procedures.
- Guidelines, policies, and processes for identifying, monitoring, and mitigating risks.

COMPOSITION AND ATTENDANCE

The Audit and Risk Committee consists of 04 Non-Executive Independent Directors who possess the capacity to understand and review financial statements and undertake the responsibilities of the Committee.

During the year, the Audit and Risk Committee held 35 meetings. The Chief Executive Officer, Chief Financial

NAME	POSITION & TYPE	MEETINGS TO ATTEND	MEETINGS ATTENDED
Mr. Mohamed Imran Adnan	Chairman of the Committee - Non-Executive Independent Director	35	35
Mr. Sinaan Ali	Member - Non-Executive Independent Director	35	32
Uz. Mohamed Fareed[1]	Member - Non-Executive Independent Director	32	28
Mr. Nasrath Mohamed	Member - Non-Executive Independent Director	35	34

[1] *Uz. Mohamed Fareed served the Committee until 10 December 2023.*

KEY DECISIONS OF THE COMMITTEE

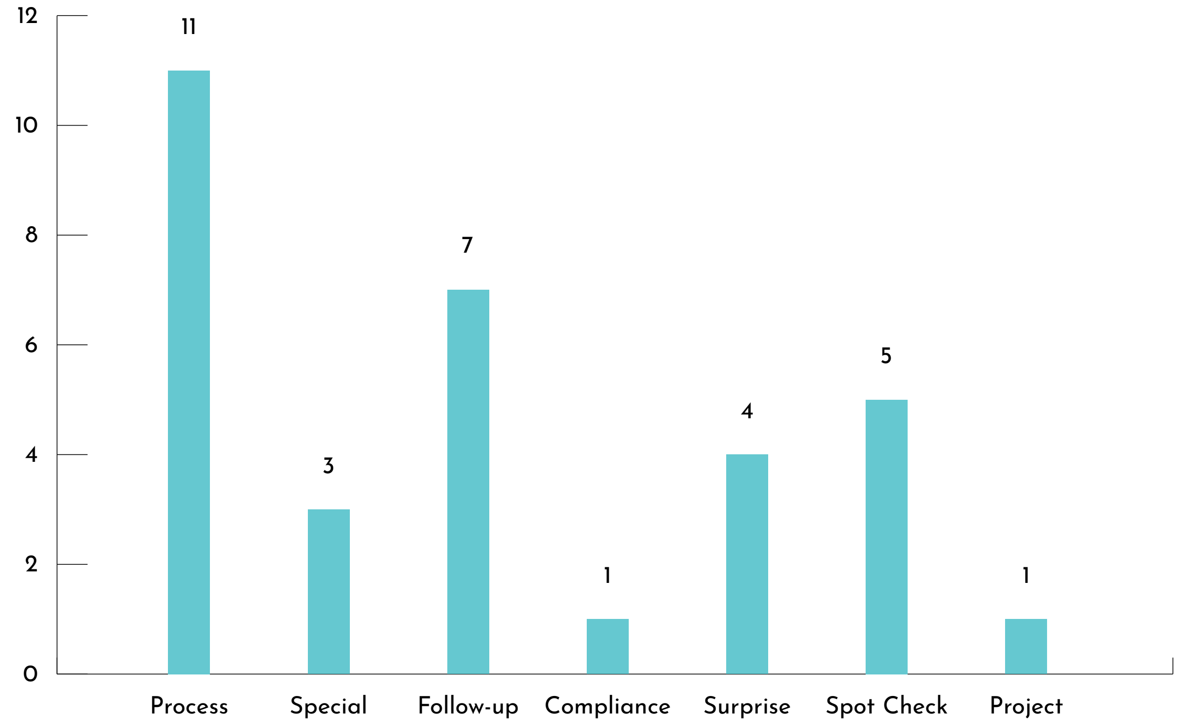
- Reviewed budget for the financial year 2024.
- Reviewed the Company's business plan for the year 2024.
- Reviewed to provide 14 units of yammer Y4U60 engines to the institutions under CSR.
- Reviewed the prospectus to sell fixed income bond of MVR 300 million.
- Reviewed shareholders registry portal for the year 2022 AGM.
- Reviewed the Audited Financial Statements for the year 2022.
- Reviewed External Auditors for the year 2023.
- Reviewed the proposal for additional investment in machinery for construction and dredging.
- Reviewed revision for additional investment in bus fleet for Greater Male and Addu City.
- Reviewed the proposals of external quality assessments.
- Revised and approved Internal Audit Plan for the year 2023.
- Reviewed internal audit reports relating to important projects, business functions, and other important issues, and submitted the Committees' recommendations to the Board.
- Reviewed management papers related to investments and projects.
- Reviewed quarterly and monthly financial performance and submitted for Board approval along with the Committee's recommendations.

INTERNAL CONTROLS

The Internal Audit function of the Company is responsible for providing independent, objective assurance and consulting services to add value and improve the Company's operations. The Internal Audit function helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The Internal Audit function of the Company is an independent function, wherein the Chief Internal Auditor functionally reports to Audit and Risk Committee of the Board and administratively reports to the Chief Executive Officer. The Internal Audit function is operating under a Charter approved by the Board.

The engagements of the Internal Audit function are directed by the annual plan approved by the Audit and Risk Committee. The annual plan is developed in a manner that addresses the risks identified during the risk assessment that may challenge the achievement of the corporate objectives of the Company.



In 2023 the Internal Audit function executed 32 assignments. Findings from various assurance engagements performed during the year were reported to the Audit and Risk Committee. These findings were also communicated to the management for appropriate corrective actions to improve the governance, risk management and control processes.

To maintain an effective and efficient audit process, the Internal Audit function has been enhanced with the use of Information and Communication Technology (ICT) in the management of the audit assignments by implementing an internally developed audit management and documentation software (Audit Management Tool). Furthermore, the Quality Assurance and Improvement Program (QAIP) which covers all aspects of the Internal Audit function has been approved by Audit and Risk Committee.

EXTERNAL AUDIT

External audit process ensures that a Company's internal controls, processes, guidelines, and policies are adequate, effective and in compliance with the required laws, rules, and regulations, industry standards and company policies. To ensures that reporting mechanisms prevent errors in financial statements, PricewaterhouseCoopers was confirmed as the Company's External Auditors with the approval of shareholders in the Annual General Meeting held on 15 June 2023.

RISK MANAGEMENT

A Risk Management Division was formed in 2020 to address strategic, financial, and operational risks, with a mandate to implement an Enterprise Risk Management System and to prepare business continuity plans and disaster recovery plans.
In 2023, six committee meeting were held and risk registers of seven Divisions were reviewed. Top 10 Business Enterprise Risk was identified, and its discussion was held. A Security threat Awareness training session was held by the British High Commission in June 2023. In December 2023, a functional /full scale exercise was evaluated by the Risk Division.

In 2023 the following tasked were completed by the Risk Management Division.

RISK REGISTER

- Registration of all Divisions
- Implemented the submission of monthly risk reports with evidence by each division.

IMPLEMENTATION OF KEY INTERNAL CONTROLS

- Risk treatment plans implemented for all the divisions.
- Risk monitoring meetings conducted for all the divisions.

BUSINESS CONTINUITY PLANS AND DISASTER RECOVERY PLANS

- Drafts of Business Continuity and Disaster Recovery Plans along with Policies completed.

On behalf of Audit and Risk Committee

Mohamed Imran Adnan
Chairman

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

The Corporate Governance and Compliance Committee was established in 2015 in accordance with the Articles of Association (AOA) of the Company and as required by Corporate Governance Code of the Capital Market Development Authority of Maldives

KEY ROLES AND RESPONSIBILITIES

The main purpose of the Corporate Governance and Compliance Committee is to create, review and improve the corporate governance measures within the Company.

- Develop and monitor the Company's overall approach to corporate governance and implement, administer, and continue to develop a system of corporate governance within the Company.
- Undertake an annual review of policies and practices of the Company and make recommendations for improvements where necessary.
- Advise the Board and its committees on corporate governance issues.
- Develop and implement an orientation and education program for newly appointed members of the Board.
- Develop a process for assessing the effectiveness of the Company, Board, individual Directors, and Board committees and ensure that the Board conducts these evaluations, annually.
- Ensure that charters of the Board and its committees are reviewed annually.
- Develop the Dividend Policy of the Company and review it regularly.
- Establish a business code of ethics for the Company and review it as and when required.
- Ensure that appropriate methods are established for stakeholders to submit their recommendations and inquiries to the relevant agencies established in the Company.

COMPOSITION AND ATTENDANCE

The Corporate Governance and Compliance Committee consists of 04Non-Executive Independent Directors. During the year, the Committee held 12 meetings.

NAME	POSITION & TYPE	MEETINGS TO ATTEND	MEETINGS ATTENDED
Uz. Mohamed Fareed[1]	Chairman of the Committee/ Non-Executive Independent Director	9	9
Mr. Sinaan Ali	Member / Non-Executive Independent Director	9	9
Mr. Nasrath Mohamed	Member / Non-Executive Independent Director	9	9
Mr. Mohamed Imran Adnan	Member / Non-Executive Independent Director	-	-

**Uz. Mohamed Fareed served as a Member and Chairman of the CGCC until 10 December 2023.*
**Mr. Mohamed Imran Adnan was appointed as a Member of CGCC effective from 19th December 2023.*

KEY ACTIVITIES AND DECISIONS OF THE COMMITTEE

- Review of the Company's Articles of Association.
- The Committee also reviewed the following policies during the year.
  - Employee Performance Management Policy
  - Pricing, Promotions and Discount Policy
  - Salary and Allowance Policy
  - Recruitment Policy
  - Disciplinary Policy

While much has been accomplished to strengthen the governance of the Company, the Committee continues to look at key areas for further improvement and enhancements. The Companies policies are reviewed on a regular basis and are heedful of areas to which new policies may be required. The Board of Directors and the Management review the Company's businesses, the laws and regulations pertaining to the governance of the Company and works to ensure that the Company remains fully compliant.

On behalf of Corporate Governance and Compliance Committee

Nasrath Mohamed
Chairman
Corporate Governance and Compliance Committee

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was established in accordance with the Articles of Association (AOA) of the Company and as required by Corporate Governance Code of the Capital Market Development Authority of Maldives

KEY ROLES AND RESPONSIBILITIES

- Developing policies on employee remuneration and determining the structure and the number of remuneration packages of individual Directors and general employees of the Company. In determining such policy, no Director or manager shall be involved in any decisions relating to their own remuneration. Furthermore, the committee shall consider relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Development Authority's Governance Code, and guidance related to such matters. In determining such policy.
- Reviewing the pertinence and relevance of the existing remunerations policy.
- Approving the design of any performance related pay schemes operated by the Company, determine targets for such pay schemes and approve the total annual payments made under such schemes.
- Establishing the Pension Policy of the Company and organize matters related to pensions in compliance with the law.
- Ensure that payments made to employees upon termination from employment as agreed in the employment contract, are fair to the employee terminated, and the Company.
- Oversee any major changes in employee benefit structures throughout the Company.
- Reviewing the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board regularly and making recommendations to the Board regarding any changes.
- Working to ensure that a plan of succession is in place for Directors and senior executives, taking into consideration, the challenges, and opportunities that the Company may face in the future and the skill and capability required of Directors and senior executives.
- Keeping up to date and fully informed of changes to strategic matters and the business environment that could affect the Company and the markets in which it operates.
- Identifying and submitting to the Board for approval, candidates to fill Board vacancies as and when they arise.
- Developing and implementing a 'conflict of interest' policy applicable to Directors, executives, and employees of the Company.
- Ensuring that Directors disclose personal business interests that may give rise to a conflict of interests with the Company.
- Evaluating the performance of the Board regularly.

COMPOSITION AND ATTENDANCE

The Nominating Committee and Remuneration Committee were combined as one committee as the Board believed that the expertise of the Directors in the separate committees can be better utilized in executing the functions and scope of the two committees. Members of the committee are aware of the distinct responsibilities of the committee and the Board of Directors are confident that the combined committee will be able to execute these separate roles.

NAME	POSITION & TYPE	MEETINGS TO ATTEND	MEETINGS ATTENDED
Mr. Sinaan Ali	Chairman of the Committee/ Non-Executive Independent Director	16	16
Uz. Mohamed Fareed	Member / Non-Executive Independent Director	11	11
Mr. Nasrath Mohamed	Member / Non-Executive Independent Director	16	16
Mr. Mohamed Imran Adnan*	Member / Non-Executive Independent Director	5	5

[1]Uz. Mohamed Fareed served as a member of the Nomination and Remuneration Committee until 10 December 2023.

*Mr. Mohamed Imran Adnan was appointed as a Member of NRC effective from 19th December 2023.

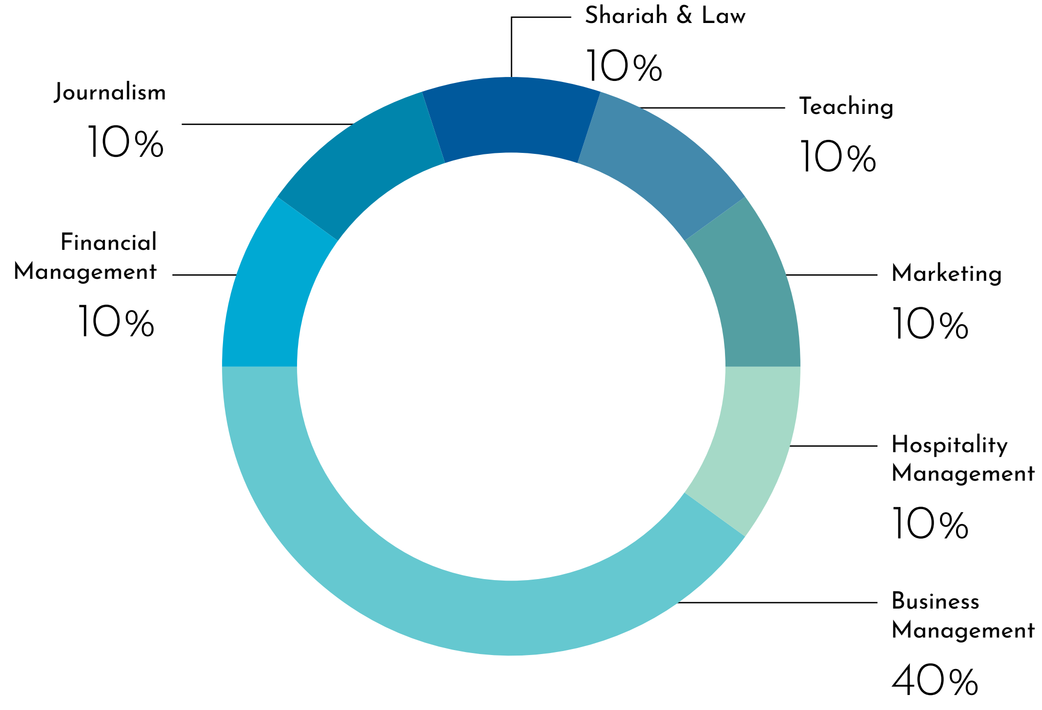
KEY DECISIONS

- Reviewed health insurance and benefit procedure for the Board of Directors and management.
- Reviewed Board of Directors' benefit procedure.
- Reviewed Salary and allowance policy.
- Reviewed the Company's organizational structure.
- Evaluated and nominated Company Secretary.
- Reviewed revisions to the manpower plan of the Construction and Dredging Division.

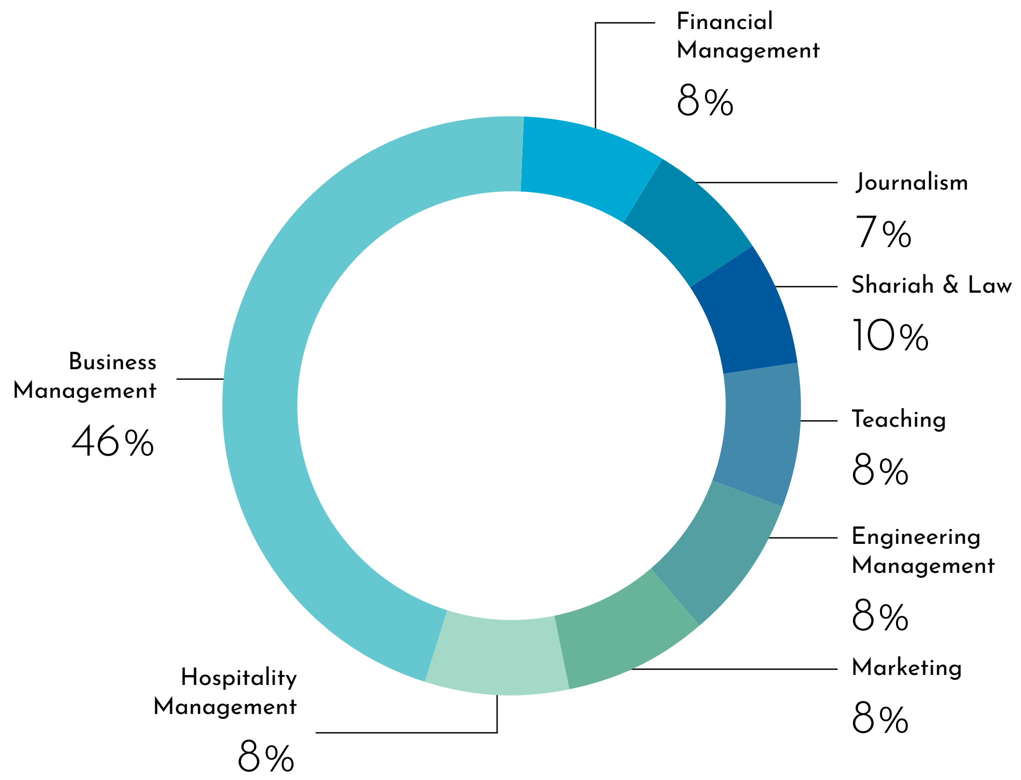
BOARD DIVERSITY

The Company's Board of Directors are qualified professionals who has acquired a diverse set of expertise and experiences, contributing their knowledge from different professional and academic backgrounds. As of today, the Board consists of seven male directors. To achieve greater diversity in the Board and to comply with the Corporate Governance Code, applications from female applicants were encouraged during the process of directorship application for the Annual General Meeting of 2022. However, no applications were recorded from female applicants.

