

The background of the cover features a stylized illustration. On the left, a white line-art suspension bridge spans across a blue body of water. To the right of the bridge, a row of white palm trees stands against a blue sky. The entire scene is overlaid on a large, curved graphic element that transitions from green on the left to blue on the right, with a white foreground area at the bottom.

# 2022

MALDIVES TRANSPORT & CONTRACTING COMPANY  
**ANNUAL REPORT**

**LARGEST  
CONSTRUCTION COMPANY  
IN THE MALDIVES**

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

# 2022

MALDIVES TRANSPORT & CONTRACTING COMPANY

## ANNUAL REPORT



# ATTENTION

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2022 is compiled in accordance with the Companies Act 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 (Continuing Disclosure Obligations of Issuers) Regulation and Regulation for Companies.

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 Rufiaa (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 2022. 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.



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2022



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



Commencement of ABC laying works at GDh, Faresmathoda Airport Development Project

## OUR VISION

To build a connected nation.

## OUR MISSION

Proudly moving you forward.

## OUR VALUES

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



OUR  
**COMPANY**



Resurfacing of Apron at Velana International Airport

# OUR COMPANY

MTCC was formed in December 1981, tasked with delivering infrastructure required for social and economic development, and to cater to the emerging needs of the fisheries sector with engines, parts and services.

It was a time when the country needed crucial economic and social infrastructure for its journey of growth and development. The country opened its doors for tourism in 1972. The fisheries sector, the lifeline of the Maldives, has taken on a new trajectory of growth with mechanization that began in the early 1970s. The islands needed basic infrastructure such as harbours, schools, health centres and island offices.

During the last forty-two years our focus has been on building the nation. We have contributed to the rapid growth of the country's economy by supporting the efforts of the government, providing infrastructure for development, expanding the means for 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.

We have grown and evolved with the needs of the country. In construction and infrastructure development, we have expanded beyond harbour development which was our core business during the early years. Today our portfolio includes airports, roads, modern construction projects and 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 which has seen massive development during the last few years.

By pre-empting the needs of the country and its industries, and setting standards for construction, dredging, reclamations and related works, we have played an important role in the development of the country.

We continue to build our capacity with investments, introduction of new technology and skills development. Our business strategy revolves around offering the highest quality and reliability in all the products and services we offer. We adhere to international quality control systems and adopt the latest innovations to match local needs. 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 in an increasingly challenging and competitive environment.



## CONSTRUCTION & DREDGING

We are the pioneer and leading local contractor in infrastructure development and construction in the Maldives. Our traditional areas of work in harbour development, shore protection and reclamation has expanded and evolved over the last 42 years. While retaining our strengths in key areas of our work, we have diversified into a variety of new areas of infrastructure development in line with the changing needs of the country.

Dredging is one of our core activities which commenced in 1995, with just a few excavators. Today we own the largest dredging fleet in the country and have attained a position to offer 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, while giving us an advantage over the international dredging companies operating in the Maldives.

As a leading contractor in the Maldives, we also undertake a variety of construction projects. Our portfolio of projects includes the construction of several airports, roads in several islands, and water and sewerage infrastructure and electrification projects executed across the country. We have also diversified into sub-sectors related to our line of work such as environmental consultancy, surveying and architectural design, to serve the growing and evolving needs of the Company and the market. We have the capacity to undertake advanced bathymetric, geotechnical, and aerial mapping surveys by using state of the art equipment in our inventory.

We are recognized for our adaptability and our capacity to mobilize and execute major projects in infrastructure development. We have also established a strong reputation for delivering high quality projects and services by providing flexible, cost-effective, and on-time solution for our clients.

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.



## MARINE 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 began in 2001 with ferry services to offer scheduled connectivity between Male' and Villingili. Today our transport service is an integral part of Maldivian life. Our Comprehensive Transport Network (CTN) connects the atolls and islands of the Maldives with inter-atoll and intra-atoll ferry services.

In 2021 we entered into an agreement with the government to provide nationwide marine transport services to the whole country under the newly established Raajje Transport Link (RTL). The first phase of the new network was rolled out in 2022 offering speedboat public transport services in the northern atolls of the country with daily connectivity to all the islands in the region. As the RTL network is expanded to cover the whole country, connectivity will be vastly enhanced with faster, more comfortable, and reliable public transport.

With well-structured and reliable scheduled transport services, we offer the public the possibility to make travel plans for business or pleasure.

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 includes 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. While we continue to expand our network, we have introduced modern technology such as automation of fare collection, online platforms to access our services and live updates on various social media platforms for the convenience of our passengers.



## LAND TRANSPORT

While our RTL and CTN networks connects the dispersed island 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. Until 1st July 2021, our land transport routes consisted only of Hulhumale' internal routes, Hulhumale' to Velana International Airport route and our bus services in Addu City.

In July 2021, the public transport services provided by the Maldives Ports Limited in the Greater Male' Region was transferred to MTCC increasing the volume of our land transport services and the number of customers in the land transport segment from 1,500 customers per day in June 2021 to 10,000 customers per day by October 2021. With this expansion of land transport services we provide to the public, the Land Transport Division was formed to ensure efficient, high quality services to the travelling public.

At present the Company's land based public transport services in the Greater Male' Region, provided under the RTL umbrella consists of services within Male', services within Hulhumale', and connectivity between Male', Hulhumale' and Velana International Airport. Outside Male', RTL bus services are provided in Laamu Atoll Gan and Isdhoo, Addu City and in Fuamulah.

The objective of the Land Transport Division is to provide convenient, and reliable land transport services to communities in the major population centres of the country. More than 6 million commuters used RTL bus services in Greater Male' Region in 2022.

Our transport solutions are conscientious of the transport requirement of customers and provide services designed to meet their needs. We ensure that our transport schedules are synchronized to meet the needs of the market and that our vehicles and other facilities offer reliability, safety, and comfort for our customers.

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## TRADING

In 1981, we were entrusted with the task of mechanizing the nation's fishing fleet, a program launched by the government in 1974. Within the next five years, our focus was on creating greater access for boat owners to conveniently procure engines, and on establishing 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 our proactive approach to identify the needs of the marine sector, our product portfolio has evolved tremendously over the last four decades. We have continued to add to our product portfolio to meet the needs of the fisheries and transport sectors, beginning with the introduction of basic products such as engine oil and marine coatings, and later expanding into outboard marine engines, marine generators, steering systems and a range of high-quality marine and boating accessories along with fibre composites for boat building.