QUALIFICATIONS OF BOARD DIRECTORS AT THE BEGINNING OF 2023



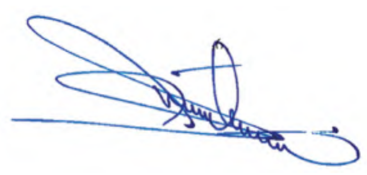
QUALIFICATIONS OF BOARD DIRECTORS AFTER RECONSTITUTION OF THE BOARD IN THE FOURTH QUARTER OF 2023



BOARD EVALUATION

In accordance to the clause 2.2 of the Corporate Governance Code and the policy in place to the Board evaluation, 2023 Board Directors evaluation has been conducted to the directors served for the full year period.

On behalf of the Nomination and Remuneration Committee



Sinaan Ali
Chairman
Nomination and Remuneration Committee

REMUNERATION REPORT

The Company remains partially compliant with clause 2.4 of the Corporate Governance Code of the Capital Market Development Authority, which requires the Company to disclose the remunerations paid to individual members of the Board of Directors and key management, due to the competitive business and employment environment it operates in. The Board of Directors decided only to disclose the aggregate remuneration paid to the key management.

The Board of Directors endeavours to ensure that the remunerations paid by the Company are kept at a moderate level. However, in determining salaries and incentives of the Company the Board considers trends and references of remuneration applied in the market by companies of similar size that perform similar businesses and ensure that they are in line with best practices. The Board of Directors are remunerated as per Clause 69 of the Articles of Association of the Company, which states that the remuneration and fees of Directors shall be approved by shareholders at the Annual General Meeting.
As approved in the Annual General Meeting 2014, the remuneration of Board Directors comprises MVR 10,000 paid as monthly salary and MVR 500 as sitting allowance for each meeting of the Board and Committees of the Board. In addition to the remuneration package as a Board Director, the Chairman also receives a Chairman Allowance of MVR 7,000.

Directors do not receive any remunerations in addition to those approved at the Annual General Meeting. However, the Board of Directors receives medical insurance under the Medical Insurance Scheme of the Company, and training as required by the Corporate Governance Code and the Salary and Benefit policy.

Additional Remunerations are paid to Executive Directors of the Board from their employment at the Company. The Chief Executive Officer/ Executive Director of the Company also serves as the Chairman of the Board of Maldives Real Estate Investment Corporation Private Limited, a subsidiary in which the Company owns 100% of its shares. The Chief Executive Officer/ Executive Director is entitled to the remunerations paid to the Chairman and Directors of the Board of Maldives Real Estate Investment Corporation Private Limited. The Chief Executive Office/Executive Director and an addition Director of the Board also serves as a members of the Board of Directors of Airport Investment Pvt. Ltd. However, no additional remunerations are paid for this position.

Directors of the Board are entitled to shares and debt securities of the Company. Additionally, Mr. Mohamed Faheem, the Chairman of the Board of Directors until 18 December 2023, held 01 share at Maldives Real Estate Investment Corporation Private Limited.

Total remunerations paid to Directors of the Board in 2023 is MVR 1,074,166.66

Remunerations Paid To Directors Of The Board In 2023

NAME	POSITION & TYPE	TOTAL (MVR)
Mr. Mohamed Afeef Hussain	Chairman	1,700.00
Mr. Mohamed Faheem	Former Chairman	211,800.00
Mr. Abdulla Ziyad	CEO/Executive Director	9,166.67
Mr. Adam Azim	Former CEO/Executive Director	120,333.00
Mr. Shahid Hussain Moosa	Former COO/Executive Director	125,333.33
Mr. Sinaan Ali	Non-Executive Director	155,000.00
Mr. Mohamed Fareed	Former Non-Executive Director	147,833.33
Mr. Nasrath Mohamed	Non-Executive Director	155,500.00
Mr. Mohamed Imran Adnan	Non-Executive Director	147,500.00
Mr. Ali Naail	Non-Executive Director	-

The shares owned by the Directors of the Company have been purchased by the Directors in their individual capacity and no service contracts of the Company have been awarded to any of the Board Directors or any member of the key management.

The top management of the Company consists of the Chief Executive Officer and Managing Director, Deputy Managing Directors, Chief Operating Officer, Deputy Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, Chief Engineering and Technical Officer, Chief Procurement Officer, Chief Project Management Officer, Chief Sales Officer, Chief Marketing and People Officer, and General Managers.

The remunerations of members of top management have been established as per the Company's Salary and Allowance Policy. The remuneration package of the members of the top management is reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors. The remuneration package of members of the top management comprises a monthly basic salary and allowances.

In 2023 the aggregate remuneration paid to members of the top management amounts to MVR 12,030,159.80.

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FUTURE OUTLOOK

IN PICTURE:
COMPANY
ANNIVERSARY

FUTURE OUTLOOK

Our journey towards our vision is steered by three core strategic pillars: customer excellence, operational excellence, and business growth. Our commitment lies in fostering sustainability through strategic diversification and expanding our customer base to align with the nation's evolving needs. We are dedicated to enhancing our capacity to meet market demands and maintain our leadership position in an increasingly competitive landscape.

With a robust brand reputation, we possess the trust and credibility needed to explore new markets and initiatives. Supported by the largest fleet of heavy machinery in the country, we have the strength to undertake diverse projects spanning construction, transportation, logistics, and marine infrastructure. Leveraging our expertise in marine construction, we are prepared to seize opportunities in land reclamation and the development of docking facilities for large vessels. Our esteemed brand and product portfolio serve as a springboard for extending our trading operations into new territories.

Amidst favourable conditions such as increased demand for construction, transportation, and logistics services, our expansion plans encompass enlarging the shipyard, reclaiming resort islands, and delving into township development models. These initiatives are strategically aligned to capitalize on market trends and propel sustainable growth.

While our expansion endeavors present significant opportunities for business growth and economic contribution, our immediate outlook is highly optimistic. The allocation of MVR 8.7 billion for infrastructure development in the national budget for 2024 is poised to open opportunities in infrastructure, transportation, and fisheries sectors, directly benefiting our core business segments. Additionally, a budget of MVR 545.4 million for transport subsidies further augments our growth prospects.

CONSTRUCTION AND DREDGING

The government budget for 2024 presents promising opportunities for this segment of our business in the coming year. Out of the allocated MVR 8.7 billion for public sector investment programs, MVR 3.3 million is designated for airport and harbor development, while MVR 1.7 billion is earmarked for land reclamation and road development. This augurs well for us, given our longstanding role as a major contractor for the government. Furthermore, we are confident in our ability to expand our portfolio into the private sector in the upcoming year. Additionally, we have a total of 87 projects at various stages of development from the previous year that have been carried forward and will be completed in the coming year.

Initiatives planned for the year to increase revenue from this sector includes penetrating into the private infrastructure development market in the tourism sector through negotiated terms mutually beneficial to both parties, increasing market share in the survey and design sector by introducing new and differentiated innovations and designs technology and negotiating with the government to win projects on deferred payment terms.

Profitability from projects will be enhanced by sourcing materials in bulk to reduce cost of sales, increasing project management skills, delivering projects on time within the allocated budget by enhancing our project management skills and by taking steps to reduce idling costs at projects sites. The supply chain fleet will also be expanded through additional investment.

While our Construction and Dredging Division boasts extensive expertise in marine construction, road construction, and airport infrastructure, we recognize the necessity to bolster our capabilities in dredging and reclamation, building construction, and the construction of bridges and causeways. In building construction, we intend to establish a dedicated team and procure necessary equipment to meet the anticipated demand for high-rise buildings in the future. Regarding reclamation, the private sector presents abundant opportunities for us to seize, necessitating additional investment in machinery and equipment to expedite existing projects and secure new opportunities. This entails expanding our current fleet to accommodate both present and future commitments. Exploring the construction of causeways and deep-water bridges is also priority for us, and we aim to adopt modern technologies requisite for these sectors while augmenting our fleet and cultivating a specialized workforce.

Our focus in the coming years would be reinforcing these sectors and building the capacity to withstand competition in the market and becoming the leader in reclamation, and the construction of high-rise buildings, causeways and deep-water bridges.

The Company's Strategic Plan outlines several areas of expansion related to construction and dredging. These initiatives entail harnessing our dredging capabilities to reclaim resort islands for sale and lease, expanding our footprint into foreign markets with high demand for dredging and reclamation services, and embarking on tourist village development in inhabited islands with large areas of land, to tap into the flourishing tourism sector in the Maldives. Our expansion into township development marks a significant entry into the real estate domain. Through a holistic approach to township development, we aim to cultivate dynamic urban environments that not only stimulate economic prosperity but also cater to the diverse needs of local communities and international clientele.

TRADING

Our Trading Division carries a portfolio of products related to the marine industry; hence the bulk of our customers are comprised of fishermen, resorts, vessel owners and utility companies. While the key sectors we serve are expanding, existing and upcoming tourist resorts and new airport developments are expected to have a significant positive impact on the sale of Castrol, Sigma protective coating, Marol steering systems, and Yanmar and Suzuki engines.

We operate our own service center to provide after-sale services which include installation, configuration, maintenance, and repairs. As after-sales service is a vital component, we are focusing on expanding the services with state-of-the-art workshops in the new future.

To achieve the objective of increasing revenue from this segment, we plan to expand our product range in 2024, by introducing new products to our product portfolio. This will include navigation and communication systems, safety equipment, RSW systems for fishing boats, boating accessories and boatbuilding composites and materials. We have also planned to diversify into construction materials and expand the sale of the recently introduced line of boats in 2024. Power generation, power machinery, tools and equipment, and electrical vehicles will be introduced into our portfolio in the next three to four years.

While a modern trading showroom is planned to be developed to enhance our customer service standards, we will establish product distribution points at RTL centres in the north and south of the country to offer greater access and convenience to customers across the country. Our aftersales services will also see a revolutionary change with the development of a modern Aftersales Service Center in the Male' Area with support services to ensure reliability and assurance. These developments will be complemented by changes to internal processes targeted to enhance favorable inventory management of key products, product delivery, efficiency of aftersales services and improve customer relations and retention. Development of modern warehousing facilities in Male', Thilafushi and Hulhumale' is also planned for the year. Furthermore, improving product availability and accessibility by establishing distribution centers in key locations such as Lh. Naifaru, Hdh.Kulhudhufushi, Gdh.Thinadhoo, Gn. Fuvahmulah, and Addu City with plans for four additional centers in the northern region are slated in our Strategic Plan.

SHIPBUILDING AND REPAIR

The Shipbuilding and Repair Division is responsible for maintaining, repairing, and providing engineering services for all company-owned vessels. Additionally, we offer advanced engineering and docking solutions to external clients through our Shipyard in K. Thilafushi. Our primary focus is on organizational efficiency, innovative service enhancements, and investment in specialized training and machinery to deliver high-quality services efficiently. We are also committed to ensuring a safe working environment through the implementation of innovative methodologies.

National statistics indicate that there are currently 18,180 vessels operating in the Maldives, with a consistent increase observed across various sectors, including transport, tourism, and fishing. This growth implies a rising demand for repair services, particularly as steel vessels typically undergo annual surveyor-recommended repairs, while wooden, fiber vessels, and speed boats are docked twice a year or more for maintenance. The number of vessels is anticipated to grow in 2024 and beyond, driven by the expansion in the tourism industry and marine transport sectors. Furthermore, vessel operators are increasingly prioritizing preventive maintenance of their vessels. The upsurge in demand for docking and maintenance services, coupled with the limited number of service providers, creates an extremely favourable market environment for our offerings.

Our Strategic Plan includes enhancing the capacity and capabilities of our existing shipyard to address the increasing demand for docking and repair services in the Maldives. This initiative comprises two phases aimed at improving operational efficiency and meeting market demands. In Phase 1, Operations unrelated to shipbuilding and repair such as the precast yard, machinery storage are planned to be relocated, freeing up much needed space at the Shipyard. The current slipway space will also undergo development to enhance efficiency by over 100% and quadruple towing capacity.

Currently, we are undergoing significant transformations in our operational framework to align with customer expectations and prepare the groundwork for our forthcoming expansion. This entails introducing and refining processes associated with shipbuilding and repair, customer relations management, integrated management, document integration management, as well as inventory control, costing, and accounting procedures.

Our entry into shipbuilding services is planned for 2024. Along with that, our plan for the year includes standardizing our services to obtain classification approvals from BV, DNV, and GL. As envisaged in the Strategic Plan our slipway capabilities will also be expanded to accommodate vessels up to 2000 MT, and a steel processing workshop will be established to support shipbuilding and repair operations. Additionally, we will redesign our fiberglass repair facility and implement rigorous preventive maintenance schedules for Company's vessels during the year. Planned developments for the year also includes the establishment of welding facilities, composite fabrication halls, and a new warehouse.

To facilitate this expansion, investments will be directed towards new facilities, machinery, equipment, and workforce training and development. A particular emphasis will be placed on marketing our service offerings. In our effort to mitigate operational costs, we plan to install solar panels for green energy production to meet current and future energy requirements, implement preventive maintenance schedules for all assets, and introduce cost control measures by accurately forecasting material consumption and manpower needs for various tasks.

This expansion initiative signifies our commitment to meeting the evolving needs of the maritime industry and solidifying our position as a key player in the Maldives market.

TRANSPORT

The Transport Service Division operates both land and sea public transportation services. Our marine sector, a cornerstone of our service offerings since our inception, has played a vital role in meeting the transportation needs of the nation, especially during the time when few marine transport options were available. Over the past three decades, our transport services have undergone significant evolution, becoming an integral part of everyday life for Maldivians. Covering 100% of the inhabited islands of the Maldives, our marine services ensure connectivity across the archipelago.

In addition to our marine services, our land transport sector provides public transportation services in the Greater Male' Area, Addu City, Fuvahmulah, Kulhudhuffushi, Dhidhdhoo and Laamu Atoll. In July 2021, a tri-party agreement was signed between the Ministry of Transport and Civil Aviation, the Ministry of Finance, and MTCC, entrusting us with the responsibility of providing safe, convenient, and reliable public transport to the nation for the next 50 years. This was implemented under the Raajje Transport Link (RTL) land and sea transport networks.

To enhance customer experience, we continually implement initiatives such as the user-friendly RTL application and website, along with convenient payment methods. Currently, our RTL ferry service operates in various zones, connecting islands across Haa Alif, Haa Dhaalu, Shaviyani, Lhaviyani, Gaafu Alifu, Gaafu Dhaalu Atolls, Addu City and Fuvahmulah.

Our Strategic Plan outlines our vision for this sector. The flourishing Maldivian tourism industry, characterized by a multitude of operational and upcoming resort islands, offers a promising market for expanding our services. As of 2023, with over 176 resort islands operational and 118 more in development, the demand for dependable transport solutions is expected to rise, particularly with the proposed VIA terminal projected to handle up to 7.3 million passengers annually. Capitalizing on the prevailing trend of outsourcing support services such as transportation to third-party operators, we aim to offer contract-based transport solutions to both current and future developments in the tourism sector.

Drawing upon our extensive track record as a trusted public transport service provider, we are well-positioned to seamlessly expand into the sector as a comprehensive contract-based transport solution provider. This aligns with our strategic goal of seizing growth opportunities within the rapidly expanding tourism market.

To bolster ridership and revenue in this segment, our plan for 2024 includes actively promoting and marketing our RTL public ferry service and bus networks to appeal to purpose-based travellers. Simultaneously, during the year we aim to pursue our objective of securing agreements with resorts to offer tailored marine transport solutions for guest and staff transfers. Furthermore, to enhance our customer service offerings, we have slated further expansion of fare automation to encompass all marine transport services. We also plan to extend online ticketing and reservation systems to cover all our services during the year and introduce an online charter platform during the year. The year will also see the implementation of the second phase of the RTL ferry network which will include connecting the islands of Noonu Atoll, Raa Atoll and Baa Atoll.

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AUDITED FINANCIAL STATEMENTS

IN PICTURE: DREDGING, RECLAMATION AND SHORE PROTECTION IN R. DHUVAAFARU

Deloitte.

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Independent auditor's report

To the Shareholders of Maldives Transport and Contracting Company PLC

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Maldives Transport and Contracting Company PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group). The financial statements of the Company and the consolidated financial statements of the Group comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

C.S. Manoharan FCA, T.U. Jayasinghe FCA, Jatindra Bhattray FCA, Prasanta Misra FCA, Mohamed Siraj Muneer FCA

Regd. Office: H.Thandiraimage, 3rd floor, Roshanee Magu, Malé, Republic of Maldives. Reg. No.: P-0689/1980

Key Audit Matters

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

Key audit matter	How our audit addressed the Key audit matter
The Company and the Group:	
Construction contract revenue	
Refer to the material accounting policy notes 2.12 and 2.23 to the financial statements. The revenues from construction and dredging contracts are recognised over time. These contracts executed by the Company satisfy the related performance obligations over time and create /enhances assets that the customers have control over, as such assets are created / enhanced. The Group uses the input method to determine the amount of revenue to be recognised in a given period and the stage of completion is measured by reference to total cost incurred relative to total estimated cost. We focused on this area due to the significance of the revenue recognized during the year from construction and dredging contracts, which amounted to MVR 2,748,068,291 and because the percentage completion of ongoing contracts involved estimation of future costs for each of those contracts. Any error in judgment or intent while estimating future costs could result in an over/understatement of revenue and, therefore we identified the recognition of revenue from construction and dredging contracts as a key audit matter.	Specific work that we performed on the estimated contract costs used to calculate percentage completion of construction and dredging contracts determined by the management in the input method of revenue recognition included the following: - We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process. - Checked the reliability of the budgeted costs by comparing the actual costs of selected contracts completed during the year with the respective budgets. - Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs. Based on the work performed we found that the process followed by the Company to estimate future costs of contracts used to calculate percentage completion of construction and dredging contracts is reliable and the estimated costs are reasonable.