Today our products are offered with comprehensive presale and aftersales services. We support boat owners with technical advisory services, provided by a highly trained and skilled team of engineers and technicians. We also offer boat owners in the transport, tourism and fisheries sectors, convenient financing options for the purchase of marine engines and related equipment.



## ENGINEERING AND DOCKING

Our engineering and docking service was formed to provide maintenance services to the Company's fleet of vessels and vehicles. Today we are one of the largest docking service providers in the country. Our boatyard located in Thilafushi, Male' Atoll has the capacity to accommodate 20 vessels of various sizes at a time. Along with the 200-ton boat hoist installed in 2017, our boatyard boasts the largest capacity for docking services in the Maldives. While

our focus remains on ensuring the smooth operation of our own fleet, with the expansion of our services, we offer our services to cater to the increasing needs of fleet and boat owners in the marine transport sector.

Our docking service is offered using boat hoist, cranes with duplex slings, slipway, boat trailer and air bag technology. 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. We have also added underwater welding and cutting to our service portfolio in recent years. The division also provides additional value-added services such as provision of water, electricity, accommodation, and rental of tools to our clientele.

The main emphasis of the division is on employing new technologies for the services rendered as well as investing in machinery and to provide specialized training for the workforce to offer high quality of services, while ensuring a safe working environment through innovative work methods.

The division is working towards further expansion of docking and engineering services to external customers by providing world-class modern engineering and docking solutions.

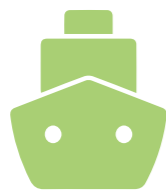




A LOOK BACK AT OUR JOURNEY  
**OF 42 YEARS**

# A LOOK BACK AT OUR JOURNEY OF 42 YEARS

1980



MTCC Incorporated  
Sawmill services  
Rental of speedboats, tugs and barges

1981

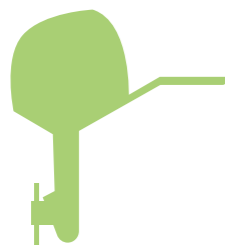


Mechanization of fishing dhonis begin  
**YANMAR**

1986

MTCC Rentals Division  
Construction work begins  
Dhoonidhoo fuel tanks, Presidential Jetty

1987



Official distributor Yanmar marine engines in Maldives  
Yanmar Regional Service Centres  
Established in two regions

1988

MTCC Head Office  
Construction work begins



1994

Dealership agreement with Castrol  
First Yanmar Showroom

1995

1st Excavator  
Acquired to begin harbour construction work



1997

Castrol automotive products  
1st Employee Development Program

1998

Sheet piling introduced to harbour construction  
Boatbuilding Begins with construction of barge



1999

MTCC Tower Construction work completed





2001

**1st Public ferry services Malé - Villimalé**  
**1st cutter dredger** introduced for reclamation  
**Team MTCC**  
**Road and airport construction**  
**Resurfacing work** Hanimaadhoo Airport



2002

**Work on 1st housing project in Hulhumalé**  
**1st Road Project** Fuamulah



2003

**Public ferry services Malé - Hulhumalé**



2004

**Public ferry services Malé - Thilafushi**

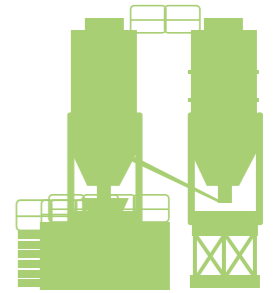


2005

**3500-ton barge and tug** To import rock boulders for harbour construction  
**Hulhumalé Ferry Terminal**

2006

**Concrete testing lab**  
**Precast concrete blocks in harbour construction**  
**Integrated Transport Network** To connect the whole of Maldives with road and sea transport services



2007

**Bus Service** L.Gan - as part of Integrated Transport Network  
**Suzuki Outboard engines** Introduced to Maldives market  
**Alongside berth at Thilafushi MTCC site**  
**Dedicated Cargo Ferry** Malé - Vilimalé  
**Travel Bureau and Ship Service Agency**  
**160 housing units in L. Gan**



2008

**2 cutter suction dredgers** Added to dredging fleet  
**Caterpillar Heavy Machinery** Introduced to Maldives market  
**Suzuki Award** for meeting national sales target



2009

**Hulhumalé Bus Services**  
**North Central Region Ferry Service** Introduced under Comprehensive Pre-scheduled Transport Network



2010

**High-speed Airport Express Malé - Airport**



2011

**High-speed Hulhumalé Express Malé - Hulhumalé**



2012

**1st Airport Project - Thimarafushi Airport Runway**



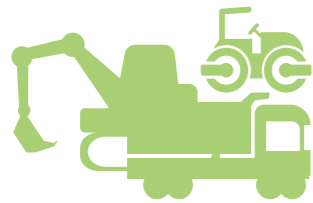
2013

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



2014

**Distributor Caterpillar Heavy Equipment**



2015

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



2016

**Scott Bader**  
**Premium ferry** Malé - Hulhumalé  
**Public ferry services in Zones 1, 2, 5 and 6**

2017

**1st rights issue in Maldives Mahaa Jarraafu**  
**200-tonne boat hoist** at Thilafushi Boatyard



2018

**Hunavaru Apprenticeship program** For secondary school graduates  
**Hiyaa Housing Project** under staff housing scheme



2019

**HA & HDh High-speed ferry service**



2020

**Highest annual revenue & annual net profit**  
**Hoarafushi Airport Completed in 578 days**  
**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**  
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** Malé, Addu, Fuvahmulah & Laamu Atoll  
**Staff strength reaches 4000**





Harbour Rehabilitation, Waste Processing, Administrative Building, Workshop and Civil Works (Platform) for C&D Plant, Recycling Yard, and ELV Dismantling Workshop at Thilafushi



# HIGHLIGHTS 2022

# A YEAR OF EXCEPTIONAL GROWTH

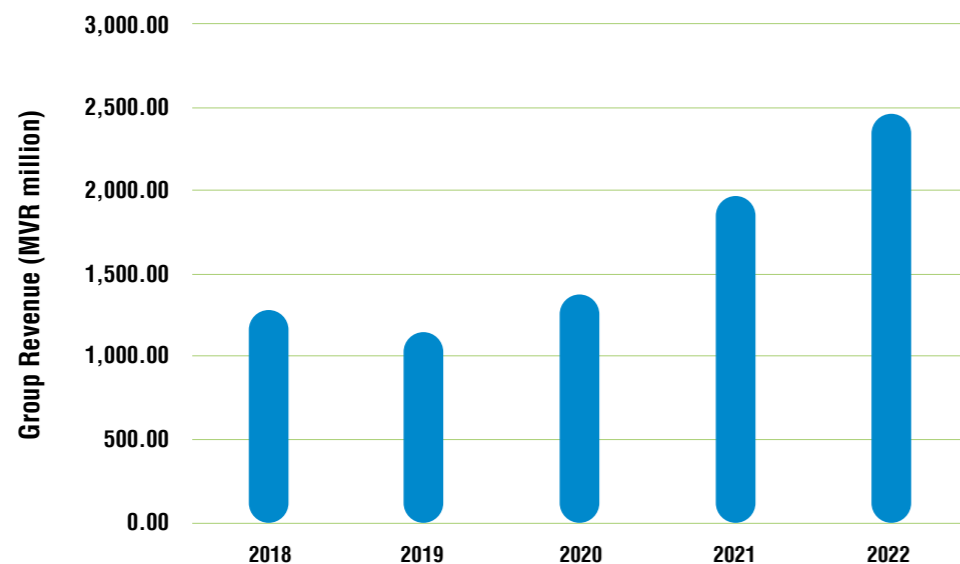
## HIGHLIGHTS 2022

**MVR 2.47 billion  
Group Revenue 2022**

The Company registered a historical new revenue record in 2022.

**MVR 229.15 million  
Profit before tax for  
the year 2022**

GROUP REVENUE 2018 TO 2022



**4043  
Staff strength as  
at end 2022**

**MVR 15,513 million  
Training budget  
executed during  
the year**

**26,920  
Person hours of  
staff training  
2022**

**6,261,973  
Ridership on RTL bus  
services, Greater Male'  
Region in 2022.**



# CHAIRMAN'S STATEMENT





## CHAIRMAN'S STATEMENT

### Chairman's Message to Shareholders

Dear Fellow Shareholders,

2022 yet again was a transformational fiscal year for MTCC Plc. Our success is a reflection of the strength of our management team and employees, and I wish to thank them for their unwavering dedication to our clients and towards realizing our vision of "building a connected nation". As ever, our teams remain our greatest asset. Their ingenuity, technical excellence and agility continue to differentiate us as the market leader in all the respective industries we operate.

I am extremely pleased with the resilience of our respective business segments, as we reported a revenue of MVR 2.47 billion and a profit before tax of 229 million. Our consistently strong performance is expanding our competitive advantage and the long-term earning power of the business to deliver growth into the future. While we can and should celebrate our accomplishments, we must also acknowledge that our profitability has not kept pace with our expectations, specifically, due to raw material price hike, specifically the fuel price following the Russia- Ukraine war, which negatively impacted our profitability during the fiscal year 2022. As a result, we have undertaken several strategic actions from a position of strength to ensure we achieve greater success and fully capitalize on our competitive advantage.

With this momentum apparent in our business and in our markets, we expect continued growth in the future. As you will read in this report – from delivering iconic, impactful projects in communities around the nation, to connecting people through our RTL transport network, to exceeding our sustainability targets – there is no question we have built an organization that is unrivaled in its scale and capabilities. We have made the necessary investments to set the standard for excellence in our respective industries and I believe we had delivered the best solutions for our clients' challenges during the year.

Through the implementation of our strategy, we are prioritizing our time and capital on the highest returning opportunities, winning what matters, and expanding our addressable market. During the year we furthered our commitment to expanding the breadth and impact of our digital capabilities, a key element of our strategy. These efforts include both internal digital platforms developed towards improving our operational efficiency along with digital platforms that had improved the experience of our customers.

### Setting a new course for the future

Working with an engaged Board of Directors and senior leadership team, we have implemented our strategic action plans towards addressing the evolving challenges faced by our clients and customers.

Central to our strategy is my belief, that our people are at the heart of our Company. They distinguish us in the marketplace and define MTCC Plc as the innovative, go-to solution provider for our clients' most challenging projects. Through every decision we make, our leadership team was focused on creating value for our employees—and, in turn, creating value for our clients, customers and our shareholders.

## My Thanks

I thank Almighty Allah for the blessings bestowed upon us. I pray for more prosperous years ahead towards maximizing value for our shareholders. The success we enjoy today would not have been realized without the special consideration given to us by the Government of Maldives. I convey my sincere gratitude to His Excellency President Ibrahim Mohamed Solih for the trust he has placed in us and for the continued support and guidance we have received throughout this period.

I would also like to assure our majority shareholder, the Government of Maldives and the General public that we are firm and focused on the task of building and developing the infrastructure of the nation. I extend my thanks to our shareholders and other stakeholders for the support they continue to give to MTCC.

Last but not least, thank you my fellow Board Directors for guiding and driving the transformational change which is evident at MTCC Plc. I would also like to express my admiration and gratitude to the Management Team and specially to the Company's CEO Adam Azim for leading this transformational change and contributing to our success.

## Looking Forward

As we look ahead, I am confident in the strength of our business going forward. We are committed to the success of our professionals, of our clients, and of the communities we serve, and to delivering strong shareholder value. The changes we have made, and the path we have paved for the future, are already creating shareholder value, with our strong performance during the past three years. We are working towards an enduring business model with the agility and resiliency to overcome uncertainties in our respective markets while pursuing emerging opportunities. We are optimistic about the future and continue to work towards a nation where infrastructure creates opportunity for everyone.

No matter the challenges we may face on our journey, MTCC Plc is better positioned for success today than ever before in our history, and our teams are passionately aligned to build a connected nation.



Chairman  
Mohamed Faheem



## INTERVIEW WITH CEO



## INTERVIEW WITH CEO ADAM AZIM PROGRESSING WITH PURPOSE

What would you like to highlight as the key achievement of the Company for the year 2022?

I would say that the launching of RTL is one of the greatest highlights of the year. RTL would revolutionise public transport in the Maldives, and it has already started to do so. Highspeed connectivity across the country would transform the nation and bring in unprecedented economic and social growth. It is a project which has been conceived by the government with a great vision. We have successfully launched the first phase of the RTL public ferry service last year, and in the next 18 months we will roll out the service across all atolls of the Maldives connecting the country. We have also revolutionised public transport with our RTL bus service. Bus services in the Greater Male Area has received great support in terms of ridership proving the need for such a service. Bus services are also operational in Addu City, Fuvahmulah and Laamu Atoll.

While the performance of the Company has been impressive over the last few years, what were your key priorities for the Company last year and how did they impact the results of the year?

Last year we continued to pursue what we started a few years ago. We have been focussing on the same objectives. From my first year at the Company, we have focussed on key areas which would help drive the business of the Company. These included streamlining the work of the various divisions of the Company to focus on a singular goal rather than focussing on individual targets of those divisions, building a motivated workforce committed to achieve the objectives of the Company, and introducing technology that would help us develop efficiencies to help achieve greater efficiencies in all areas of our work. All this required a huge change in the mindset of everyone involved from the top management to those working at worksites around the country.