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Key audit matter	How our audit addressed the Key audit matter
Impairment of trade receivables, receivables from related parties, contract assets and retention receivable	
Refer to material accounting policy Note 2.10 (iv) and Note 3.1 to the financial statements. As at 31 December 2023 the Group's trade receivables, receivables from related parties, contract assets and retention receivable amounted to MVR 1, 949,246,154 before provision for impairment. These trade receivables, receivables from related parties, contract assets and retention receivable are measured at amortized cost using effective interest method. Impairment provision is recorded to adjust the balances to the present value of the estimated future cash flows. The provision for impairment of trade receivables, receivables from related parties, contract assets and retention receivable amounted to MVR 60,090,180 as at 31 December 2023. Impairment provision is calculated using statistical methods and historical collection trends adjusted for forward looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 3.1. We considered the calculation of impairment provision as a key audit matter as it is a complex area requiring management to make significant estimates and assumptions on customer payment behaviours and since the amount of impairment provision recognized in the financial statements is significant.	Our audit procedures of this matter included the following: - Tested the completeness of the trade receivables, receivables from related parties, contract assets and retention receivable considered in the impairment provision calculation by checking the arithmetical accuracy of the listing obtained and matching the outstanding balances with the general ledger. - Checked the accuracy of the data considering individual contract assets, retention receivable, receivables from related parties and trade receivable balances and the aging of such balances on a sample basis, to determine whether management's identification of assets requiring impairment allowance was appropriate. - We tested the key underlying assumptions used by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. - We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referencing to the requirements of *IFRS 9, Financial instruments; recognition and measurement*, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision. Based on the work performed we found the methodologies and assumptions used by the management to calculate impairment provision to be appropriate.

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Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2023 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and 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 management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 and the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Mohamed Siraj Muneer.

MALE`
10 June 2024.

For DELOITTE PARTNERS

Mohamed Siraj.

Mohamed Siraj Muneer
Partner

Statement of financial position

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
	Note	2023	2022	2023	2022
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,754,545,647	1,554,889,375	1,754,545,647	1,554,889,375
Investment properties	6.1	13,171,257	15,479,069	15,379,291	18,065,623
Right-of-use assets	6.2	94,213,691	98,532,252	94,213,691	98,532,252
Intangible assets	7	20,625,236	23,631,693	20,625,236	23,631,693
Investment in subsidiary	8.1	-	-	346,565	346,565
Financial assets at fair value through other comprehensive income	9	175,276,800	169,799,400	175,276,800	169,799,400
Deferred tax assets	10	87,228,144	72,266,110	87,228,144	72,266,110
Trade and other receivables	11	3,245,066	8,820,662	3,245,066	8,820,662
		2,148,305,841	1,943,418,561	2,150,860,440	1,946,351,680
Current assets					
Inventories	12	950,404,090	842,906,101	950,404,090	842,906,101
Trade and other receivables	11	1,965,605,592	1,223,486,878	1,965,612,585	1,226,237,517
Contract assets	11	595,386,076	334,814,048	595,386,076	334,814,048
Cash and cash equivalents	13	52,840,523	49,176,528	52,324,470	46,072,847
		3,564,236,281	2,450,383,555	3,563,727,221	2,450,030,513
Total assets		5,712,542,122	4,393,802,116	5,714,587,661	4,396,382,193
EQUITY AND LIABILITIES					
Equity					
Share capital	14	40,188,745	40,188,745	40,188,745	40,188,745
Share premium	14	173,151,693	173,151,693	173,151,693	173,151,693
General reserve	14	225,000,000	225,000,000	225,000,000	225,000,000
Fair value reserves	14	146,954,374	142,298,584	146,954,374	142,298,584
Retained earnings		1,180,992,112	1,078,080,497	1,183,059,087	1,080,667,050
Total equity		1,766,286,924	1,658,719,519	1,768,353,899	1,661,306,072
Liabilities					
Non-current liabilities					
Borrowings	15	331,265,475	376,833,026	331,265,475	376,833,026
Shareholder loan	16	48,925,468	92,259,901	48,925,468	92,259,901
Trade payables	17	54,383,262	114,858,676	54,383,262	114,858,676
Lease liabilities	6.2	88,030,854	83,142,566	88,030,854	83,142,566
Employee retirement benefit	17	36,863,663	33,481,400	36,863,663	33,481,400
		559,468,722	700,575,569	559,468,722	700,575,569
Current liabilities					
Borrowings	15	276,087,259	223,732,273	276,087,259	223,732,273
Shareholder loan	16	135,876,650	185,084,434	135,876,650	185,084,434
Lease liabilities	6.2	20,651,689	25,443,271	20,651,689	25,443,271
Trade and other payables	17	2,688,388,569	1,421,912,185	2,688,367,133	1,421,905,709
Income tax payable	22	50,974,192	57,286,227	50,974,192	57,286,227
Contract liabilities	17	214,808,117	121,048,638	214,808,117	121,048,638
		3,386,786,476	2,034,507,028	3,386,765,040	2,034,500,552
Total liabilities		3,946,255,198	2,735,082,597	3,946,233,762	2,735,076,121
Total equity and liabilities		5,712,542,122	4,393,802,116	5,714,587,661	4,396,382,193

These financial statements were approved by the Board of Directors on 06 June 2024

…………………..	…………………..	………………………………	………………………..
Hussain Mohamed Manik Chief Financial Officer	Abdulla Ziyad Chief Executive Officer	Mohamed Imran Adnan Chairman - Audit & Risk Committee	Mohamed Afeef Hussain Chairman - Board of Directors

The notes on pages 13 to 74 are an integral part of these financial statements.

Statement of profit or loss

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
		2023	2022	2023	2022
	Note				
Revenue from contracts with customers	5	3,201,651,265	2,470,510,879	3,201,651,265	2,470,510,879
Cost of sales	19	(2,984,485,253)	(2,177,682,581)	(2,984,485,253)	(2,177,682,581)
Gross profit		217,166,012	292,828,298	217,166,012	292,828,298
Other income	18	513,661,290	405,819,737	513,491,419	409,578,608
Selling and marketing expenses	19	(6,985,120)	(12,328,836)	(6,985,120)	(12,328,836)
Administrative expenses	19	(373,391,885)	(323,702,684)	(373,755,092)	(324,081,204)
Impairment loss on financial / contract assets	19	(10,935,673)	-	(10,935,673)	-
Other operating expenses	19	(61,801,454)	(38,453,892)	(61,787,954)	(42,212,762)
Operating profit		277,713,170	324,162,623	277,193,592	323,784,104
Finance income	21	11,614,249	10,910,055	11,614,249	10,910,055
Finance costs	21	(173,977,430)	(105,540,721)	(173,977,430)	(105,540,721)
Profit before tax		115,349,989	229,531,957	114,830,411	229,153,438
Tax expense	22	(18,224,067)	(33,432,580)	(18,224,067)	(33,432,580)
Profit after tax for the year		97,125,922	196,099,377	96,606,344	195,720,858
Earnings per share	23	12.08	24.40	12.02	24.35

The notes on pages 13 to 74 are an integral part of these financial statements.

Statement of comprehensive income

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		Year ended 31 December			
Profit after tax for the year		97,125,922	196,099,377	96,606,344	195,720,858
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Re-measurements of retirement benefit obligations	17	6,806,698	8,948,458	6,806,698	8,948,458
Changes in the fair value of equity investments at fair value through other comprehensive income	9	5,477,400	118,311,840	5,477,400	118,311,840
Related tax	10	(1,842,615)	(19,089,045)	(1,842,615)	(19,089,045)
Other comprehensive income for the year, net of tax		10,441,483	108,171,253	10,441,483	108,171,253
Total comprehensive income for the year		107,567,405	304,270,630	107,047,827	303,892,111

The notes on pages 13 to 74 are an integral part of these financial statements.

Statement of changes in equity - Group

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2022		40,188,745	173,151,693	225,000,000	41,733,520	902,507,053	1,382,581,011
Profit for the year		-	-	-	-	196,099,377	196,099,377
Other comprehensive income for the year		-	-	-	100,565,064	7,606,189	108,171,253
Total comprehensive income for the year		-	-	-	100,565,064	203,705,566	304,270,630
Transaction with the owners							
Dividend declared	25	-	-	-	-	(28,132,122)	(28,132,122)
		-	-	-	-	(28,132,122)	(28,132,122)
Balance at 31 December 2022		40,188,745	173,151,693	225,000,000	142,298,584	1,078,080,497	1,658,719,519
Balance at 1 January 2023		40,188,745	173,151,693	225,000,000	142,298,584	1,078,080,497	1,658,719,519
Profit for the year		-	-	-	-	97,125,922	97,125,922
Other comprehensive income for the year		-	-	-	4,655,790	5,785,693	10,441,483
Total comprehensive income for the year		-	-	-	4,655,790	102,911,615	107,567,405
Balance at 31 December 2023		40,188,745	173,151,693	225,000,000	146,954,374	1,180,992,112	1,766,286,924

The notes on pages 13 to 74 are an integral part of these financial statements.

Statement of changes in equity - Company

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2022		40,188,745	173,151,693	225,000,000	41,733,520	905,472,125	1,385,546,083
Profit for the year		-	-	-	-	195,720,858	195,720,858
Other comprehensive income for the year		-	-	-	100,565,064	7,606,189	108,171,253
Total comprehensive income for the year		-	-	-	100,565,064	203,327,047	303,892,111
Transactions with the owners							
Dividend declared	25	-	-	-	-	(28,132,122)	(28,132,122)
Balance at 31 December 2022		40,188,745	173,151,693	225,000,000	142,298,584	1,080,667,050	1,661,306,072
Balance at 1 January 2023		40,188,745	173,151,693	225,000,000	142,298,584	1,080,667,050	1,661,306,072
Profit for the year		-	-	-	-	96,606,344	96,606,344
Other comprehensive income for the year		-	-	-	4,655,790	5,785,693	10,441,483
Total comprehensive income for the year		-	-	-	4,655,790	102,392,037	107,047,827
Balance at 31 December 2023		40,188,745	173,151,693	225,000,000	146,954,374	1,183,059,087	1,768,353,899

The notes on pages 13 to 74 are an integral part of these financial statements.

Statement of cash flows

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
	Note	2023	2022	2023	2022
Cash flows from operating activities					
Cash generated from operations	24	769,919,735	673,340,858	772,507,363	673,318,856
Interest paid	21	(79,851,852)	(62,617,460)	(79,851,852)	(62,617,460)
Lease interest paid	21	(14,661,796)	(9,785,013)	(14,661,796)	(9,785,013)
Retirement benefits paid	17	(1,415,060)	(1,833,070)	(1,415,060)	(1,833,070)
Income tax paid	22	(41,340,751)	(54,536,717)	(41,340,751)	(54,602,414)
Net cash generated from operating activities		632,650,276	544,568,598	635,237,904	544,480,899
Cash flows from investing activities					
Investments in property, plant and equipment	6	(516,694,121)	(804,880,502)	(516,694,121)	(804,880,502)
Investments in intangible assets	7	(1,654,478)	(1,135,779)	(1,654,478)	(1,135,779)
Proceeds from sale of property, plant and equipment	24	346,328	347,455	346,328	347,455
Investment in associate	8.2	-	(16,275,500)	-	(16,275,500)
Interest received	21	11,614,249	10,910,055	11,614,249	10,910,055
Dividends received	18	8,763,840	10,516,608	8,763,840	10,516,608
Net cash used in investing activities		(497,624,182)	(800,517,663)	(497,624,182)	(800,517,663)
Cash flows from financing activities					
Repayments of borrowings		(288,747,592)	(110,095,752)	(288,747,592)	(110,095,752)
Proceeds from borrowings		181,127,190	427,498,866	181,127,190	427,498,866
Principal elements of leases payments	6.2	(26,257,920)	(26,696,734)	(26,257,920)	(26,696,734)
Dividends paid to the shareholders		(19,349,397)	(43,295,712)	(19,349,397)	(43,295,712)
Net cash generated from / (used in) financing activities		(153,227,719)	247,410,668	(153,227,719)	247,410,668
Net decrease in cash, cash equivalents and bank overdraft		(18,201,625)	(8,538,397)	(15,613,997)	(8,626,096)
Cash, cash equivalents and bank overdrafts at beginning of the year		41,769,312	50,307,709	38,665,631	47,291,727
Cash, cash equivalents and bank overdrafts at end of the year	13	23,567,687	41,769,312	23,051,634	38,665,631

The notes on pages 13 to 74 are an integral part of these financial statements.

Notes to the financial statements

(all amounts in Maldivian Rufiyaa unless otherwise stated)

1 General Information

Maldives Transport and Contracting Company PLC (the "Company") and its Subsidiary (the "Group") is incorporated and domiciled in the Republic of Maldives. The Company is a public limited liability company incorporated under the Act 4/81 on 18 December 1980. The Company was re-registered with the Ministry of Trade and Industries on 12 February 1990.

The principal activities undertaken by the Group include trading, contracting, marine transportation, ship agency, docking services, real estate and auctioning. The address of its registered office is MTCC Tower, Boduthakurufaanu Magu, Male' 20057, Republic of Maldives. The Group's shares are listed on the Maldives stock exchange.

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied over the years, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

The financial statements of Maldives Transport and Contracting Company PLC (the "Company") and its subsidiary (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements of the subsidiary company have been prepared other than a going concern basis of accounting reflecting the decision taken by the shareholders on 23 July 2020 to liquidate the Company.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

i. Property, plants and equipment : proceeds before intended Use – Amendments in IAS 16
ii. Onerous contracts- cost of fulfilling contract – Amendments to IAS 37
iii. Annual Improvements to IFRS Standards 2018-2020, and
iv. Reference to the conceptual Framework – Amendment to IFRS 3

The amendments listed above did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

(iv) New and amended standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

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

Classification of Liabilities as Current or Non-current – Amendments to IAS 1
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
Amendment to IAS 8 – Definition of accounting estimates.

2.2 Consolidation

Subsidiary

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary has been changed where necessary to ensure consistency with the policies adopted by the group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting.Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Board of Directors considers a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Thus the primary segments of the Group are as follows:

i) Trading	ii) Construction and Dredging	iii) Transport
iv) Real estate	v) Others	

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Maldivian Rufiyaa, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.5 Property, plant and equipment

All property, plant and equipment, which are initially recorded at historical cost, is stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, over their estimated useful lives or, in the case buildings constructed on leasehold land and improvements made to the leasehold premises , the shorter of lease term as follows:

Land improvements and buildings	
Buildings (other than MTCC tower)	10 years
MTCC tower	25 years
Plant and machinery	
Plant and machinery	5 years
Excavators	5-7 years
Wheel loaders	5 years
Cranes	5 years
Motor vehicles	
Motor vehicles	5 years
Dump trucks	5 years

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.5 Property, plant and equipment (continued)

Vessels

Dredging vessels	10-25 years
Vessels	5-10 years
Tug boats	5-10 years
Furniture and office /communication equipment	
Furniture and fittings	4 years
Office equipment	3 years
Sundry assets	
Tools	3 years
Other assets	3 years

When values of acquisitions are less than MVR 5,000 those assets are depreciated fully in the year of acquisition irrespective of their useful lifetime.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Sundry assets comprises of containers, cylinders, water tanks, tools and other light equipment used for construction works.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

2.6 Investment properties

Investment properties, principally office buildings, are held for long-term rental yield and are not occupied by the group. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, over their estimated useful lives or, in the case buildings constructed on leasehold land and improvements made to the leasehold premises, the shorter of lease term as follows:

Buildings (other than MTCC tower)	10 years
MTCC tower	25 years

2.7 Intangible assets

Computer software development costs recognized as assets are amortized using the straight-line method over their estimated useful lives (between 5-10 years). The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Leases

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing, and makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.9 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of vessels and houses are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Extension and termination options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in group operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

2.10 Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.10 Investments and other financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, contract assets and retention receivables the group applies the allowance Matrix approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For receivables under tawmil taksit credit scheme (Shariah compliant) group measures credit risk using staging method. See note 3.1 (iii) for further details.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method and includes import duty, insurance, freight, port charges and bank charges. The cost does not include borrowing cost. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Construction contracts

A construction contract is defined by IFRS 15, 'Revenue from Contracts with Customers', as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion. Contract costs are recognized as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

In determining cost incurred up to year end, any costs relating to future activity on a contract are excluded and shown as contract work in progress. The aggregate of the cost incurred and the profit/loss recognized on each contract is compared against the progress billings up to the year end. Where the sum of the costs incurred and recognized profit or loss exceeds the progress billings, the balance is shown under receivables and prepayments as due from customers on contracts.

2.13 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 3.1 (iii) for a description of the group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.15 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined benefit obligation

The group has voluntarily implemented a defined benefit obligation plan.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. However, in Maldives there is no deep market in such bonds and therefore market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan - pension contribution

The Group is liable to enroll the employees in the Retirement Pension Scheme with effect from 1 May 2011 based on the Regulation on Maldives Retirement Pension Scheme published by Government of Maldives and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the employees of age between 16 and 65 years to the pension office. The Group's contribution to retirement pension scheme is at the rate of 7% on pensionable wages. Contributions to retirement pension scheme is recognized as an employee benefit expense in the statement of comprehensive income.

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.18 Borrowings and loans from shareholders

Borrowings and loans from shareholders are recognized initially at fair value, net of transaction costs incurred. Borrowings and loans from shareholders are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings and loans from shareholders are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Current and deferred income tax

The tax expenses for the period comprises current income tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The provisions for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Income Tax Act.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.22 Current and deferred income tax (continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax is recognized, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Revenue recognition

The Group generates revenue from the construction and dredging projects, provision of transport service to the general public and for personal hires, trading in products related to marine transport and construction, provision of logistics services, docking and maintenance services and real estate. Other services of revenue include rental income from properties and advertisement income.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

For contracts that include deferred payment terms that exceed twelve months, the group adjusts the transaction price for the financing component with the impact recognised as interest income.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Construction and dredging contracts	The Group carries out construction and dredging projects based on customers' specifications and on customers' lands. Payment of the contract price is stipulated in construction and dredging agreements and are based on each milestone completed by the Company. Construction and dredging invoices are payable within 45 days unless specific payment terms are stipulated in the agreement. Construction related defects are rectified by the Company and a percentage of contract amount due is kept by the customer as retention until completion of one year from the date project get fully completed and handover to the customer with the agreed quality.	Revenue is recognized over time by measuring progress towards complete satisfaction of performance obligation at the reporting date, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contracts costs, using input method.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.23 Revenue recognition (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Trading division – industrial products and related spare parts	Customers obtain control of the products when the goods are delivered to the customers. Payment of the transaction price is due immediately when customer purchased the products unless customer under credit facility. Customers have right to return the goods, due to inconvenience caused by the act of trading staff such as issuing a wrong product type, size and etc. The group's obligation to repair or replace faulty products under the standard warranty terms relating to engine sales are borne by the manufacturer.	Revenue is recognized when the goods are delivered to the customer, the customer has accepted the products and collectability of related receivables is reasonably assured.
Transport services	Customers consume the service at the point of providing the service. Payment of the transaction price is due immediately when customer obtain the service.	Revenue is recognized when the transport service is provided to the customers.
Logistics Services	Customers receive the service at the point of providing the service. Payment of the transaction price is due immediately when customer obtain the service.	Revenue is recognized when the logistics service is provided to the customers.
Real estate	Customers receive the service at the point of providing the service. Payment of the transaction price is due immediately when the service is provided.	Revenue is recognized when the service is provided to the customers.
Docking and maintenance services	Customers receive the service both point in time (repair) and over the time (dock rent, electricity and water charges). Payment of the transaction price is due immediately when customer obtained the service unless customer under credit facility.	Revenue is recognized when the service is provided to the customers both under point in time and over the time.

The Group recognizes other income sources as follows:

(a) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

(b) Dividend income

Dividend income is recognized when the right to receive payment is established.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.23 Revenue recognition (continued)

(c) Rental income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

(d) Subsidy income

Subsidy incomes are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company uses the percentage-of-completion method in accounting for its fixed price contracts to deliver design services. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed. Where the proportion of services performed to total services to be performed to differ by 1% from management's estimates, the amount of revenue recognised in the year would be increased or decreased by MVR 40,171,490 (2022: MVR 22,494,371).

Financing components

An element of financing is deemed present for the Group's construction revenue. In determining the transaction price, the Group adjusts the promised consideration for the effects of the financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

2.24 Comparatives

Where necessary, comparative figures have been adjusted to confirm with the changes in presentation in the current year.

3 Financial risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

The Group audit and risk committee oversees how management monitors compliance with the Group's risk management policies and procedures. and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit and risk committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

3.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises from cash and cash equivalents, deposits with banks and financial institutions, outstanding receivables, as well as credit exposures to contract and retail customers, including contract assets.

(i) Risk management

Credit risk is managed in the following manner.

For banks and financial institutions, only reputed local and foreign branches are accepted.

Credit quality of customers are assessed by taking into accounts its financial position, past experience and other factors. The compliance with credit limit by customers is regularly monitored by the management.

(ii) Security

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The group has following three types of financial assets which are subject to impairment based on allowance Matrix.

- trade receivables for sales of inventory and from the provision of construction, dredging and other services

- contract assets relating to construction and dredging contracts

- retention receivable from contracts

Exposures within each credit risk grades are segmented by the type of the customer.

Non-interest bearing trade and other receivable

The Company uses an allowance Matrix to measure the ECLs of non-interest bearing trade and other receivables from its customers in government and corporate segments. Loss rates are calculated using a "role rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

To measure the expected credit losses, non-interest bearing trade receivables, contract assets and retention receivable from contracts have been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled work in progress and retention receivable have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for non-interest bearing trade receivables are a reasonable approximation of the loss rates for the contract assets and retention receivable from contracts.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast data obtained by the Company from the report available in the IMF website “world economic outlook database.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 45 days past due.

Receivable from private customers (non-interest bearing trade receivable, contract assets and retention receivables) are considered as default when it is more than 60 days past due. The default presumptiom of 90 days is rebutted for private customers. This rebuttal will be monitored and reviewed by credit department on an annual basis to ensure it is appropriate.

90 days default presumption is applied for government customers (non-interest bearing receivables from related parties, contract assets and retention receivables).

Economic variable assumptions

The economic variable assumptions used for the ECL estimate as at 31 December 2023 are set out below:

	2024	2025	2026	2027	2028
GDP growth	5.00%	6.50%	5.90%	5.50%	5.10%

Sensitivity analysis

Set out below are the changes to the ECL on non-interest bearing contract assets, trade and related party receivables from its customers in government and corporate segments as at 31 December 2023 that would result from reasonably possible changes in the parameter from the actual assumption used in Group’s economic variable assumption.

		GDP	
	-1%	No change	+1%
Group	MVR	MVR	MVR
Loss allowance as at 31 December 2023	58,074,452	56,389,788	55,183,856
Loss allowance as at 31 December 2022	70,700,178	70,270,233	69,975,551
Company			
Loss allowance as at 31 December 2023	54,389,454	52,704,790	51,498,858
Loss allowance as at 31 December 2022	59,607,937	59,177,992	58,883,310

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Impairment losses on financial assets recognised in profit or loss is as follows:

	Group		Company	
	2023	2022	2023	2022
	MVR	MVR	MVR	MVR
Impairment loss on contract assets, trade and related party receivables	56,389,788	70,270,233	52,704,790	59,177,992
	56,389,788	**70,270,233**	**52,704,790**	**59,177,992**

Impairment losses

	Group		Company	
	2023	2022	2023	2022
	MVR	MVR	MVR	MVR
- Movement in loss allowance for contract assets, trade and related party receivables	11,357,938	(20,074,058)	11,357,938	(23,837,092)
- Net impairment loss on contract assets, trade and related party receivables	**11,357,938**	**(20,074,058)**	**11,357,938**	**(23,837,092)**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the sector in which customers operate.

The maximum exposure to credit risk of trade and other receivable at the reporting date is as follows:

	Group Carrying amount		Company Carrying amount	
	2023	2022	2023	2022
	MVR	MVR	MVR	MVR
Trade receivables	183,790,747	153,433,988	180,105,749	142,341,747
Contract assets	595,386,076	334,814,048	595,386,076	334,814,048
Retention receivable from contracts	6,406,578	9,445,981	6,406,578	9,445,981
Receivables from related parties	1,163,662,753	626,901,221	1,163,669,746	629,651,860
Deposits	30,489,210	16,625,257	30,489,210	16,625,257
Other receivables	501,032,628	428,458,744	501,032,628	428,458,744
Prepayments	179,518,819	109,635,634	179,518,819	109,635,634
Less: Provision for receivables	(96,050,077)	(112,193,285)	(92,365,079)	(101,101,044)
Cash at bank	52,677,741	49,097,657	52,169,857	46,002,145
	2,616,914,475	1,616,219,245	2,616,413,584	1,615,874,372

The following table provides information about the Group's exposure to credit risk and ECLs for non-interest bearing trade receivables, contract assets and retention receivable from contract for non government customers segment.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

	Group		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2023			
Not past due	0.16%	214,221,074	339,156
61-180 days	3.00%	8,136,001	244,080
181-365 days	3.00%	6,854,065	205,622
More than 365 days	62.16%	39,841,647	24,765,514
		269,052,788	**25,554,373**
As at 31 December 2022			
Not past due	0.08%	69,387,618	53,137
61-180 days	3.00%	1,816,755	54,503
181-365 days	3.00%	7,781,526	233,446
More than 365 days	66.40%	56,645,989	37,615,169
		135,631,888	**37,956,255**

The following table provides information about the Company's exposure to credit risk and ECLs for non-interest bearing trade receivables, contract assets and retention receivable from contract for non government customers segment.

	Company		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2023			
Not past due	0.16%	214,221,074	339,156
61-180 days	3.00%	8,136,001	244,080
181-365 days	3.00%	6,854,065	205,622
More than 365 days	58.30%	36,156,649	21,080,516
		265,367,790	**21,869,375**
As at 31 December 2022			
Not past due	0.08%	69,387,618	53,137
61-180 days	3.00%	1,816,755	54,503
181-365 days	3.00%	7,781,526	233,446
More than 365 days	58.22%	45,553,748	26,522,928
		124,539,647	**26,864,014**

The following table provides information about the Group's exposure to credit risk and ECLs for non-interest bearing trade receivables, contract assets and retention receivable from contract for government customers segment as at 31 December 2023.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

	Group		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2023			
Not past due	0.24%	1,297,844,747	3,050,005
61-180 days	4.30%	22,906,834	985,819
181-365 days	5.00%	6,202,171	310,109
More than 365 days	16.62%	159,426,390	26,489,484
		1,486,380,142	**30,835,416**
As at 31 December 2022			
Not past due	0.15%	703,014,806	1,059,113
61-180 days	3.55%	6,369,463	226,277
181-365 days	4.00%	44,295,022	1,771,801
More than 365 days	32.42%	90,253,386	29,256,787
		843,932,676	**32,313,979**

The following table provides information about the Company's exposure to credit risk and ECLs for non-interest bearing trade receivables, contract assets and retention receivable from contract for government customers segment as at 31 December 2023.

	Company		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2023			
Not past due	0.24%	1,297,851,740	3,050,005
61-180 days	4.30%	22,906,834	985,819
181-365 days	5.00%	6,202,171	310,109
More than 365 days	16.62%	159,426,390	26,489,484
		1,486,387,135	**30,835,416**
As at 31 December 2022			
Not past due	0.15%	705,765,445	1,059,113
61-180 days	3.55%	6,369,463	226,277
181-365 days	4.00%	44,295,022	1,771,801
More than 365 days	32.42%	90,253,386	29,256,787
		846,683,315	**32,313,979**

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Interest bearing trade receivables under Tawmil Taksit credit scheme

The Company uses "three stage model" to measure the ECL of interest bearing receivables under tawmil taksit credit schemes (Shariah compliant) which is based on change in credit quality since initial recognition as summarised below:

• A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

• If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note (a) for a description of how the Company determines when a significant increase in credit risk has occurred.

• A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note (d) includes an explanation of how the Company has incorporated this in its ECL models.

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since the initial recognition)	(credit impaired assets)
12 months expected credit	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

(a) Significant increase in credit risk

The Company considers loans and receivables have experienced significant increase in credit risk when the arrears are past due for more than 30 days.

(b) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Company's expected loss calculations.

(c) Measuring the ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition on whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 MN PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2018 to 2023.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

LGDs are determined based on the factors which impact the recoveries made post default. LGD is computed based on the projected collateral values, historical discounts to market / book values to forced sales, time to repossession and recovery cost observed. When arriving the present value of cash flows after default, the Company applies 50% to the market value of the collateral to estimate force sale values for the facilities in arrears. Force sales values are then deducted from EAD to arrive LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation there of.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the facilities. The maturity profile is based on historical observed data and is assumed to be the same across all assets. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 3 (iii) (d) for an explanation of forward-looking information and its inclusion in ECL calculations.

(d) Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In an attempt to identify key economic variables affecting credit risk and expected credit losses, the Company came to the understanding that most of the macro economic variables did not indicate a clear representation, as the statistical hypothesis behind the estimates could not be tested. Accordingly, the Company found it feasible and chose the approach of 'Expert Judgment' to derive the forward-looking information to apply on 12 month PD.

The Company has considered forecasted GDP growth rates to determine the weightages along with weightages for each stage. Forecasted GDP growth rates obtained from the report available in the IMF website “world economic outlook database.

Forecasted GDP growth rates

The forecasted GDP growth rates considered to determine the weightages along with weightages for each stage are as follows :

	2024	2025	2026	2027	2028
GDP growth	5.00%	6.50%	5.90%	5.50%	5.10%

Economic variable assumptions used by the Company are as follows:

Stages	Forward looking adjustment factor
Stage 1	**94%**
Stage 2	**99%**

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

However, based on prudent measure, we have considered 100% as the forward looking adjustment so that the historical PD does not reduce.

The scenarios and their attributes are reassessed at each reporting date.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes that the chosen scenarios are appropriately representative of the range of possible scenarios

Sensitivity analysis

Set out below are the changes to the ECL on tawmil taksit credit scheme as at 31 December 2023 that would result from reasonably possible changes in the parameter from the actual assumption used in Company’s economic variable assumption.

	GDP		
	-1%	No change	+1%
	MVR	MVR	MVR
Loss allowance as at 31 December 2023	3,700,363	3,700,392	3,700,420
Loss allowance as at 31 December 2022	4,122,373	4,122,657	4,122,941

Impairment losses

	Group		Company	
	2023	**2022**	**2023**	**2022**
	MVR	**MVR**	**MVR**	**MVR**
- Movement in loss allowance for tawmil taksit credit schemes	(422,265)	(824,607)	(422,265)	(824,607)
- Net impairment loss on tawmil taksit credit schemes	**(422,265)**	**(824,607)**	**(422,265)**	**(824,607)**

Loss allowance for tawmil taksit credit schemes

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

-Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

-Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

-Impacts on the measurement of ECL due to changes made to models and assumptions;

-Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

-Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

The following table explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1 January 2023	268,604	323,325	3,530,728	4,122,657
Financial assets settled during the year	(10,976)	(12,094)	(605,310)	(628,380)
Loss on existing financial assets	-	-	206,115	206,115
Transfers:				
Transfer from Stage 1 to Stage 2	(331)	331		-
Transfer from Stage 1 to Stage 3	(48,380)	-	48,380	-
Transfer from Stage 2 to Stage 3	-	(188,708)	188,708	
Other movements	(208,917)	(120,052)	328,969	-
Loss allowance at 31 December 2023	-	2,802	3,697,590	3,700,392

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1 January 2022	255,575	300,952	2,012,110	2,568,637
New financial assets originated	9,450	-	-	9,450
Financial assets settled during the year	(880,512)	(28,222)	-	(908,734)
Loss on existing financial assets	254,495	46,063	2,152,746	2,453,304
Transfers:				
Transfer from Stage 2 to Stage 1	7,231	(7,231)	-	-
Transfer from Stage 3 to Stage 1	634,128	-	(634,128)	-
Other movements	(11,763)	11,763	-	-
Loss allowance at 31 December 2022	268,604	323,325	3,530,728	4,122,657

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

The following table further explains changes in the gross carrying amount of the tawmil taksit credit scheme:

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Gross carrying amount as at 1 January 2023	27,648,547	1,682,464	5,847,409	35,178,420
New financial assets originated	3,480,596	2,133,716	-	5,614,312
Payments received from new financial assets during the year	(1,054,097)	(840,971)	-	(1,895,068)
Financial assets fully settled during the year	-	-	(7,202,303)	(7,202,303)
Financial assets partly settled during the year	(7,218,307)	(2,094,265)	(2,621,579)	(11,934,151)
Transfers:				
Transfer from Stage 1 to Stage 2	(1,679,129)	1,679,129		-
Transfer from Stage 1 to Stage 3	(8,648,294)	-	8,648,294	-
Transfer from Stage 2 to Stage 3	-	(492,774)	492,774	-
Other movements	(3,101,890)	1,538,390	1,563,500	-
Gross carrying amount as at 31 December 2023	9,427,426	3,605,689	6,728,095	19,761,210

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Gross carrying amount as at 1 January 2022	36,164,013	300,952	6,624,491	43,089,456
New financial assets originated	15,293,399	798,173	-	16,091,572
Payments received from new financial assets during the year	(3,157,889)	(190,041)	-	(3,347,930)
Financial assets fully settled during the year	(6,410,573)	-	-	(6,410,573)
Financial assets partly settled during the year	(13,467,187)	(298,209)	(478,709)	(14,244,105)
Transfers:				
Transfer from Stage 1 to Stage 2	(308,819)	308,819	-	-
Transfer from Stage 1 to Stage 3	(114,389)	-	114,389	-
Transfer from Stage 3 to Stage 1	634,128	-	(634,128)	
Other movements	(984,136)	762,770	221,366	-
Gross carrying amount as at 31 December 2022	27,648,547	1,682,464	5,847,409	35,178,420

Notes to the financial statements (continued)

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3 Financial risk management (continued)

The closing loss allowances for the tawmil taksit credit schemes. as at 31 December 2023 reconciles to the opening loss allowances as follows:

	2023	2022
Opening loss allowance as at 1 January	4,122,657	2,568,637
Increase / (decrease) in loan loss allowance recognised in profit or loss during the year	(422,265)	1,554,020
At 31 December	**3,700,392**	**4,122,657**

Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Modification of financial assets

The Company sometimes modifies the terms of repayments provided to customers due to commercial renegotiations with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets. Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). There were no modifications during the year.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of MVR 52,840,523 and MVR 52,324,470 respectively at 31 December 2023 (2022 : MVR 49,176,528 and MVR 46,072,847).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the Group does not have a significant impact on impairment allowance on cash and cash equivalents as at 31 December 2023 and 2022 respectively.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

3.2 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 have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the group maintains MVR 30,840,000 overdraft facility that is secured.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

		Contractual cash flows		
Group 31 December 2023	**Carrying amount**	**Less than 12 months**	**1- 5 years**	**More than 5 years**
Non- derivative financial liabilities				
Bank overdrafts	29,272,836	29,272,836	-	-
Borrowings	578,079,898	296,143,168	371,915,664	-
Shareholder's loan	184,802,118	136,894,150	49,282,968	-
Trade and other payables	2,359,961,861	2,313,805,800	53,337,206	3,768,229
Lease liabilities	108,682,543	32,816,797	71,336,853	204,644,720
	3,260,799,256	2,808,932,751	545,872,691	208,412,949

		Contractual cash flows		
Group 31 December 2022	**Carrying amount**	**Less than 12 months**	**1- 5 years**	**More than 5 years**
Non- derivative financial liabilities				
Bank overdrafts	7,407,216	7,407,216	-	-
Borrowings	593,158,083	268,288,198	429,677,953	-
Shareholder's loan	277,344,335	206,484,434	99,409,901	-
Trade and other payables	1,457,269,630	1,353,187,158	116,785,516	6,280,381
Lease liabilities	108,585,837	36,887,278	72,348,630	106,093,610
	2,443,765,101	1,872,254,284	718,222,000	112,373,991

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Company 31 December 2023	**Carrying amount**	**Contractual cash flows** Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	29,272,836	29,272,836	-	-
Borrowings	578,079,898	296,143,168	371,915,664	-
Shareholder's loan	184,802,118	136,894,150	49,282,968	-
Trade and other payables	2,359,940,425	2,313,784,364	53,337,206	3,768,229
Lease liabilities	108,682,543	32,816,797	71,336,853	204,644,720
	3,260,777,820	2,808,911,315	545,872,691	208,412,949

Company 31 December 2022	**Carrying amount**	**Contractual cash flows** Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	7,407,216	7,407,216	-	-
Borrowings	593,158,083	268,288,198	429,677,953	-
Shareholder's loan	277,344,335	206,484,434	99,409,901	-
Trade and other payables	1,457,263,154	1,353,180,682	116,785,516	6,280,381
Lease liabilities	108,585,837	36,887,278	72,348,630	106,093,610
	2,443,758,625	1,872,247,808	718,222,000	112,373,991

As disclosed in Notes to the financial statements, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. The covenants are monitored on a regular basis and regularly reported to management to ensure compliance with the agreements.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2023	**2022**
Expiring within one year (bank overdraft and TRDL facility)	48,337,163	63,451,020
Expiring beyond one year (bank loans)	5,143,187	24,380,707
	53,480,349	87,831,728

The bank overdraft facilities and TRDL facilities may be drawn at any time until the expiry of the facility. The bank loan facilities may be drawn at any time in MVR and have maturity of 5 years.