We have achieved these to a great extent, and we have the results to show for that. In comparison to 2018 our revenue has increased from MVR 1.3 billion to MVR 2.5 billion, which is a 92.15% growth. Our profitability has shown the same impressive improvement. Our net profit before tax was at a mere MVR 34.77 million and MVR 63.65 million during 2018 and 2019 respectively. While in 2020 during the covid pandemic we were able to close the year with a then record net profit before tax of MVR 224.72 million. Last year we have achieved a net profit before tax of MVR 271.82 million, which is the highest recorded in our long history.

So, what did we do to achieve this. We restructured the Company, redefined the roles and objectives of each Division and fine-tuned their processes to complement the new organizational structure. But having done all that I believe ultimately it is the Company's team, its workforce that can only deliver results.

## What would you like to highlight in terms of efforts taken to build the motivated team that you wanted for the Company?

Work discipline is key, their commitment at work is paramount, and their motivation and drive are essential to achieve the results that you want for the Company. And I am also a firm believer that work discipline, motivation and dedication can only be achieved with the right training, skills and as importantly as those, the right rewards for the effort they put in, to achieve the objectives of the Company. Over the last three years we have also raised the standard of the working environment and working conditions for all, from those working in the head office in Male' to those working at various work sites along the length of the country.

If you look at where we are in terms of monthly remunerations, compared to 2019 we have raised the average take home of staff of the Company significantly. If we look at staff training, we have executed a training budget in 2022, 61% higher than what it was in 2018. Now training and skills development are a continuous element throughout all divisions of the Company. We offer opportunities for staff to take part in a variety of programs, from basic life skill training to customer service, skills development in administration and management, product training, training in operation of the variety of machinery, vehicles and vessels of the Company, and higher education in a variety of areas, not only for today's needs of the Company but also to ensure we have the manpower we need for the future.

We have taken the Company a long way during the last four years. Today MTCC is a Company with over MVR 4.40 billion in asset value compared to MVR 2.08 billion in 2018.

## MTCC is no doubt the market leader in all the business segments in which it operates. Are you happy with the position that the Company has created for itself?

When we talk about the size of the Company and its positioning in the Maldives and in the region, we must be realistic in our assessment of where we are. MTCC has done extremely well, and we are all proud of it. However, we still have a long way to go. Although we boast the largest fleet of dredging and construction equipment in the Maldives, we are still not able to cater to the needs of the country adequately. As a developing country, we still depend on foreign expertise and funding for many of our domestic needs. Yes, no one can deny that we have acquired specialised skills in construction of marine infrastructure, especially that suited to the unique geography of the Maldives, over the last forty years. We can honestly say we have unparalleled knowledge in that area.

But in terms of strength and capacity we are yet to gain a significant position in the region. Although in dredging we undertake almost all the projects executed in the country, we still rely on foreign expertise in some key technical areas. In construction we are highly dependent on foreign expertise, especially in major construction projects. We do not have qualified local professionals who possess the required capacity and the skill to execute major construction projects. I believe with a concerted effort of the government and the Company we can acquire the capacity and technical know-how the country needs for major projects undertaken in the Maldives. But some bold steps need to be taken.

If you look at construction giants in the region and beyond you can see that major dredging and construction companies in Europe and the Middle East have been home grown. The largest dredging companies in Europe have

been developed in those countries to cater to their own dredging needs. The same goes for major construction companies from the Middle East that are working in the regional and international sphere. They have had massive support and investment from their respective governments and have built an enormous wealth of knowledge and experience building their nations. Today they have built adequate capacity to fulfil their domestic demand and still offer services abroad.

## In your view how can MTCC acquire the capacity, strength and technical expertise to cater to the needs of the country and offer its services beyond its own borders?

The success of a public listed company rests on long term consistency and on implementing a long-term plan towards achieving the vision of the company. And as a company in which the state is the majority shareholder, successive governments can play a major role in ensuring that consistency. Frequent management changes, and subsequent changes in policy and direction are the main reasons why local public limited companies are stagnant in their growth. The board and the executive team should be given a predefined tenure to devise and execute the long-term vision of the Company. That is how successful companies are built. MTCCC has the potential to be a key player in the region, but it needs a sustained effort, to one day have a company, executing all the major projects at home and at the same time spreading its wings to other parts of the world. We must think big. We must first build our capacity to meet domestic demand comfortably. I firmly believe that with the skill we have acquired and the knowledge base we have in the Company, the Company has a solid foundation to grow, to be a regional power in dredging and construction, especially in marine infrastructure.

If we look at harbour construction and shore protection, we were dependent on foreign companies for part of our projects not so long ago. And in terms of overall capacity of the Company we were completing 25 projects a year, not long ago. Now we are doing over hundred. If we had stayed where we were 75 of those projects would still be done by foreign companies. And this would be valuable foreign currency that would continue to flow outwards. I can say even with the capacity we have built so far; we are retaining approximately US\$ 100 million within the country. So, one can imagine the massive economic benefits, a company with the strength to cater to all types of domestic construction needs, could bring to the country.

## Can you shed some light on the Company's current plans for growth and expansion in the short to medium term?

We have been consistent in our plans to expand and strengthen the Company. The board and management of the Company has been committed in their efforts to strengthen the internal processes of the Company to build efficiencies, reduce risk and find avenues for growth and expansion. We are not waiting for things to fall in place. We have planned to explore and invest in new segments of the construction and engineering industry. We are working to build our strength in construction of deep-water bridges, which I believe would be an area that would grow rapidly in the near future. Our future plans include building the capacity to produce steel structures required for major construction projects and bridge construction in the country. In building construction, our objective is to build the capacity to undertake major housing projects that are currently being undertaken by foreign companies.

We are expanding our docking facility and raising it to international standards to cater to international customers by 2025. Shipbuilding is another area we are looking at, for major expansion during the next few years. In addition to building the necessary infrastructure, we will also be recruiting qualified and well-trained local personnel and give them the opportunity to work with international specialists with experience in the field. We will see a great expansion of the trading segment in the next few years. Starting from this year, we are expanding our product portfolio to include more products for the marine transport and fisheries sectors with communication systems, refrigerated seawater systems and fishing boats. A clear plan for the expansion of our product portfolio has been laid out for the next few years. At the same time, we will also be expanding our distribution channels to cover the whole country along with the introduction of trading zone outlets at the planned RTL Service Centres in the north and south of the country. We are investing in the technology and capabilities we need, for growth, and the talent to continue to create value for our shareholders.

In conclusion I would like to thank every member of our team for their commitment and dedication, which has enabled us to deliver on our promises, and I congratulate them on the success we have achieved during the year. I would also like to express my sincere gratitude to all those who supported the Company during the year and wish to thank our customers, shareholders and other stakeholders for the trust and confidence they continue to place in us. We assure our shareholders of our highest commitment to achieve the vision of the Company.



CEO  
Adam Azim



## BOARD OF DIRECTORS

# BOARD OF DIRECTORS

## Mr. Mohamed Faheem Chairman

Mr. Mohamed Faheem was appointed to the Board as the Chairman by the majority shareholder (Government) on 11th February 2019.

Mr. Faheem is an entrepreneur with over twenty years of experience in business in various leadership positions. During his long business career, Mr. Faheem has introduced new products and brands to the Maldivian market.

Along with his business career, Mr. Faheem also has a strong background of public and social services both at the regional and national levels. In 2008 Mr. Faheem was appointed as an Atoll Councillor in the Noonu Atoll Council and served in the Council until 2009. Mr. Faheem served as Deputy Minister of State at the Ministry of Home Affairs from 2009 to 2011. In 2011 he was elected to the Noonu Atoll Council from the Kendhikulhudhoo Constituency and served in the Atoll Council until 2014.

Mr. Faheem is a certified professional educator holds a Certificate in Teaching and has also completed various training programs in the areas of finance, corporate governance, and management.

## Mr. Adam Azim Chief Executive Officer

Mr. Adam Azim was appointed as the Chief Executive Officer and as an Executive Director of the Board on 21st January 2020. Mr. Azim has also been serving as Managing Director of Airports Investment Maldives Pvt. Ltd. and as Board Director of Maldives Real Estate Investment Corporation Pvt. Ltd. since 2020. Prior to his appointment as CEO of MTCC, Mr. Azim served as the Managing Director of Maldives Water & Sewerage Company (MWSC) from December 2018 to January 2020, and as Managing Director of State Trading Organization (STO) from November 2013 to February 2015. Mr. Azim also served in the capacity of Non-Executive Director of the Board of Directors of Bank of Maldives from 2011 to 2013 and as a Non-Executive Director in the Board of Directors of Maldives Structural Products from 2011 to 2015.

Mr. Azim began his career at Coopers & Lybrand as an internal auditor. During his career in the private sector and the government he has served in various capacities including Manager-Accounts, Deputy Finance Manager (Head of Finance) and Deputy CEO at Island Beverages Maldives Pvt. Ltd., a subsidiary of MWSC. Prior to his appointment as Managing Director of STO, he served as the General Manager-Merchandizing and as General Manager Sales and Marketing at the Company.

Mr. Azim holds a Master of Business Administration in Financial Studies from the University of Nottingham, UK, a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK, and an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants. Mr. Azim has also completed a wide range of courses and training programs in the areas of accounting, finance and management.

## Mr. Shahid Hussain Moosa Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. He has also been serving as a Board Director of Maldives Real Estate Investment Corporation Pvt. Ltd. since 2021 and as Managing Director of the Company since 2022.

Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd., as the General Manager of LinkServe Plus, Hulhumale.

A veteran of the hospitality and tourism industry, Mr. Shahid brings with him 29 years of experience, specifically in project management and operations management. During his distinguished tenure in the tourism and hospitality industry of the Maldives, Mr. Shahid has served as Director of Operations at Komandoo Island Resort and Spa Maldives, Executive Assistant Manager (Operations) at Kuredu Island Resort and Spa Maldives, Assistant Reservation Manager at Veligandu Resort and Spa Maldives, as well as Project Manager at Komandoo Island Resort and Spa Maldives during its construction.

Mr. Shahid holds an Advance Certificate in Hospitality Management from University of Birmingham, United Kingdom. He has completed the Quest Master Class in Corporate Governance Culture and Board Dynamic Excellence in Singapore in 2019 and has also participated in several other training programs in management, finance, and corporate governance.

## 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 20 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 published by Glonet Pvt. Ltd. from 2005 to 2018. From 2016 to 2018 he 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 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. Currently Vice president, Maldives Editors Guild.



# BOARD OF DIRECTORS

## Uz. Mohamed Fareed Non-Executive Independent Director

Mr. Mohamed Fareed was appointed to the Board of Directors by the majority shareholder (Government) on 27th June 2020. Mr. Fareed has also been serving as Board Director of Airport Investment Maldives Pvt. Ltd. since 2020.

Mr. Mohamed Fareed is a lawyer and since May 2014 he has served at Prime Strategy LLP, and currently holds the post of Senior Partner in the firm. With over 18 years of professional experience, he has contributed to various institutions in the field of journalism and legal counselling.

From 2002 to 2007 Mr. Fareed worked as an Associate Editor and Reporter at Adduvas Maldives. He was a reporter at Jazeera Daily News in 2008. He served as a member of the Maldives Media Council from 2010 to 2012 and worked as a Coordinator at the Elections Commission in the 2008 elections, coordinating the work of officers handling complains reported to the Commission. His portfolio also includes volunteer legal work, consultancies and forums he has carried out and conducted, to create awareness amongst the public regarding the state of the Judiciary of Maldives.

Mr. Fareed holds a Bachelor of Arts Degree in Sharia and Law from the Al- Azhar University in Cairo, Egypt. He has also completed several training courses and programs in various overseas institutions in the areas of corporate governance, finance and management.

## Mr. Nasrath Mohamed Non-Executive Independent Director

Mr. Nasrath Mohamed was appointed as a Non-Executive Independent Director of the Board, elected by public shareholders at the Annual General Meeting held on 27th September 2020 and reappointed to the Board at the 2021 Annual General Meeting held on 19th May 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 possesses more than 15 years of experience in sales, business management and client servicing in various state-owned enterprises and currently serves as a General Manager, Corporate, Legal, Human Resources and Administration department at Allied Insurance Company of the Maldives PVT LTD. . He also served as Sales Manager at State Trading Organisation from 2006 to 2009.

Mr. Nasrath 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 Executive Certificate in Directorship from the 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 in 19th May 2022. Mr Mohamed Imran Adnan also served as a member of the Board from May 2014 to June 2017.

Mr. Mohamed Imran Adnan joins the board with over 18 years of experience having served in various capacities at the Maldives Water and Sewerage Company Ltd. He was appointed as General Manager Engineering in 2015 and has subsequently served as General Manager Supply and Logistics, General Manager of Engineering and in his current capacity as General Manager Debt Recovery since 2020. Prior to that he served as Manager Planning and Design from 2012 to 2015.