3.3 Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices - 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.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

3.3.1 Currency risk

Exposure to currency risk

The summary quantitative data about the Group's/Company's exposure to currency risk as reported to the management of the Group/Company is as follows.

Group/Company	**2023 EUR**	**2023 USD**	**2022 EUR**	**2022 USD**
Trade receivables	-	7,457,425	-	3,490,152
Trade payables	-	(22,812,308)	-	(16,705,459)
Cash and cash equivalents	-	(1,315,305)	-	422,580
Borrowings	(1,200,464)	(23,854,059)	(2,106,456)	(26,646,042)
Net Statement of financial position exposure	(1,200,464)	(40,524,247)	(2,106,456)	(39,438,769)

The following significant exchange rates have been applied.

	Average rate 2023	**Average rate 2022**	**Spot rate 2023**	**Spot rate 2022**
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	16.8375	17.0560	17.1592	16.5158

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Group/Company	**Change in USD rate**	**Effect on profit before tax**	**Effect on pre-tax on equity**
2022	- 5 %	30,407,291	30,407,291
	+ 5 %	(30,407,291)	(30,407,291)
2023	- 5 %	31,244,194	31,244,194
	+ 5 %	31,244,194	31,244,194

Group/Company	**Change in EUR rate**	**Effect on profit before tax**	**Effect on pre-tax on equity**
2022	- 5 %	1,739,490	1,739,490
	+ 5 %	(1,739,490)	(1,739,490)
2023	- 5 %	1,029,950	1,029,950
	+ 5 %	(1,029,950)	(1,029,950)

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Exposure to interest rate risk

The interest rate profile of the Group's/Company's interest-bearing financial instruments as reported to the management of the Group/Company is as follows.

	Nominal amounts	
Fixed-rate instruments	**2023**	**2022**
Financial assets	**19,761,210**	**35,178,420**
Financial liabilities (Note 15)	**470,382,210**	**438,220,735**
Variable-rate instruments		
Financial liabilities (Note 15)	**136,970,524**	**162,344,564**

Fair value sensitivity analysis for fixed-rate instruments

The Group/Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

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

	Increase/decrease in basis points	Effect on profit before tax
Variable- rate instruments **2023**	-100	1,464,587
	+100	(1,464,587)
Variable- rate instruments **2022**	-100	1,534,887
	+100	(1,534,887)

The exposure of the group’s borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2023	% of total loans	2022	% of total loans
Variable rate borrowings	136,970,524	22.55%	162,344,564	27.03%
Fixed rate borrowings				
Less than 1 year	237,708,765	39.14%	186,530,091	31.06%
1 - 5 years	232,673,445	38.31%	251,690,644	41.91%
	607,352,734	100.00%	600,565,299	100.00%

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Exposure to interest rate risk (continued)

Other market price risk

The Group/Company is exposed to equity price risk , which arises from equity securities at FVOCI. The management of the Group/Company monitors the proportion of equity securities in its investment portfolio based on market indices.

The primary goal of the Group's investment strategy is to maximize investment returns.

Sensitivity analysis - Equity price risk

All of the Group's/Company's equity investments are listed on Maldives Stock Exchange. For such investments classified at FVOCI, a 2% increase/decrease in the price at the reporting date would have increased/decreased equity by MVR 3,505,536 after tax (2022: an increase/decrease of MVR 3,395,988 after tax).

3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns 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 Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt. Dividends payable details provided in (Note 25).

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings including lease liability and excluding trade and other payables, as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratios as at 31 December 2023 and as at 31 December 2022 were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Net debt	716,035,277	709,151,136	716,035,277	709,151,136
Less: cash and cash equivalents	(52,840,523)	(49,176,528)	(52,324,470)	(46,072,847)
Net debt	663,194,754	659,974,608	663,710,807	663,078,289
Total equity	1,766,286,924	1,658,719,519	1,768,353,899	1,661,306,072
Total capital	2,429,481,678	2,318,694,127	2,432,064,706	2,324,384,361
Gearing ratio	27%	28%	27%	29%

The reason for decrease in gearing ratio is mainly due to increase in equity due to profit earned during the year compared to previous year.

3.4.1 Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:
- Maintain a tangible net worth of USD 23,000,000
- Maintain a total liabilities to tangible net worth ratio of no more than 4.0:1.0

The group has complied with these covenants throughout the reporting period. As at 31 December 2023, tangible net worth was USD 130,338,211 (2022: USD 118,805,186) and maintained a total liabilities to tangible net worth ration of 1.96:1.0 (2022: 1.49:1.0)

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3.5 Accounting classifications and fair values

Group

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.

As at 31 December 2023		Carrying amount				Fair value			
		FVOCI equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity securities	9	175,276,800	-	-	**175,276,800**	175,276,800	-	-	**175,276,800**
		175,276,800	**-**	**-**	**175,276,800**	**175,276,800**	**-**	**-**	**175,276,800**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	1,773,694,576	-	**1,773,694,576**	-	-	-	-
Cash and cash equivalents	13	-	52,840,523	-	**52,840,523**	-	-	-	-
		-	**1,826,535,099**	**-**	**1,826,535,099**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	578,079,898	**578,079,898**	-	-	-	-
Shareholder's loan	16	-	-	184,802,118	**184,802,118**	-	-	-	-
Trade and other payables*	17	-	-	2,359,961,861	**2,359,961,861**	-	-	-	-
Bank overdrafts	15	-	-	29,272,836	**29,272,836**	-	-	-	-
Lease liabilities	6.2	-	-	108,682,543	**108,682,543**	-	-	-	-
		-	**-**	**3,260,799,256**	**3,260,799,256**	**-**	**-**	**-**	**-**

*Other receivables and other payables that are not financial assets and liabilities are not included.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3.5 Accounting classifications and fair values

As at 31 December 2022		Carrying amount				Fair value			
		FVOCI equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity securities	9	169,799,400	-	-	**169,799,400**	169,799,400	-	-	**169,799,400**
		169,799,400	**-**	**-**	**169,799,400**	**169,799,400**	**-**	**-**	**169,799,400**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	1,117,095,421	-	**1,117,095,421**	-	-	-	-
Cash and cash equivalents	13	-	49,176,528	-	**49,176,528**	-	-	-	-
		-	**1,166,271,949**	**-**	**1,166,271,949**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	593,158,083	**593,158,083**	-	-	-	-
shareholder's loan	16	-	-	277,344,335	**277,344,335**	-	-	-	-
Trade and other payables*	17	-	-	1,457,269,630	**1,457,269,630**	-	-	-	-
Bank overdrafts	15	-	-	7,407,216	**7,407,216**	-	-	-	-
Lease liabilities	6.2	-	-	108,585,837	**108,585,837**	-	-	-	-
		-	**-**	**2,443,765,101**	**2,443,765,101**	**-**	**-**	**-**	**-**

*Other receivables and other payables that are not financial assets and liabilities are not included

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3.5 Accounting classifications and fair values (continued)

Company

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.

As at 31 December 2023		Carrying amount				Fair value			
		FVOCI equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity securities	9	175,276,800	-	-	**175,276,800**	175,276,800	-	-	**175,276,800**
		175,276,800	**-**	**-**	**175,276,800**	**175,276,800**	**-**	**-**	**175,276,800**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	1,773,701,569	-	**1,773,701,569**	-	-	-	-
Cash and cash equivalents	13	-	52,324,470	-	**52,324,470**	-	-	-	-
		-	**1,826,026,039**	**-**	**1,826,026,039**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	578,079,898	**578,079,898**	-	-	-	-
shareholder's loan	16	-	-	184,802,118	**184,802,118**	-	-	-	-
Trade and other payables*	17	-	-	2,359,940,425	**2,359,940,425**	-	-	-	-
Bank overdrafts	15	-	-	29,272,836	**29,272,836**	-	-	-	-
Lease liabilities	6.2	-	-	108,682,543	**108,682,543**	-	-	-	-
		-	**-**	**3,260,777,820**	**3,260,777,820**	**-**	**-**	**-**	**-**

*Other receivables and other payables that are not financial assets and liabilities are not included.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3.5 Accounting classifications and fair values (continued)

As at 31 December 2022		Carrying amount				Fair value			
		FVOCI equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity securities	9	169,799,400	-	-	**169,799,400**	169,799,400	-	-	**169,799,400**
		169,799,400	**-**	**-**	**169,799,400**	**169,799,400**	**-**	**-**	**169,799,400**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	1,119,846,060	-	**1,119,846,060**	-	-	-	-
Cash and cash equivalents	13	-	46,072,847	-	**46,072,847**	-	-	-	-
		-	**1,165,918,907**	**-**	**1,165,918,907**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	593,158,083	**593,158,083**	-	-	-	-
shareholder's loan	16	-	-	277,344,335	**277,344,335**	-	-	-	-
Trade and other payables*	17	-	-	1,457,263,154	**1,457,263,154**	-	-	-	-
Bank overdrafts	15	-	-	7,407,216	**7,407,216**	-	-	-	-
Lease liabilities	6.2	-	-	108,585,837	**108,585,837**	-	-	-	-
		-	**-**	**2,443,758,625**	**2,443,758,625**	**-**	**-**	**-**	**-**

*Other receivables and other payables that are not financial assets and liabilities are not included

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgements in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- recognition of revenue relating to construction and dredging and other revenue streams - note 2.12 and 2.23
- impairment of financial assets - note 3.1 (iii)
- estimation uncertainties and judgements made in relation to lease
- estimation of defined benefit pension obligation - note 17
- useful lives of PPE and intangible assets - note 2.5 to 2.7
- fair value measurement of financial assets - note 2.10

5 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments.

	Trading	Construction and Dredging	Transport	Others	Total
Group / Company					
31-Dec-23					
Revenue	**283,767,914**	**2,752,150,822**	**145,070,311**	**20,662,218**	**3,201,651,265**
Timing of revenue recognition					
- At a point in time	283,767,914	4,082,531	145,070,311	20,662,218	453,582,974
- over time	-	2,748,068,291	-	-	2,748,068,291
	283,767,914	**2,752,150,822**	**145,070,311**	**20,662,218**	**3,201,651,265**
31-Dec-22					
Revenue	**297,469,843**	**2,039,051,128**	**109,513,879**	**24,476,029**	**2,470,510,879**
Timing of revenue recognition					
- At a point in time	297,469,843	-	109,513,879	24,476,029	431,459,751
- over time	-	2,039,051,128	-	-	2,039,051,128
	297,469,843	**2,039,051,128**	**109,513,879**	**24,476,029**	**2,470,510,879**

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - Group / Company

	Land improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry assets	Capital work-in-progress	Total
At 01 January 2022								
Cost	150,819,414	1,545,748,213	84,094,092	80,890,276	269,533,894	61,372,096	15,353,535	2,207,811,520
Accumulated depreciation	(100,009,590)	(795,391,886)	(38,002,943)	(62,602,329)	(179,937,134)	(49,937,247)	-	(1,225,881,129)
Provision for impairment - Reclasification (Note 31)	-	-	-	-	-	-	(3,315,945)	(3,315,945)
Net book amount	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	12,037,590	978,614,446
Year ended 31 December 2022								
Opening net book amount	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	15,353,535	981,930,391
Additions	-	475,178,261	138,305,117	14,729,022	74,059,106	14,336,458	85,404,156	802,012,120
Transferred from capital work in progress	4,110,769	2,956,273	607,040	137,614	30,209,219	-	(38,020,915)	-
Transferred from MPL (Note 31)	2,868,382	-	-	-	-	-	-	2,868,382
Disposals - Cost	-	(57,593,830)	(1,186,988)	(32,509,751)	(6,792,387)	(22,479,198)	-	(120,562,154)
Disposals - Accumulated depreciation	-	57,593,830	1,116,191	32,455,664	6,481,557	22,428,637	-	120,075,879
Depreciation charge (Note 19)	(7,832,912)	(145,177,836)	(23,218,377)	(12,320,522)	(30,892,410)	(8,677,241)	-	(228,119,298)
Closing net book amount	49,956,063	1,083,313,025	161,714,132	20,779,974	162,661,845	17,043,505	62,736,776	1,558,205,320
At 31 December 2022								
Cost	157,798,565	1,966,288,917	221,819,261	63,247,161	367,009,832	53,229,356	62,736,776	2,892,129,868
Accumulated depreciation	(107,842,502)	(882,975,892)	(60,105,129)	(42,467,187)	(204,347,987)	(36,185,851)	-	(1,333,924,548)
Provision for impairment	-	-	-	-	-	-	(3,315,945)	(3,315,945)
Net book amount	49,956,063	1,083,313,025	161,714,132	20,779,974	162,661,845	17,043,505	59,420,831	1,554,889,375
Year ended 31 December 2023								
Opening net book amount	49,956,063	1,083,313,025	161,714,132	20,779,974	162,661,845	17,043,505	59,420,831	1,554,889,375
Additions	-	194,218,019	832,843	8,074,579	114,740,371	9,497,493	190,716,303	518,079,608
Transferred from capital work in progress	1,679,285	24,857,889	601,702	-	13,049,992	4,622,345	(44,811,213)	-
Transferred to intangible assets	-	-	-	-	-	-	(1,385,487)	(1,385,487)
Disposals - Cost	-	(21,603,512)	-	(31,342)	(49,330,419)	(5,401)	-	(70,970,674)
Disposals - Accumulated depreciation	-	21,603,512	-	31,342	29,241,462	5,401	-	50,881,717
Impairment (Note 19)	-	-	-	-	(5,880,131)	-	-	(5,880,131)
Depreciation charge (Note 19)	(9,172,510)	(185,226,154)	(31,958,174)	(13,244,240)	(40,149,453)	(11,318,230)	-	(291,068,761)
Closing net book value	42,462,838	1,117,162,779	131,190,503	15,610,313	224,333,667	19,845,113	203,940,434	1,754,545,647
At 31 December 2023								
Cost	159,477,850	2,163,761,313	223,253,806	71,290,398	439,589,645	67,343,793	207,256,379	3,331,973,184
Accumulated depreciation	(117,015,012)	(1,046,598,534)	(92,063,303)	(55,680,085)	(215,255,978)	(47,498,680)	-	(1,574,111,592)
Provision for impairment	-	-	-	-	-	-	(3,315,945)	(3,315,945)
Net book amount	42,462,838	1,117,162,779	131,190,503	15,610,313	224,333,667	19,845,113	203,940,434	1,754,545,647

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)

(a) The buildings have been constructed on the land that belongs to the Government of Maldives, for which a rental of MVR 5,701,756 (2022: MVR 4,389,794) is expensed per annum.

(b) Capital work in progress includes construction of ferries and buildings.

(c) Depreciation expense of the Company included in cost of goods sold amounting to MVR 271,364,134 (2022: MVR 209,660,074) and administrative expenses amounting to MVR 19,704,627 (2022: MVR 18,459,224).

(d) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, MTCC Building land, Rentals Plaza, barges (Huvan, kurimagu 8 and 10), tug boats (Tango 6, 7, 8 and 575), steel landing craft (Leema 1 and 2), dredgers (Mahaa Jarrafu, Jarraafa 4 and Jarrafa 3), buses and machineries (excavators, wheel loaders, dump trucks and bulldozers, cranes, crane lorrys, mixer trucks) amounting to MVR 1,426,733,937. Mortgaged values are provided in (Note 15).

6.1 Investment properties

Non-current assets - at cost	Group		Company	
	2023	2022	2023	2022
Cost				
Opening balance	23,078,123	23,078,123	26,863,324	26,863,324
Closing balance	**23,078,123**	**23,078,123**	**26,863,324**	**26,863,324**
Depreciation				
Opening balance	7,599,054	5,291,242	8,797,701	6,111,369
Depreciation for the year	2,307,812	2,307,812	2,686,332	2,686,332
Closing balance	**9,906,866**	**7,599,054**	**11,484,033**	**8,797,701**
Net book value	**13,171,257**	**15,479,069**	**15,379,291**	**18,065,623**

Investment properties are accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

(i) Amounts recognised in profit or loss for investment properties

	Group		Company	
	2023	2022	2023	2022
Rental income from operating leases	10,866,089	14,137,157	10,866,089	14,137,157

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals receivable monthly. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)

6.1 Investment properties (continued)

Minimum lease rentals receivable on leases of investment properties are as follows:

	Group		Company	
	2023	2022	2023	2022
Within 1 year	18,447,909	13,918,322	18,447,909	13,918,322
Between 1 to 2 years	21,232,648	2,329,261	21,232,648	2,329,261
Between 2 to 3 years	21,260,000	-	21,260,000	-
	60,940,557	**16,247,583**	**60,940,557**	**16,247,583**

The fair value of the investment properties as of 31 December 2023 in accordance with the valuation made by the directors of the Company amounting to MVR 236,308,491. The valuation was performed based on the discounted rental income from the properties, which is level 3 input.

6.2 Leases

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group		Company	
Right-of-use assets	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Lands	66,470,584	74,249,271	66,470,584	74,249,271
Building	10,255,096	12,765,487	10,255,096	12,765,487
Houses	35,702	212,736	35,702	212,736
Vessels	17,452,309	11,304,758	17,452,309	11,304,758
	94,213,691	**98,532,252**	**94,213,691**	**98,532,252**

	Group		Company	
	31-Dec-23	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Opening balance	98,532,252	84,538,116	98,532,252	84,538,116
Add: new lease assets	26,354,626	57,864,641	26,354,626	57,864,641
Less: Lease derecognition	-	(15,209,450)	-	(15,209,450)
Depreciation charge of ROU (Note 19)	(30,673,187)	(28,661,055)	(30,673,187)	(28,661,055)
Closing balance	**94,213,691**	**98,532,252**	**94,213,691**	**98,532,252**

	Group		Company	
Lease liabilities	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Current	20,651,689	25,443,271	20,651,689	25,443,271
Non-current	88,030,854	83,142,566	88,030,854	83,142,566
	108,682,543	**108,585,837**	**108,682,543**	**108,585,837**

Movement in the lease liability during the year as follows:

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)

6.2 Leases (continued)

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Opening balance	108,585,837	93,425,871	108,585,837	93,425,871
Add: New lease liabilities recognised	26,354,626	57,864,641	26,354,626	57,864,641
Add: Accrued interest (Note 21)	14,661,796	9,785,013	14,661,796	9,785,013
Less: Interest paid	(14,661,796)	(9,785,013)	(14,661,796)	(9,785,013)
Less: Lease derecognition	-	(16,007,941)	-	(16,007,941)
Less: Principal elements of leases paid	(26,257,920)	(26,696,734)	(26,257,920)	(26,696,734)
Closing balance	**108,682,543**	**108,585,837**	**108,682,543**	**108,585,837**

(ii) Amounts recognised in the statement of profit or loss

Depreciation charge of right-of-use assets (Note 19)

Lands	(4,404,456)	(3,492,112)	(4,404,456)	(3,492,112)
Building	(2,243,322)	(1,869,426)	(2,243,322)	(1,869,426)
Houses	(355,545)	(1,448,985)	(355,545)	(1,448,985)
Vessels	(23,669,864)	(21,850,532)	(23,669,864)	(21,850,532)
	(30,673,187)	**(28,661,055)**	**(30,673,187)**	**(28,661,055)**

Expense relating to short-term leases of the group included in cost of goods sold amounting to MVR 373,015,557 (2022: MVR 114,496,303) and administrative expenses amounting to MVR 15,476,525 (2022: MVR 11,003,732).

Interest expense included in finance costs (Note 21)	(14,661,796)	(9,785,013)	(14,661,796)	(9,785,013)
	(14,661,796)	**(9,785,013)**	**(14,661,796)**	**(9,785,013)**

The total cash outflow for leases in 2023 was MVR 40,919,717 (2022: MVR 36,481,747) and prepaid leases related to 2023 was MVR 49,294 (2022: MVR 147,863).

7 Intangible assets

	Group		Company	
At 01 January	**2023**	**2022**	**2023**	**2022**
Opening net book amount	23,631,693	27,339,164	23,631,693	27,339,164
Additions	268,991	1,135,779	268,991	1,135,779
Transferred from capital work in progress	1,385,487	-	1,385,487	-
Amortization charge (Note 19)	(4,660,935)	(4,843,250)	(4,660,935)	(4,843,250)
Closing net book amount	20,625,236	23,631,693	20,625,236	23,631,693
Cost	38,498,696	36,844,218	38,493,904	36,839,426
Amortization charge	(17,873,460)	(13,212,525)	(17,868,668)	(13,207,733)
Net book amount	20,625,236	23,631,693	20,625,236	23,631,693

Intangible assets include Enterprise Resource Plan (ERP) software with a carrying value of MVR 15,453,306 with a remaining amotisation period of 6 years.

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

8 Investment in subsidiary and associate

8.1 Investment in subsidiary

	Group		Company	
	2023	2022	2023	2022
Maldives Real Estate Investment Corporation Private Limited (MREIC)	-	-	346,565	346,565
Opening balance	-	-	346,565	4,228,449
Less: Provision for impairment (Note 19)	-	-	-	(3,881,884)
Closing balance	**-**	**-**	**346,565**	**346,565**

The Company is engaged in the business of development and management of housing units and providing all kinds of repair and maintenance services. MREIC is a fully owned subsidiary of the Company.

In accordance with the shareholders' decision on 23 July 2020, to initiate the liquidation of the Company, a subsequent resolution was reached on 30 January 2024, by the majority shareholder, concurring to forgo the liquidation process. The Company will proceed with its operations following the formulation of a new business plan.

Management has determined the recoverable amount from investment in the subsidiary by assessing the fair value less cost of disposal of the underlying assets. The valuation is considered to level 3 in the fair value hierarchy due to unobservable input used in the valuation. During the year, management has made a provision for impairment amounting to Nil (2022: MVR 3,882,071) over the investments considering the decision to continue the operation with a new business plan. The impairment loss is included in other operating expenses in the statement of profit or loss of the Company, which does not impact the group's profit or loss.

8.2 Investment in associate

	Group		Company	
	2023	2022	2023	2022
Opening balance	-	-	-	-
Acquisition of new shares	-	16,275,500	-	16,275,500
Provision for impairment	-	(16,275,500)	-	(16,275,500)
Closing balance	-	-	-	-

During the year 2022 the board of directors of the associate company ("Airport Investments Maldives PVT LTD") decided to settle its due by issuing new shares to the existing shareholders and subsequently liquidate the company. Accordingly, the Company has invested MVR 16,275,500 in the associate company and the management has decided to make a full impairment provision on the new investment made following the director's decision to liquidate the associate company.

Further, no audited financial statements for the year ended 31 December 2023 are available for the associate company. The latest available audited financial statements relating to the associate company is as of 31 December 2017.

9 Financial assets at fair value through other comprehensive income

	Group		Company	
	2023	2022	2023	2022
Shares in Bank of Maldives Plc	175,276,800	169,799,400	175,276,800	169,799,400
At the end of the year	175,276,800	169,799,400	175,276,800	169,799,400

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

9 Financial assets at fair value through other comprehensive income (continued)

Equity investments at Fair Value through Other Comprehensive Income (FVOCI), comprising principally marketable equity securities, are measured at fair value annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to the Maldives Stock Exchange quoted bid prices at Level 1 hierarchy.

Movement of the equity investments is as follows;

	Opening balance	Movement during the year	Closing balance
As at 31 December 2023			
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	169,799,400	5,477,400	175,276,800
As at 31 December 2022			
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	51,487,560	118,311,840	169,799,400

10 Deferred tax asset

	Group		Company	
	2023	**2022**	**2023**	**2022**
Balance as at 1 January	72,266,110	78,856,017	72,266,110	78,856,017
Amounts recognized in profit and loss	16,804,649	12,499,138	16,804,649	12,499,138
Amounts recognized in OCI				
- Financial assets at FVOCI	(821,610)	(17,746,776)	(821,610)	(17,746,776)
- Effect on employee retirement benefit	(1,021,005)	(1,342,269)	(1,021,005)	(1,342,269)
Balance as at 31 December	87,228,144	72,266,110	87,228,144	72,266,110

Deferred tax asset as at 31 December 2023

	Group		Company	
	Temporary difference	**Tax effect**	**Temporary difference**	**Tax effect**
Property, plant and equipment	564,154,772	84,623,216	564,154,772	84,623,216
Provisions and impairments	154,771,646	23,215,747	154,771,646	23,215,747
Financial assets at FVOCI	(172,887,498)	(25,933,125)	(172,887,498)	(25,933,125)
Employee retirement benefit	35,482,037	5,322,306	35,482,037	5,322,306
	581,520,957	87,228,144	581,520,957	87,228,144

Deferred tax asset as at 31 December 2022

	Group		Company	
	Temporary difference	**Tax effect**	**Temporary difference**	**Tax effect**
Property, plant and equipment	495,350,524	74,302,579	495,350,524	74,302,579
Provisions and impairments	121,733,865	18,260,080	121,733,865	18,260,080
Financial assets at FVOCI	(167,410,098)	(25,111,515)	(167,410,098)	(25,111,515)
Employee retirement benefit	32,099,774	4,814,966	32,099,774	4,814,966
	481,774,065	72,266,110	481,774,065	72,266,110

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables

	Group		Company	
Financial assets	**2023**	**2022**	**2023**	**2022**
Trade receivables	183,790,747	153,433,988	180,105,749	142,341,747
Retention receivable from contracts	6,406,578	9,445,981	6,406,578	9,445,981
Less: provision for impairment of trade receivables	(29,047,743)	(42,069,186)	(25,362,745)	(30,976,945)
Trade receivables and retention receivable from contracts	161,149,582	120,810,783	161,149,582	120,810,783
Deposits	30,489,210	16,625,257	30,489,210	16,625,257
Other receivables	448,472,039	384,789,572	448,472,039	384,789,572
Receivables from related parties [Note28 (ii)]	1,163,662,753	626,901,221	1,163,669,746	629,651,860
Less: provision for impairment of related party receivables	(30,079,008)	(32,031,412)	(30,079,008)	(32,031,412)
Balance C/F	1,773,694,576	1,117,095,421	1,773,701,569	1,119,846,060
Non-financial assets				
Other receivables	52,560,589	43,669,172	52,560,589	43,669,172
Contract assets	595,386,076	334,814,048	595,386,076	334,814,048
Prepayments	179,518,819	109,635,634	179,518,819	109,635,634
Less : Provision for impairment of contract assets	(963,429)	(292,293)	(963,429)	(292,293)
Less : Provision for impairment of other receivables	(35,959,897)	(37,800,394)	(35,959,897)	(37,800,394)
	790,542,158	450,026,167	790,542,158	450,026,167
	2,564,236,734	1,567,121,588	2,564,243,727	1,569,872,227
Classified as:				
Trade and other receivables				
- Non-current	3,245,066	8,820,662	3,245,066	8,820,662
- Current	1,965,605,592	1,223,486,878	1,965,612,585	1,226,237,517
Contract assets	595,386,076	334,814,048	595,386,076	334,814,048
	2,564,236,734	1,567,121,588	2,564,243,727	1,569,872,227

Group's prepayments and deposits mainly consist of supplier prepayments of MVR 105,181,828 (2022: MVR 64,706,407), prepaid LC payments of MVR 51,825,306 (2022: MVR 29,003,251), prepaid insurance MVR 18,113,698 (2022: MVR 12,471,440) and refundable deposits of MVR 30,489,210 (2022: MVR 16,625,257).

Group's other receivables mainly consist of subsidy income of MVR 430,094,699 (2022: MVR 346,715,481), LC margin of MVR 15,876,256 (2022: MVR 35,254,157) and other receivables (non-financial assets) consist of input tax of MVR 7,555,801 (2022: MVR 6,043,310), advance paid to suppliers MVR 35,567,986 (2022: MVR 28,919,927) and cash advance of MVR 9,493,432 (2022: MVR 8,706,025).

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

The Group provision for trade and other receivables comprise collective provision for trade receivables amounting to MVR 54,457,328 (2022: MVR 58,423,392), contract assets amounting to MVR 963,428 (2022: MVR 292,294), retention receivables amounting to MVR 969,032 (2022: MVR 462,307), provision for tawmil taksit credit scheme amounting to MVR 3,700,392 (2022: MVR 4,122,657) and provision for other receivables and deposits amounting to MVR 35,959,897 (2022: MVR 37,800,394). The provision for other receivable is estimated by the management by assessing creditworthiness and other available information of those parties which the company has transacted. Since the estimated impairment of other receivables are significant unobservable input, the fair value of the other receivables is classified as a level 3 fair value. The impairment loss is included in other operating expenses in the statement of profit or loss of the group. The movement of provision for trade and other receivables are as follows:

The carrying amount of the trade and other receivables approximates its fair value and the movement of provision for trade and other receivables are as follows:

	Group		Company	
	2023	2022	2023	2022
Opening balance	112,193,284	137,909,244	101,101,043	130,580,037
Reclasification (Note 31)	-	(3,315,945)	-	(3,315,945)
Amounts written-off during the year	(25,238,383)	-	(17,831,140)	-
Provisions (reversed) / made during the year (Note19)	9,095,176	(22,400,015)	9,095,176	(26,163,049)
Closing balance	96,050,077	112,193,284	92,365,079	101,101,043

	Group		Company	
	2023	2022	2023	2022
Provision for impairment of trade receivables	25,347,351	37,946,528	21,662,353	26,854,287
Provision for impairment of related party receivables	30,079,008	32,031,412	30,079,008	32,031,412
Provision for impairment of contract assets	963,429	292,293	963,429	292,293
Provision for tawmil taksit credit scheme	3,700,392	4,122,657	3,700,392	4,122,657
Provision for other receivables and deposits	35,959,897	37,800,394	35,959,897	37,800,394
	96,050,077	112,193,284	92,365,079	101,101,043

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 18,188,085 (2022: MVR 31,414,640) net of deferred profit of MVR 1,573,125 (2022: MVR 3,763,780), the movement of the scheme is as follows:

	Group		Company	
	2023	2022	2023	2022
At the beginning of the year	35,178,420	43,089,456	35,178,420	43,089,456
- Sales made during the year	4,139,777	16,091,988	4,139,777	16,091,988
- Payments received during the year	(19,556,987)	(24,003,024)	(19,556,987)	(24,003,024)
At the end of the year	19,761,210	35,178,420	19,761,210	35,178,420
Less : deferred tawmil taksit profit	(1,573,125)	(3,763,780)	(1,573,125)	(3,763,780)
	18,188,085	31,414,640	18,188,085	31,414,640

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

	Group		Company	
Maturity of the tawmil taksit scheme:	2023	2022	2023	2022
Below 1 year	14,943,019	22,593,978	14,943,019	22,593,978
Between 1 to 2 years	3,245,066	8,820,662	3,245,066	8,820,662
	18,188,085	31,414,640	18,188,085	31,414,640

12 Inventories

	Group		Company	
	2023	2022	2023	2022
Work in progress - projects	70,354,846	82,237,330	70,354,846	82,237,330
Materials - contracting department	550,365,488	444,015,835	550,365,488	444,015,835
Lubricants, paints and materials	51,235,630	41,603,596	51,235,630	41,603,596
Engines, generators and spare parts	113,077,919	132,626,772	113,077,919	132,626,772
Consumables	225,613,998	190,191,614	225,613,998	190,191,614
Provision for non moving items	(60,243,791)	(47,769,046)	(60,243,791)	(47,769,046)
	950,404,090	842,906,101	950,404,090	842,906,101

13 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
Cash in hand	162,782	78,871	154,613	70,702
Cash at bank	52,677,741	49,097,657	52,169,857	46,002,145
Cash at bank and in hand	52,840,523	49,176,528	52,324,470	46,072,847

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2023	2022	2023	2022
Cash and cash equivalents	52,840,523	49,176,528	52,324,470	46,072,847
Bank overdrafts (Note 15)	(29,272,836)	(7,407,216)	(29,272,836)	(7,407,216)
	23,567,687	41,769,312	23,051,634	38,665,631

14 Share capital and reserves

a) Share capital and share premium

	Number of shares	Amount MVR
At 1 January 2022	8,037,749	40,188,745
At 31 December 2022	8,037,749	40,188,745
At 31 December 2023	8,037,749	40,188,745

The total authorized number of ordinary shares are 25,000,000 shares (2022: 25,000,000 shares) with a par value of MVR 5.00 per share (2022: MVR 5.00 per share). All the issued shares are fully paid.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

14 Share capital and reserves (continued)

b) General reserves

General reserves are the retained earnings of a company which are kept aside out of the Company's profits to increase the working capital, to issue bonus shares and to strengthen the financial position of the company.

c) Share premium

Share premium is the amount received by a company over and above the face value of its shares, the Company has issued new rights issue of 3,037,749 ordinary shares at MVR 62 per share with a share premium of MVR 57 per share at the par value of MVR 5 during the financial year ended 31 December 2018.

d) Fair value reserves

Fair value reserves are the net of revaluation gain or loss (except for impairment losses) from FVOCI financial assets, gain or loss from revaluations are recognized under statement of other comprehensive income whether it is due to normal market fluctuations.

15 Borrowings and bank overdrafts

	Group		Company	
Non-current	**2023**	**2022**	**2023**	**2022**
Bank and other borrowings	331,265,475	376,833,026	331,265,475	376,833,026
Current				
Bank overdrafts (Note 13)	29,272,836	7,407,216	29,272,836	7,407,216
Bank and other borrowings	246,814,423	216,325,057	246,814,423	216,325,057
	276,087,259	223,732,273	276,087,259	223,732,273
Total borrowings	607,352,734	600,565,299	607,352,734	600,565,299

Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower (MVR 74,059,210), Rentals Plaza (MVR 198,100,000), MTCC building land (MVR 42,000,000), barges (Huvan (9,868,800), kurimagu 8 (MVR 2,245,424) and 10 (MVR 2,287,068)), tug boats (Tango 6 (MVR 8,468,750), 7 (MVR 9,868,800), 8 (MVR 9,654,958) and 575 (MVR 5,535,899)), steel landing craft (Leema 1 (MVR 4,549,753), 2 (MVR 9,115,995)), dredgers (Mahaa Jarrafu (MVR 507,009,279), Bodu Jarraafu (MVR 156,464,717) Jarraafa 4 (MVR 33,537,072) and Jarrafa 3 (19,654,714)) machineries (excavators (MVR 116,225,135), wheel loaders (MVR 4,824,366) bulldozers (MVR 3,890,943), crane (MVR 26,113,781) crane lorry (MVR 3,438,332), Dump Truck (MVR 45,448,256), mixer truck (MVR 4,423,400)) and vehicles ((Bus MVR 108,806,752), Pickup (MVR 5,800,719)), and others (MVR 15,341,813).