Mr. Mohamed Imran Adnan holds a Master of Business Management with specialisation in project management from the University of Southern Queensland, Australia and a Diploma in Architecture & Building from I.T.J, Malaysia. He also holds an Executive Certificate in Directorship from Singapore Management University and has completed training programs in the areas of corporate governance, finance, risk, audit and management at various overseas institutions.



OF  
BOARD  
DIRECTORS



Construction of GN. Fuvahmulah Ring Road Project



EXECUTIVE  
**TEAM**



# EXECUTIVE TEAM

## Mr. Adam Azim Chief Executive Officer

Mr. Adam Azim was appointed as the Chief Executive Officer and as an Executive Director of the Board on 21st January 2020. Mr. Azim has also been serving as Managing Director of Airports Investment Maldives Pvt. Ltd. and as Board Director of Maldives Real Estate Investment Corporation Pvt. Ltd. since 2020.

Prior to his appointment as CEO of MTCC, Mr. Azim served as the Managing Director of Maldives Water & Sewerage Company (MWSC) from December 2018 to January 2020, and as Managing Director of State Trading Organization (STO) from November 2013 to February 2015. Mr. Azim also served in the capacity of Non-Executive Director of the Board of Directors of Bank of Maldives from 2011 to 2013 and as a Non-Executive Director in the Board of Directors of Maldives Structural Products from 2011 to 2015.

Mr. Azim began his career at Coopers & Lybrand as an internal auditor. During his career in the private sector and the government he has served in various capacities including Manager-Accounts, Deputy Finance Manager (Head of Finance) and Deputy CEO at Island Beverages Maldives Pvt. Ltd., a subsidiary of MWSC. Prior to his appointment as Managing Director of STO, he served as the General Manager-Merchandizing and as General Manager Sales and Marketing at the Company.

Mr. Azim holds a Master of Business Administration in Financial Studies from the University of Nottingham, UK, a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK, and an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants. Mr. Azim has also completed a wide range of courses and training programs in the areas of accounting, finance and management.



## Mr. Shahid Hussain Moosa Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. He has also been serving as a Board Director of Maldives Real Estate Investment Corporation Pvt. Ltd. since 2021 and as Managing Director of the Company since 2022.

Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd., as the General Manager of LinkServe Plus, Hulhumale.

A veteran of the hospitality and tourism industry, Mr. Shahid brings with him 29 years of experience, specifically in project management and operations management. During his distinguished tenure in the tourism and hospitality industry of the Maldives, Mr. Shahid has served as Director of Operations at Komandoo Island Resort and Spa Maldives, Executive Assistant Manager (Operations) at Kuredu Island Resort and Spa Maldives, Assistant Reservation Manager at Veligandu Resort and Spa Maldives, as well as Project Manager at Komandoo Island Resort and Spa Maldives during its construction.

Mr. Shahid holds an Advance Certificate in Hospitality Management from University of Birmingham, United Kingdom. He has completed the Quest Master Class in Corporate Governance Culture and Board Dynamic Excellence in Singapore in 2019 and has also participated in several other training programs in management, finance, and corporate governance.



## Shifau Ali General Manager – Business Development & Administration Division

Mr. Shifau Ali joined MTCC in 2002 and currently holds the position of General Manager Business Development and Administration Division of the Company. During his 17 years of service at MTCC, Mr. Shifau Ali has also served the Company as the Division Head of Support Service Division, Financial Controller of the Company and as the Department Head of Procurement Department and Accounts & Finance Department.

At present Mr. Shifau Ali also 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.



## Ramzee Aboobakuru General Manager – Construction & Dredging Division

Mr. Ramzee Aboobakuru joined MTCC in February 2020 and currently holds the position of General Manager of Construction and Dredging Division. Prior to this, he served as the Assistant General Manager of the Division.

During his career, Mr. Ramzee has served in various public companies and state-owned enterprises. From 2012 to 2013 he served as the Manager Sales and Marketing, Construction Materials at State Trading Organization (STO) after which he was promoted to the post of General Manager, Energy & Staple Foods at the Company. Mr. Ramzee also headed STO Supermarket & STO Construction Materials during his tenure at STO and was appointed as acting Chief Operating Officer of Maldives Industrial Fisheries Company Pvt Ltd (MIFCO) during 2017. He was member of the Board of Directors of Fuel Supply Maldives Pvt. Ltd. and MIFCO until 2019. Until his appointment at MTCC, he served as the Senior General Manager at Island Beverages Maldives Pvt. Ltd.

Mr. Ramzee holds a Bachelor of Arts (First-Class Honours) in Marketing from the University of Hertfordshire.



# EXECUTIVE TEAM

## Aminath Shiuna Ahmed Saeed Company Secretary

Ms. Aminath Shiuna Ahmed Saeed was appointed as the Company Secretary in September 2020. Ms. Shiuna joins the Company with vast experience in her area of work. She served as the Company Secretary of Maldives National Oil Company Ltd from 2013 to 2015, Company Secretary of Addu International Airports Pvt. Ltd. from 2013 to 2014 and has also served as a Non-Executive Director of Allied Insurance Company from 2015 to 2020.

Ms. Shiuna has also had a long career of 11 years at State Trading Organization in which she has served the Company in various managerial posts as well as in the capacity of Executive Secretary to the Managing Director and as the Assistant General Manager, Business Development.

Ms. Shiuna holds a Master's Degree in Business Development in International Management from the University of Wales and a Bachelor of Business Management from the University of Sunderland, UK.

## Mariyam Shamiha Executive Secretary – CEO Bureau

Ms. Mariyam Shamiha was appointed to the post of Executive Secretary of the CEO Bureau in December 2020. Ms. Shamiha joined the Company in 1997 as an Administrative Officer. She has served in various posts and prior to her current post as Executive Secretary, she served as the 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.

## Fathimath Jabeen General Manager – Human Resources Division

Ms. Fathimath Jabeen joined MTCC in 1996 and currently holds the position of General Manager, Human Resources Division of the Company. She 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. Fathimath 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.

## Uza. Fathmath Inasha General Manager – Legal Affairs Division

Uza. Fathmath Inasha was appointed to the post of General Manager – Legal Affairs Division in September 2020. She joined the Company in 1998 and has served the company in various capacities during the 25 years of her tenure in the Company.