Maturity of non-current borrowings:	Group		Company	
	2023	**2022**	**2023**	**2022**
Between 1 to 2 years	261,070,479	284,490,336	261,070,479	284,490,336
Between 3 to 5 years	70,194,996	92,342,690	70,194,996	92,342,690
	331,265,475	376,833,026	331,265,475	376,833,026

The interest rate exposure of the borrowings of the Group / Company is as follows :

- at floating rate	136,970,524	162,344,564	136,970,524	162,344,564
- at fixed rates	470,382,210	438,220,735	470,382,210	438,220,735
	607,352,734	600,565,299	607,352,734	600,565,299

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

16 Shareholder loan

	Group		Company	
	2023	**2022**	**2023**	**2022**
Loans from a shareholder (Note 28 v)	184,802,118	277,344,335	184,802,118	277,344,335
Classified as :				
Non-current	48,925,468	92,259,901	48,925,468	92,259,901
Current	135,876,650	185,084,434	135,876,650	185,084,434
	184,802,118	277,344,335	184,802,118	277,344,335

Terms and conditions of loans are set out in Note 28.

17 Contract liabilities, trade and other payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
Trade payables	1,026,452,266	740,596,149	1,026,452,266	740,596,149
Accrued expenses	14,479,442	32,033,424	14,479,442	32,033,424
Payables to related parties (Note 28 iii)	1,239,150,745	546,609,121	1,239,150,745	546,609,121
Contract liabilities	214,808,117	121,048,638	214,808,117	121,048,638
Employee retirement benefit - Note 17(a)	36,863,663	33,481,400	36,863,663	33,481,400
Payable for acquisition of land	-	36,000,000	-	36,000,000
Payable for acquisition of MPL Assets	19,050,489	21,353,296	19,050,489	21,353,296
Other payables	443,638,889	160,178,871	443,617,453	160,172,395
	2,994,443,611	1,691,300,899	2,994,422,175	1,691,294,423
Classified as:				
Non-current				
Trade and other payables	54,383,262	114,858,676	54,383,262	114,858,676
Employee retirement benefit	36,863,663	33,481,400	36,863,663	33,481,400
	91,246,925	148,340,076	91,246,925	148,340,076
Current				
Trade and other payables	2,688,388,569	1,421,912,185	2,688,367,133	1,421,905,709
Contract liabilities	214,808,117	121,048,638	214,808,117	121,048,638
	2,903,196,686	1,542,960,823	2,903,175,250	1,542,954,347

Other payables of the Group consist of unpaid dividend amounting to MVR 38,576,986 (2022: MVR 57,926,383), GST payable amounting to MVR 239,374,200 (2022: MVR 51,991,364), advance received from customers amounting to MVR 43,157,634 (2022: MVR 29,050,596), retention payable MVR 2,431,399 (2022: MVR 2,428,928), refundable deposits MVR 6,979,061 (2022: MVR 6,675,161), provision for defects amounting to MVR 1,399,056 (2022: MVR 2,091,557) and miscellaneous payable amounting to MVR 111,720,553 (2022: MVR 10,014,882).

Payable for acquisition of land (accounted under inventories in Note 12) for which the Group has a commitment to pay for the acquisition of the land to construct housing units for the Company staff and other customers.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)

a) Employee retirement benefit	Group		Company	
	2023	2022	2023	2022
Opening balance	33,481,400	33,456,728	33,481,400	33,456,728
Current service cost	10,063,877	9,267,191	10,063,877	9,267,191
Interest cost	1,540,144	1,539,009	1,540,144	1,539,009
Actuarial gain	(6,806,698)	(8,948,458)	(6,806,698)	(8,948,458)
	38,278,723	35,314,470	38,278,723	35,314,470
Less: payments during the year	(1,415,060)	(1,833,070)	(1,415,060)	(1,833,070)
Closing balance	36,863,663	33,481,400	36,863,663	33,481,400

Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation:

	Group		Company	
	2023	2022	2023	2022
Amount recognized in profit or loss (Note 20)				
Current service cost	10,063,877	9,267,191	10,063,877	9,267,191
Interest cost	1,540,144	1,539,009	1,540,144	1,539,009
	11,604,021	10,806,200	11,604,021	10,806,200
Amount recognized in other comprehensive income				
Actuarial gain due to changes in assumptions	(440,793)	(4,006,641)	(440,793)	(4,006,641)
Actuarial gain due to changes in experience	(6,365,905)	(4,941,817)	(6,365,905)	(4,941,817)
Actuarial gain	(6,806,698)	(8,948,458)	(6,806,698)	(8,948,458)

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2023 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

	Group		Company	
	2023	2022	2023	2022
Expected salary inflation	1% from 2024	1% from 2023	1% from 2024	1% from 2023
Discount rate	4.60%	4.60%	4.60%	4.60%
Mortality rate	Age 67-70	Age 67-70	Age 67-70	Age 67-70
Staff turnover rate	13% - 29 % - Age 55	15% - 31 % - Age 55	13% - 29 % - Age 55	15% - 31 % - Age 55
Disability / illness rate	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)

Significant estimates: actuarial assumptions and sensitivity

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group / Company			
	2023		2022	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	37,606,347	742,684	34,156,536	675,136
1% decrease in salary inflation rate	36,209,871	(653,792)	32,886,010	(595,390)
1% increase in discount rate	34,630,228	(2,233,435)	31,463,649	(2,017,751)
1% decrease in discount rate	39,388,571	2,524,908	35,760,942	2,279,542
1% increase in staff turnover rate	36,204,561	(659,102)	32,869,158	(612,242)
1% decrease in staff turnover rate	37,582,594	718,931	34,145,755	664,355

Analysis of maturity profile

The analysis was performed based on the future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

Group / Company as at 31 December 2023

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	28	0.57	789,995
Between 1-2 years	21	1.48	1,222,793
Between 2-5 years	2,528	3.92	10,473,690
Between 5-10 years	2,115	5.78	24,377,185
Beyond 10 years	-	-	-
Total	**4,692**	**4.73**	**36,863,663**

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)

Group / Company as at 31 December 2022

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	20	0.48	744,383
Between 1-2 years	21	1.58	1,271,767
Between 2-5 years	1,325	4.07	9,627,778
Between 5-10 years	2,646	5.73	21,837,472
Beyond 10 years	-	-	-
Total	**4,012**	**5.14**	**33,481,400**

Analysis of duration of service

The analysis was performed based on the duration of service by each individual employee.

Group as at 31 December 2023

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,215	-	-
Between 1-4 years	2,358	1,118,784	859,199
Between 5-9 years	601	1,473,899	637,617
Between 10-14 years	248	3,615,877	1,021,835
Between 15-19 years	254	26,188,589	6,693,148
20 years and above	16	4,466,514	852,078
Total	**4,692**	**36,863,663**	**10,063,877**

Group as at 31 December 2022

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,335	-	-
Between 1-4 years	1,653	1,001,641	753,120
Between 5-9 years	549	2,595,946	1,228,704
Between 10-14 years	225	5,131,514	1,483,890
Between 15-19 years	236	21,354,093	5,847,993
20 years and above	14	3,373,535	592,816
Total	**4,012**	**33,456,728**	**9,906,522**

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)

Company as at 31 December 2023

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,215	-	-
Between 1-4 years	2,358	1,118,784	859,199
Between 5-9 years	601	1,473,899	637,617
Between 10-14 years	248	3,615,877	1,021,835
Between 15-19 years	254	26,188,589	6,693,148
20 years and above	16	4,466,514	852,078
Total	**4,692**	**36,863,663**	**10,063,877**

Company as at 31 December 2022

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,335	-	-
Between 1-4 years	1,653	758,045	618,923
Between 5-9 years	549	1,517,798	668,369
Between 10-14 years	225	3,359,294	966,813
Between 15-19 years	236	23,985,984	6,280,030
20 years and above	14	3,860,279	733,056
Total	**4,012**	**33,481,400**	**9,267,191**

b) Assets and liabilities related to contracts with customers

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
Current contract assets relating to construction contracts	595,386,076	334,814,048	595,386,076	334,814,048
Less: loss allowance	(963,429)	(292,293)	(963,429)	(292,293)
Total contract assets	**594,422,647**	**334,521,755**	**594,422,647**	**334,521,755**
Current contract liabilities relating to construction contracts	214,808,117	121,048,638	214,808,117	121,048,638
Total current contract liabilities	**214,808,117**	**121,048,638**	**214,808,117**	**121,048,638**
Revenue recognised that was included in the contract liability balance at the beginning of the period	**112,078,640**	**37,956,765**	**112,078,640**	**37,956,765**

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

18 Other income

	Group		Company	
	2023	**2022**	**2023**	**2022**
Other income	25,358,865	5,226,100	25,188,994	5,221,937
Dividend income	8,763,840	10,516,608	8,763,840	10,516,608
Rent income	13,751,392	17,175,604	13,751,392	17,175,604
Government subsidy	459,942,836	346,180,912	459,942,836	346,180,912
Tawmil taksit profit	2,965,031	3,949,458	2,965,031	3,949,458
Profit on sale of property, plant and equipment	346,328	346,167	346,328	346,167
Reversal of impairment loss on other recievables	1,840,497	116,943	1,840,497	3,879,977
Reversal of impairment loss on financial and contract assets	-	22,283,072	-	22,283,072
Reversal of provision for defects liability	692,501	24,873	692,501	24,873
	513,661,290	405,819,737	513,491,419	409,578,608

The Government of Maldives has granted a subsidy of MVR 459,942,836 (2022: MVR 346,180,912) to compensate the total losses incurred from the transport segment of the Company, which is shown under other receivables.

Other income mainly consist of commission income from auction sales, sales rebate income from suppliers, advertisement income and fine charges collected from customers.

19 Expenses

	Group		Company	
	2023	**2022**	**2023**	**2022**
Depreciation - PPE (Note 6)	291,068,761	228,119,298	291,068,761	228,119,298
Depreciation - Investment property (Note 6.1)	2,307,812	2,307,812	2,686,332	2,686,332
Depreciation charge of right-of-use assets (Note 6.2)	30,673,187	28,661,055	30,673,187	28,661,055
Impairment of PPE (Note 6)	5,880,131	-	5,880,131	-
Amortization of intangible assets (Note 7)	4,660,935	4,843,250	4,660,935	4,843,250
Employee benefit expense (Note 20)	759,981,728	605,771,711	759,981,728	605,771,711
Materials and consumables	1,632,340,837	1,268,906,887	1,632,340,837	1,268,906,887
Director fees	1,074,167	1,142,000	1,074,167	1,142,000
Lease rent and hiring expenses	388,492,082	125,500,035	388,492,082	125,500,035
Sub contract expenses	5,060,099	14,303,329	5,060,099	14,303,329
Repairs and maintenance	32,018,286	29,057,536	32,018,286	29,057,536
Transportation, travel and inspection	33,165,632	30,722,823	33,165,632	30,722,823
Utilities and communication expense	80,291,747	69,190,424	80,291,747	69,190,424
Accounting and professional charges	774,573	3,669,332	766,344	3,669,332
Consultation, legal and service charges	5,410,057	7,361,097	5,410,057	7,361,097
Bank charges	17,522,677	19,244,110	17,515,593	19,244,110
Advertising, promotion and marketing	6,985,120	12,328,836	6,985,120	12,328,836
Training expenses	12,235,012	13,298,677	12,235,012	13,298,677
License and registration fees	5,397,336	4,489,362	5,397,336	4,489,362
Printing and stationery	4,901,397	7,112,542	4,901,397	7,112,542
Security charges	224,368	410,390	224,368	410,390
Loss of assets	20,088,957	484,987	20,088,957	484,987
Balance c/f	3,340,554,901	2,476,925,493	3,340,918,108	2,477,304,013

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

19 Expenses (continued)

	Group		Company	
	2023	**2022**	**2023**	**2022**
Balance b/f	3,340,554,901	2,476,925,493	3,340,918,108	2,477,304,013
Provision for defects liability	-	-	-	-
Provision for obsolete inventory	17,721,132	11,144,452	17,721,132	11,144,452
Provision for impairment of investments in subsidiary (Note 8.1)	-	-	-	3,881,884
Provision for impairment of investments in associate (Note 8.2)	-	16,275,500	-	16,275,500
Impairment loss on financial and contract assets	10,935,673	-	10,935,673	-
Other expenses	68,387,679	47,822,548	68,374,179	47,699,534
Total	3,437,599,385	2,552,167,993	3,437,949,092	2,556,305,383
Classified as:				
- cost of sales	2,984,485,253	2,177,682,581	2,984,485,253	2,177,682,581
- selling and marketing expenses	6,985,120	12,328,836	6,985,120	12,328,836
- administrative expenses	373,391,885	323,702,684	373,755,092	324,081,204
- other operating expenses	61,801,454	38,453,892	61,787,954	42,212,762
- Impairment loss on financial and contract assets	10,935,673	-	10,935,673	-
	3,437,599,385	2,552,167,993	3,437,949,092	2,556,305,383

20 Employee benefit expense

	Group		Company	
	2023	**2022**	**2023**	**2022**
Wage and salaries	440,314,693	358,964,966	440,314,693	358,964,966
Other allowance	251,881,580	189,224,279	251,881,580	189,224,279
Pension contribution	14,282,863	12,594,261	14,282,863	12,594,261
Staff food allowance	22,209,597	18,303,483	22,209,597	18,303,483
Staff medical expenses	305,781	1,022,740	305,781	1,022,740
Retirement benefit (Note 17)	11,604,021	10,806,200	11,604,021	10,806,200
Visa fees	14,120,526	8,831,009	14,120,526	8,831,009
Staff welfare	5,262,667	6,024,773	5,262,667	6,024,773
	759,981,728	605,771,711	759,981,728	605,771,711

21 Finance costs (net)

	Group		Company	
	2023	**2022**	**2023**	**2022**
Finance cost				
- Interest expense on leases	14,661,796	9,785,013	14,661,796	9,785,013
- Interest expense on other payables	10,922,816	7,396,825	10,922,816	7,396,825
- Interest expense on borrowings	77,509,471	60,091,807	77,509,471	60,091,807
- Interest expense on bank overdraft	2,342,381	2,525,653	2,342,381	2,525,653
- Net foreign exchange loss / (gain)	68,540,966	25,741,423	68,540,966	25,741,423
	173,977,430	105,540,721	173,977,430	105,540,721

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

21 Finance costs (net) - continued

	Group		Company	
	2023	**2022**	**2023**	**2022**
Finance income				
- Interest income from projects under financing	(11,603,495)	(10,462,833)	(11,603,495)	(10,462,833)
- Interest income	(10,754)	(447,222)	(10,754)	(447,222)
	(11,614,249)	(10,910,055)	(11,614,249)	(10,910,055)
Net finance costs	162,363,181	94,630,666	162,363,181	94,630,666

22 Tax expense

	Group		Company	
	2023	**2022**	**2023**	**2022**
Current tax expense	35,028,716	45,931,718	35,028,716	45,931,718
Deferred tax (Note 10)	(16,804,649)	(12,499,138)	(16,804,649)	(12,499,138)
	18,224,067	33,432,580	18,224,067	33,432,580

Reconciliations between income tax expenses and the accounting profit :

	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit before tax	115,349,989	229,531,957	114,830,411	229,153,438
Tax calculated at the rate of 15%	17,302,498	34,429,794	17,224,562	34,373,016
Add: tax on non-deductible expenses	3,824,287	758,289	3,902,223	815,067
	21,126,785	35,188,083	21,126,785	35,188,083
Less: tax on deductible expenses	(2,902,718)	(1,755,503)	(2,902,718)	(1,755,503)
Income tax expense	18,224,067	33,432,580	18,224,067	33,432,580
Tax charge during the year	18,224,067	33,432,580	18,224,067	33,432,580

	Group		Company	
Income tax payable:	**2023**	**2022**	**2023**	**2022**
At the beginning of the year	57,286,227	65,891,226	57,286,227	65,956,923
Current tax expense	35,028,716	45,931,718	35,028,716	45,931,718
Tax paid during the year	(41,340,751)	(54,536,717)	(41,340,751)	(54,602,414)
At the end of the year	50,974,192	57,286,227	50,974,192	57,286,227

23 Earnings per share

Basic/diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit attributable to equity holders	97,125,922	196,099,377	96,606,344	195,720,858
Weighted average number of ordinary shares	8,037,749	8,037,749	8,037,749	8,037,749
Basic/diluted earnings per share (MVR per share)	12.08	24.40	12.02	24.35

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

24 Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Profit before tax for the year	115,349,989	229,531,957	114,830,411	229,153,438
Adjustments for:				
-Depreciation - (Note 6 and 6.1)	293,376,573	230,427,110	293,755,093	230,805,630
-Depreciation of right-of-use assets - (Note 6.2)	30,673,187	28,661,055	30,673,187	28,661,055
-Amortization of intangible assets (Note 7)	4,660,935	4,843,250	4,660,935	4,843,250
-Loss on sale of property, plant and equipment	20,088,957	484,987	20,088,957	484,987
-Profit on sale of property, plant and equipment	(346,328)	(346,167)	(346,328)	(346,167)
-Impairment of PPE (Note 6)	5,880,131	-	5,880,131	-
- Provision / (reversal of provision) for receivables	10,935,673	-	9,095,176	(26,163,049)
-Provision for slow/non moving inventories	17,721,132	11,144,452	17,721,132	11,144,452
-Provision for investments in subsidiary (Note 8.1)	-	-	-	3,881,884
-Provision for investments in associate (Note 8.2)	-	16,275,500	-	16,275,500
-Provision for retirement benefit (Note 17)	11,604,021	10,806,200	11,604,021	10,806,200
-Provision for defects liability (Note 19)	(692,501)	(24,873)	(692,501)	(24,873)
-Interest expenses on borrowings and overdrafts	79,851,852	62,617,460	79,851,852	62,617,460
-Interest expenses on other payables	10,922,816	7,396,825	10,922,816	7,396,825
-Interest expenses on leases	14,661,796	9,785,013	14,661,796	9,785,013
-Government subsidy (Note 18)	(459,942,836)	(346,180,912)	(459,942,836)	(346,180,912)
-Dividend income (Note 18)	(8,763,840)	(10,516,608)	(8,763,840)	(10,516,608)
-Interest income (Note 21)	(11,614,249)	(10,910,055)	(11,614,249)	(10,910,055)
Changes in working capital:				
- trade and other receivables	(548,107,983)	196,175,661	(543,523,840)	217,845,387
- inventories	(125,219,121)	(413,795,749)	(125,219,121)	(413,795,749)
- trade and other payables	1,308,879,531	646,965,752	1,308,864,571	647,555,188
Cash generated from operations	769,919,735	673,340,858	772,507,363	673,318,856

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

Net book amount (Note 6)	20,088,957	486,275	20,088,957	486,275
Loss on sale of property, plant and equipment	(19,742,629)	(138,820)	(19,742,629)	(138,820)
Proceeds from sale of property, plant and equipment	346,328	347,455	346,328	347,455

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

25 Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 3.50 per share amounting to MVR 28,132,122 has been declared in the annual general meeting held on 19 May 2022 and has been shown in the statement of changes in equity during the year 2022.

26 Contingencies

Contingent liabilities

The Company enjoyed a letter of credit, bank guarantee and trust receipts facilities of MVR 121,151,573 (2022: MVR 164,884,350) as at the reporting date from local banks.

A claim amounting US$ 2,707,995 for damages was lodged during the year 2019 against the Company by Ms. Viktoria Riiako as compensation for wrongful death of her daughter caused by an MTCC bus. However, the judge dismissed the case on the ground that two criminal cases are being filed by the state against the driver, and as such, the court could not proceed with the case as long as the criminal cases are ongoing. The Company has disclaimed the liability. No provision in relation to the claim has been recognised in the financial statements as the legal case against the Company has been dismissed and the amount of damage cannot be measured with sufficient reliability.

There were no material contingent liabilities other than disclosed above as at the reporting date.

Contingent assets

There were no material contingent assets recognized at the reporting date.

27 Commitments

Capital commitments

Capital commitment amounting MVR 46,469,852 was outstanding as at 31 December 2023 (2022: MVR 170,337,750).

Lease commitments where right-of-use assets and lease liability not recognised:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Lease rentals falling:	**Less than one year MVR**	**Less than one year MVR**	**Less than one year MVR**	**Less than one year MVR**
Houses	2,391,600	2,227,383	2,391,600	2,227,383
Vessels	-	8,508,600	-	8,508,600
Male' land plots	3,297,864	4,389,794	3,297,864	4,389,794
	5,689,464	**15,125,777**	**5,689,464**	**15,125,777**

Financial commitments

There were no material financial commitments outstanding at the reporting date.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

28 Related party transactions

The Government of Maldives holds 64.20% (2022: 64.20%) of the voting rights of the Company as at 31 December 2023 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2023, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

(i) Transactions

The following transactions were carried out, on commercial terms and conditions, with related parties:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Construction revenue	3,003,892,885	2,279,598,647	3,003,892,885	2,279,598,647
Trading revenue	59,185,033	30,887,022	59,185,033	30,887,022
Others sales and services	73,153,530	67,761,329	73,153,530	67,761,329
Government subsidy	459,942,836	346,180,912	459,942,836	346,180,912
Construction materials purchased	1,235,182,509	907,818,996	1,235,182,509	907,818,996
Dividends paid	-	19,369,980	-	19,369,980

(ii) Receivables from related parties (Note 11)

	Group		Company	
	2023	**2022**	**2023**	**2022**
Construction revenue	819,150,580	406,744,128	819,157,573	409,494,767
Trading revenue	25,888,092	7,988,404	25,888,092	7,988,404
Others sales and services	84,970,517	64,131,930	84,970,517	64,131,930
Retention receivables	233,653,564	148,036,759	233,653,564	148,036,759
	1,163,662,753	626,901,221	1,163,669,746	629,651,860

(iii) Payables to related parties (Note 17)

	Group		Company	
	2023	**2022**	**2023**	**2022**
Construction materials purchased	89,981,719	39,918,607	89,981,719	39,918,607
Dividends	-	19,369,980	-	19,369,980
Project advances	974,403,908	381,280,858	974,403,908	381,280,858
Others goods and services purchased	174,765,118	106,039,676	174,765,118	106,039,676
	1,239,150,745	546,609,121	1,239,150,745	546,609,121

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

28 Related party transactions (continued)

(iv) Transactions with subsidiary

Name of the Company	Nature of the transaction	For the year ended		Net payable balance as at 31 December	
		2023	2022	2023	2022
Maldives Real Estate Investments Corporation Private Limited	Purchase of goods and services	-	-		
(Fully owned subsidiary)	Payments made	(2,743,646)	145,458	(6,993)	(2,750,639)

(v) Loans from a shareholder

Ministry of Finance and Treasury (Note 16)

	Group 2023	Group 2022	Company 2023	Company 2022
Trade loan	16,500,000	16,500,000	16,500,000	16,500,000
Five year subsidy loan	-	90,000,000	-	90,000,000
Ten year subsidy loan	48,302,118	50,844,335	48,302,118	50,844,335
Mudarabah equity finance	120,000,000	120,000,000	120,000,000	120,000,000
	184,802,118	277,344,335	184,802,118	277,344,335

The movement in the year can be analysed as follows;

	Group 2022	Group 2021	Company 2022	Company 2021
Beginning of the year	277,344,335	277,344,335	277,344,335	277,344,335
Loans received during the year	-	-	-	-
Loans settled during the year	(92,542,217)	-	(92,542,217)	-
End of the year	184,802,118	277,344,335	184,802,118	277,344,335

Trade loan received from Ministry of Finance and Treasury amounting to MVR 16,500,000 (2022: MVR 16,500,000), which is unsecured and payable in three years on a monthly equal instalments and carries an interest rate of 8% per annum.

Subsidiary loan received from Ministry of Finance and Treasury was fully settled during the year (2022: MVR 90,000,000), which was unsecured and payable in five years on a quarterly equal instalments and carries an interest rate of 7% per annum.

Mudarabah equity finance obtained from Ministry of Finance and Treasury amounting to MVR 120 million (2022: MVR 120 million), which is unsecured, payable within 3 months with the profit share arrangement of 13% per annum from the gross profit of trading division, accordingly the amount has been shown as falling due within one year classified under amortized cost.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

28 Related party transactions (continued)

(vi) Collectively, but not individually significant transactions

The Group has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Group has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

(vii) Payable to Maldives Ports Limited (MPL) for the acqusition of assets

	Group 2023	Group 2022	Company 2023	Company 2022
Beginning balance	21,353,296	20,972,772	21,353,296	20,972,772
Net assets acquired during the year	-	2,868,382	-	2,868,382
Amounts paid	(2,302,806)	(2,487,858)	(2,302,806)	(2,487,858)
Closing balance	19,050,490	21,353,296	19,050,490	21,353,296

The amount payable to MPL is unsecured, carries no interest and payable on a monthly equal installments over the period of 10 years, and classified as follows;

	Group 2023	Group 2022	Company 2023	Company 2022
Within 1 year	2,721,498	2,512,152	2,721,498	2,512,152
Between 2 to 5 years	10,048,608	10,048,608	10,048,608	10,048,608
Between 6 to 10 years	6,280,384	8,792,536	6,280,384	8,792,536
	19,050,490	21,353,296	19,050,490	21,353,296

(viii) Key management remuneration

	Group 2023	Group 2022	Company 2023	Company 2022
Directors' remuneration	1,074,167	1,142,000	1,074,167	1,142,000
Key management remuneration	12,030,160	12,186,351	12,030,160	12,186,351
	13,104,327	13,328,351	13,104,327	13,328,351

Key management personnel include Company Secretary, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, General Managers and Executive Secretary.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Group

At 31 December 2023, the Group is organized into five main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Construction and Dredging : Construction of harbour development projects, dredging and land reclamation, shore protection projects, sheet piling projects and civil construction projects.

(3) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.

(4) Real Estate : Development and management of housing units and providing all kinds of repair and maintenance services.

(5) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

Construction and Dredging segments were aggregated into a single operating business segment considering earnings releases from the same clients, quarterly & other external reports (MMA surveryors) and based on the information which regularly reviewed by the managment and board of directors.

The segment results of the Group for the year ended 31 December 2023 are as follows:

	Trading	Construction and Dredging	Transport	Real estate	Others	Total
Total revenue	290,202,916	3,439,054,014	165,019,625	-	256,589,197	4,837,768,944
Less: Inter-segment revenue	(6,435,002)	(686,903,192)	(19,949,314)	-	(235,926,979)	(1,636,117,679)
Revenue	283,767,914	2,752,150,822	145,070,311	-	20,662,218	3,201,651,265
Other income	3,778,940	20,950,549	470,903,123	169,871	17,858,807	513,661,290
Operating profit	77,183,408	161,081,584	19,863,561	141,058	19,443,559	277,713,170
Finance costs - net (Note 21)	(16,212,652)	(122,429,215)	(22,024,807)	-	(1,696,507)	(162,363,181)
Profit / (loss) before tax	60,970,756	38,652,369	(2,161,246)	141,058	17,747,052	115,349,989
Income tax	(9,676,314)	(6,134,293)	342,999	-	(2,756,459)	(18,224,067)
Profit / (loss) after tax	51,294,442	32,518,076	(1,818,247)	141,058	14,990,593	97,125,922

The segment results of the Group for the year ended 31 December 2022 are as follows:

	Trading	Construction and Dredging	Transport	Real estate	Others	Total
Total revenue	298,045,013	2,433,292,035	131,123,634	-	210,060,599	3,072,521,281
Less: Inter-segment revenue	(575,170)	(394,240,907)	(21,609,755)	-	(185,584,570)	(602,010,402)
Revenue	297,469,843	2,039,051,128	109,513,879	-	24,476,029	2,470,510,879
Other income	4,577,401	25,014,767	354,205,974	-	22,021,595	405,819,737
Operating profit / (loss)	67,308,476	232,083,646	10,987,649	(3,881,883)	17,664,735	324,162,623
Finance costs - net (Note 21)	(8,738,396)	(71,685,264)	(13,111,621)	-	(1,095,385)	(94,630,666)
Profit / (loss) before tax	58,570,080	160,398,382	(2,123,972)	(3,881,883)	16,569,350	229,531,957
Income tax	(8,545,143)	(23,401,489)	309,879	-	(1,795,827)	(33,432,580)
Profit / (loss) after tax	50,024,937	136,996,893	(1,814,093)	(3,881,883)	14,773,523	196,099,377

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Group (continued)

Other segment items included in the Group income statement are as follows:

	Trading	Construction and Dredging	Transport	Real estate	Others	Total
Year ended 31 December 2023						
Depreciation (Note 6)	2,560,719	205,660,013	60,778,400	-	22,069,630	291,068,761
Impairment of PPE (Note 6)	-	5,880,131	-	-	-	5,880,131
Impairment for trade receivables (Note 11)	1,197,313	7,114,376	114,814	-	2,509,170	10,935,673
Reversal of impairment loss on other receivables (Note 11)	-	-	-	-	(1,840,497)	(1,840,497)
Impairment for inventories (Note 12)	-	9,476,751	-	-	8,244,381	17,721,132
Amortisation (Note 7)	97,417	30,214	-	-	4,533,304	4,660,935
Year ended 31 December 2022						
Depreciation (Note 6)	2,471,216	163,128,245	43,823,887	-	18,695,949	228,119,298
Impairment for trade receivables (Note 11)	(2,439,705)	(14,496,607)	(233,951)	-	(5,112,809)	(22,283,072)
Impairment loss on other receivables (Note 11)	-	-	-	-	(116,943)	(116,943)
Impairment for inventories (Note 12)	-	-	-	-	11,144,452	11,144,452
Amortisation (Note 7)	101,227	31,396	-	-	4,710,627	4,843,250

The segment assets and liabilities of the Group at 31 December 2023 and capital expenditure for the year then ended are as follows:

	Trading	Construction and Dredging	Transport	Real estate	Others	Total
Assets	272,169,887	3,941,806,733	810,438,233	-	688,127,269	5,712,542,122
Liabilities	207,801,062	3,047,008,645	437,858,872	-	253,586,619	3,946,255,198
Capital expenditure (Note 6 and 7)	3,878,923	445,050,043	53,644,836	-	15,774,797	518,348,599

The segment assets and liabilities of the Group at 31 December 2022 and capital expenditure for the year then ended are as follows:

	Trading	Construction and Dredging	Transport	Real estate	Others	Total
Assets	287,415,446	2,752,962,444	789,216,961	-	564,207,265	4,393,802,116
Liabilities	199,708,466	1,879,306,475	398,146,881	-	257,920,775	2,735,082,597
Capital expenditure (Note 6 and 7)	4,077,410	494,353,177	267,508,491	-	40,077,203	806,016,281

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Company

At 31 December 2023, the Company is organized into four main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Construction and Dredging : Construction of harbour development projects, dredging and land reclamation, shore protection projects, sheet piling projects and civil construction projects.

(3) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.

(4) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

Construction and Dredging segments were aggregated into a single operating business segment considering earnings releases from the same clients, quarterly & other external reports (MMA surveryors) and based on the information which regularly reviewed by the managment and board of directors.

The segment results of the Company for the year ended 31 December 2023 are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Total revenue	290,202,916	3,439,054,014	165,019,625	256,589,197	4,150,865,752
Less: Inter-segment revenue	(6,435,002)	(686,903,192)	(19,949,314)	(235,926,979)	(949,214,487)
Revenue	283,767,914	2,752,150,822	145,070,311	20,662,218	3,201,651,265
Other income	3,778,940	20,950,549	470,903,123	17,858,807	513,491,419
Operating profit	77,183,408	161,081,584	19,863,561	19,065,039	277,193,592
Finance costs - net (Note 21)	(16,212,652)	(122,429,215)	(22,024,807)	(1,696,507)	(162,363,181)
Profit / (loss) before tax	60,970,756	38,652,369	(2,161,246)	17,368,532	114,830,411
Income tax	(9,676,314)	(6,134,293)	342,999	(2,756,459)	(18,224,067)
Profit / (loss) after tax	51,294,442	32,518,076	(1,818,247)	14,612,073	96,606,344

The segment results of the Company for the year ended 31 December 2022 are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Total revenue	298,045,013	2,433,292,035	131,123,634	210,060,599	3,072,521,281
Less: Inter-segment revenue	(575,170)	(394,240,907)	(21,609,755)	(185,584,570)	(602,010,402)
Revenue	297,469,843	2,039,051,128	109,513,879	24,476,029	2,470,510,879
Other income	4,577,401	28,777,801	354,205,974	22,017,432	409,578,608
Operating profit / (loss)	67,308,476	232,083,646	10,987,649	13,404,333	323,784,104
Finance costs - net (Note 21)	(8,738,396)	(71,685,264)	(13,111,621)	(1,095,385)	(94,630,666)
Profit / (loss) before tax	58,570,080	160,398,382	(2,123,972)	12,308,948	229,153,438
Income tax	(8,545,143)	(23,401,489)	309,879	(1,795,827)	(33,432,580)
Profit / (loss) after tax	50,024,937	136,996,893	(1,814,093)	10,513,121	195,720,858

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Company (continued)

Other segment items included in the Company income statement are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Year ended 31 December 2023					
Depreciation (Note 6)	2,560,719	205,660,013	60,778,400	22,069,630	291,068,761
Impairment of PPE (Note 6)	-	5,880,131	-	-	5,880,131
Impairment loss on financial and contract assets (Note 11)	1,197,313	7,114,376	114,814	2,509,170	10,935,673
Reversal of impairment loss on other receivables (Note 11)	-	-	-	(1,840,497)	(1,840,497)
Impairment for inventories (Note 12)	-	9,476,751	-	8,244,381	17,721,132
Amortisation (Note 7)	97,417	30,214	-	4,533,304	4,660,935
Year ended 31 December 2022					
Depreciation (Note 6)	2,471,216	163,128,245	43,823,887	18,695,949	228,119,298
Reversal of impairment loss on financial and contract assets (Note 11)	(2,439,705)	(14,496,607)	(233,951)	(5,112,809)	(22,283,072)
Impairment of investments (Note 08)	-	-	-	3,881,884	3,881,884
Reversal of impairment loss on other receivables (Note 11)	-	-	-	(3,879,977)	(3,879,977)
Impairment for inventories (Note 12)	-	-	-	11,144,452	11,144,452
Amortisation (Note 7)	101,227	31,396	-	4,710,627	4,843,250

The segment assets and liabilities of the Company at 31 December 2023 and capital expenditure for the year then ended are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Assets	272,169,887	3,941,806,733	810,438,233	690,172,808	5,714,587,661
Liabilities	207,801,062	3,047,008,645	437,858,872	253,565,183	3,946,233,762
Capital expenditure (Note 6 and 7)	3,878,923	445,050,043	53,644,836	15,774,797	518,348,599

The segment assets and liabilities of the Company at 31 December 2022 and capital expenditure for the year then ended are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Assets	287,415,446	2,752,962,444	789,216,961	566,787,342	4,396,382,193
Liabilities	199,708,466	1,879,306,475	398,146,881	257,914,299	2,735,076,121
Capital expenditure (Note 6 and 7)	4,077,410	494,353,177	267,508,491	40,077,203	806,016,281

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

30 Summary of acquisition

On 1 July 2021 MTCC Plc acquired public transport services of Maldives Ports Limited. The acquisition has increased the scale of operation under the transport division.

The assets and liabilities recognised at cost as a result of the acquisition are as follows:

	2023	2022
Property, plant and equipment (Note 6)	-	2,868,382
Net assets aquired	-	2,868,382

Purchase consideration of MVR 22,083,083 payable to Maldives Ports Limited was accounted as part of the acquisition during the year 2021. New properties amounting to MVR 2,868,323 was aquired during the year 2022. The payable balance after accounting for the repayment of MVR 2,302,806 (2022 : MVR 2,487,858) is shown under Note 28 (vii).

31 Reclassification of comparative information

Financial year ended 31 Dec 2022 (Group / Company)

Statement of Financial Position reclassification	Previous presentation	Reclassification	Current presentation
Property, plant and equipment	1,558,205,320	(3,315,945)	1,554,889,375
Trade and other receivables	1,222,921,572	3,315,945	1,226,237,517

The reclassification of MVR 3,315,945 from the provision for impairment within the capital work in progress account was made to ensure a more accurate representation of the financial position of the company.

32 Events after the reporting date

No significant events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.

IN PICTURE:
RTL BUSES EN ROUTE TO HULHUMALÉ