Uza. Inasha began her career at the Administrative Department of the Company and worked her way up in various other departments of the company. Prior to her current post of General Manager – Legal Affairs Division, Uza. Inasha served as a Senior Lawyer of the Company. In addition, she is the president of staff recreation club, CLUB MTCC. 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.



# EXECUTIVE TEAM

**Waseem Akram**  
Chief Financial Officer

Mr. Waseem Akram joined MTCC in 2012 and currently holds the position of Chief Financial Officer of the Company. Prior to his current post he served as the Financial Controller from July 2019 to December 2020. Mr. Waseem Akram worked as an Assistant Manager – Audit, Assurance and Tax at Price Waterhouse Coopers and as a Senior Auditor at Kreston MNS & Co. before he began his tenure at MTCC.

Mr. Waseem Akram is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL), Associate Member of Certified Public Accountants of Australia (ASA), a senior member of Accounting Technicians of Sri Lanka (AATSL), and an associate member of the Institute of Certified Management Accountants of Sri Lanka (ICMA).

**Ali Nashath**  
Chief Internal Auditor

Mr. Ali Nashath joined MTCC in 2017 in his current capacity as the Chief Internal Auditor. During his years of service at MTCC, extensive developments to the internal audit function have been brought based on his years of experience in auditing and assurance, and deep understanding of finance and trade.

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

Mr. Nashath is a Certified Chartered Accountant and is a member of the Association of Chartered Certified Accountants (ACCA-UK). In addition to a Master of Business Administration degree from the Open University of Malaysia, he has also completed several professional and technical courses in the field of auditing and other related areas such as the CISA training program of ISACA.

**Ismail Fariq**  
General Manager – Marine Transport Division

Mr. Ismail Fariq joined MTCC in 2001 and was assigned to his current position as the General Manager of the Marine Transport Division in 2021. Mr. Fariq has served in several senior posts of the Company during his 22 years of service in the Company.

Prior to his appointment to his current position Mr. Fariq served as the General Manager of the Trading Division. He has also served as the Head of Sales and Marketing of the Marketing Department (the former Trading Division), Head of the Transport Department, Head of Procurement Department, Head of Logistical Operations Department, and as the Head of the Business Development Department.

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.

**Ahmed Iruhsh**  
General Manager – Trading Division

Mr. Ahmed Iruhsh joined MTCC in 2009 and currently serves as the General Manager – Trading Division. During his 14 years of service at the Company, Mr. Ahmed Iruhsh has held various technical and managerial posts, including the position of Assistant General Manager of Trading Division, Head of Engineering Department and Head of Engineering Workshop.

Mr. Ahmed Iruhsh holds a Master of Science (MSc) degree in Engineering Management (2022), from University of Sunderland, United Kingdom and 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.



# EXECUTIVE TEAM

**Ahmed Latheef**  
Chief Risk Officer

Mr. Ahmed Latheef joined MTCC in 1999. Prior to his current post as Chief Risk Officer, Mr. Ahmed Latheef served as General Manager of the Construction and Dredging Division of the Company. During his 24 years of service at MTCC, Mr. Ahmed Latheef has served the Company in various technical and managerial capacities including the position of Technical Manager and Technical Executive 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.

**Ahmed Zameer**  
General Manager – Engineering & Docking Division

Mr. Ahmed Zameer joined MTCC as the General Manager of Engineering and Docking Division in 2021. Prior to joining the Company Mr. Zameer worked as an independent consultant in the field of project management and consultation for four years. He has also held key posts in the private and public sectors, which includes the post of Production Manager and Naval Architect at Guarantee Fiberglass Fabrication and the post of Technical Manager of the Boatyard at Thilafushi, Maldives Ports Limited.

Mr. Zameer holds a BSc Naval Architecture and Marine Engineering degree from the Istanbul Technical University, Turkey and has completed other related studies in the area of Propulsion Systems at the Indian Maritime University in Vishakapathnam, India and Hydrographic Surveying at the Hydrographic Department of Japan Maritime Academy in Japan. Mr. Zameer is an Associate Member of the Royal Institute of Naval Architects.

**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. During his 25 years of service at MTCC, Mr. Ahmed Salam has also served the Company in various technical and managerial positions including the post of Software Programmer and Manager of Information Systems Department.

Mr. Salam holds a Bachelor's Degree in Computer Science from the University of Wallongong, Australia and is a Certified Information Systems Security Professional (CISSP) from Koenig Dubai.

**Abdulla Shafeeu Mahmood**  
General Manager – Procurement Division

Mr. Abdulla Shafeeu Mahmood joined MTCC as General Manager, Procurement Division in February 2020. Prior to joining the Company, he served as the Senior General Manager, Business Development of Fuel Supplies Maldives (FSM). Mr. Shafeeu served at State Trading Organization (STO) for a period of nine years where he held various posts including the post of Senior General Manager, Business Development Department and as Senior General Manager, Procurement. During his tenure at STO he also served as Chairman of the Board of FSM and as Chairman of the Board of Maldives Gas Pvt. Ltd. Mr. Shafeeu began his career at the Ministry of Planning and National Development.

Mr. Abdulla Shafeeu Mahmood is a former member of the Privatization and Corporatization Board and past President of the Certified Practising Accountants of Maldives. Mr. Shafeeu is an Associate Member of the Chartered Institute of Management Accountants, UK, a Chartered Global Management Accountant (CGMA) and an Associate Member of the Chartered Management Institute, UK.



# EXECUTIVE TEAM

## Ibrahim Latheef

General Manager – Ship Handling & Quality Assurance Division

Mr. Ibrahim Latheef joined MTCC in 1999 and currently holds the position of General Manager in charge of the Ship Handling & Quality Assurance Division. During his 24 years of service, Mr. Ibrahim Latheef has served the Company in the capacity of Department Head of several Departments which includes Business Development Department, Administration Department, Procurement Department and Building Security and Services Department. He has also served as the Division Head of Transport, Engineering & Docking Department, and Human Resources & Administration.

Mr. Latheef holds a Master's in Business Administration from the Open University Malaysia, Malaysia and a Bachelor of Arts (Hons) Degree in Marketing from the University of Hertfordshire, United Kingdom. Mr. Latheef is a Chartered Quality Professional of CQI-IRCA and he holds Six Sigma Green Belt of Six Sigma Management Institute. He is a certified Balanced Scorecard Professional (BSP), certified KPI professional (KPIP), and a certified Quality Management System Lead Auditor of CQI-IRCA.

Mr. Latheef was also a Chartered Marketer and Fellow member of the Chartered Institute of Marketing.



## Ahmed Thiham

General Manager – Repair & Maintenance Division

Mr. Ahmed Thiham joined MTCC in 2020 in his current capacity as General Manager Repair and Maintenance Division. Mr. Thiham joins the Company from an engineering and military background having served in the Maldives National Defence Force (MNDF) for 16 years from 1999 to 2015. During his tenure at MNDF, he served as an engineer with the Electrical and Mechanical Engineers of MNDF, and later also as an Engineer Officer. He served as Executive Officer of training courses conducted at the Defence Institute for Training and Education, and as an instructor, he trained personnel at MNDF, Maldives Police Service, Maldives Customs and Aviation Security on various military and security related subjects. During his tenure as a commissioned officer, he also served as the Officer Commanding of a unit of MNDF.

Mr. Ahmed Thiham holds a Bachelor of Technology (Mechanical Engineering) degree from the College of Military Engineering, Pune, India and completed various trainings on leadership, and field engineering both locally, and in various military engineering institutes abroad.



## Mohamed Nazim

General Manager – Land Transport Division

Mr. Mohamed Nazim joined the Company in 2000 and currently holds the position of General Manager in charge of the newly formed Land Transport Division of the Company. Prior to his current post he served as the General Manager of the Transport Services Division.

During his 23 years of service at MTCC, Mr. Mohamed Nazim has served the Company in the capacity of Senior Manager of Transport Services Department and Manager of several Departments which includes, Transport Services Department, Procurement Department, Thilafushi Business Department and Logistics Department.

Mr. Mohamed Nazim holds a Master's in Business Administration from the University of the West of England.



EXECUTIVE TEAM



# BUSINESS REVIEW

# BUSINESS REVIEW 2022

The changes made and fine-tuned during the last few years to the operational structure of the Company continued to reap its rewards during the year. Evaluation and close monitoring of the performance continued. The trajectory of growth established with the changes was sustained in 2023, with a new record revenue achieved during the year.



Land Reclamation at GA. Dhaandhoo during the initial phase of the Land Reclamation and Shore Protection Project.

## FOCUS ON HUMAN CAPITAL DEVELOPMENT

The development of the Company's workforce has been a priority during the last few years. Training and skills development was further strengthened in our drive to instil the competencies, soft and hard skills required for an efficient and well-organised workforce, and to develop the technical know-how and experience needed for the fast developing and competitive business environment in which the Company operates today. The Company also considers an intensive focus on training as essential, to improve the readiness of the workforce for businesses the Company plans to embark on in the future. The year also saw the completion of the effort undertaken over the last few years to upgrade the physical work environment for all members of staff of the Company.

## TRAINING ON ERP ACROSS THE COMPANY

With the commissioning and implementation of the Company's ERP system in 2021, a major emphasis was given to ensure maximum utilisation of the system in order streamline and automate business processes within the Company. Training on various modules of the ERP system continued throughout the year with customised training programs for various divisions and functions of the Company.

## SIGNIFICANT DEVELOPMENT IN ALL BUSINESS SEGMENTS

The year 2022 saw major developments in some of the business segments of the Company.

Transport services which saw a huge expansion in 2021 following the transfer of land transport services provided by Maldives Port Limited to the Company, saw further growth and new developments during the year. By the end of the year services bus services were operational in Laamu Atoll, Addu City and Fuvahmulah in addition to services in the Male' area.

The Integrated National Public Ferry Service saw its inauguration in 2022, with the launch of high-speed ferry services in the three northernmost atolls. The network under the branding of Raajje Transport Link (RTL) will revolutionise the way Maldivians travel and bring unprecedented advances to the connectivity between islands.

Work was also underway to develop an online platform for the Trading Division of the Company, which would vastly enhance accessibility to customers around the country. Preparation have also been made to establish the new MTCC store and modern warehousing, incorporating the latest technology to achieve efficient and timely distribution and delivery of its products to customers.

The Construction and Dredging Division has seen huge advances during the last few years with increased capacity and efficiency, achieving exceptional gains in the average completion time of projects undertaken in various parts of the country. During the year the Company was awarded the project to develop Alifushi Airport, with a value of MVR 452 million, the largest project that has ever been undertaken by the Company. In December the Company won the award for the expansion of Maafaru International Airport. The project funded by the Abu Dhabi Fund is the largest foreign funded project won by the Company. It is noteworthy that the Company competed with international parties to win the project.

The Engineering and Docking Division which plays a crucial role in the execution of projects undertaken by the Company has also seen measurable improvements in its performance during the last few years. The segment which has historically shown operational losses over the years has now developed as a profitable business segment for the Company. Work on the expansion of our boatyard in Thilafushi began in 2022, with ambitious plans to enter the ship building industry and offer docking services to international clients within the next two years.



# CONSTRUCTION DREDGING & RECLAMATION

The work of the Construction and Dredging Department is intertwined with the national development of important social and economic sectors of the country. While our reclamation projects support the government's efforts to ease the land shortage of the country, the harbour development projects we undertake directly impact the fisheries and transport sectors of the country and have played an important role in their growth and development over the last four decades.

We contribute to environment preservation through our shore protection projects and help in the development of the social sector with the construction of hospitals, schools and sports facilities for the youth. We contribute towards the development of the transport network with the development of airports and roads and contribute to the expansion of the tourism sector through reclamation, shore protection projects we undertake for the development of new tourist resorts.

The projects we conducted in 2023 reflects our contribution to various sectors of the economy.

## SERVICE PORTFOLIO

- Dredging and reclamation
- 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

### DHAANDHOO, GAAFU ALIFU ATOLL LAND RECLAMATION AND SHORE PROTECTION



Dredging and reclamation: 25 hectares  
 Rock boulder revetment: 1,238 metres  
 Groyne construction: 240 metres

### NAKACHA HURAA REEF, KAAFU ATOLL DREDGING, RECLAMATION AND SHORE PROTECTION



Dredging and reclamation: 223,000 cubic metres  
 Rock boulder revetment: 13,000 metric tonnes  
 Breakwater: 918 metres  
 Construction of sand bund: 1,383 metres  
 Channel dredging: 2,625 cubic metres  
 Beach profiling: 8 LS

### KUDA GIRI PICNIC ISLAND, KAAFU ATOLL ISLAND RECLAMATION AND SHORE PROTECTION



Dredging and reclamation: 291,320 cubic metres  
 Rock boulder revetment: 428.32 metres  
 Breakwater: 397.27 metres

### DHUVAAFARU, RAA ATOLL DREDGING, RECLAMATION AND SHORE PROTECTION



Dredging and reclamation: 22.2 hectares  
 Rock boulder revetment: 423 metres  
 Breakwater and channel dredging

### KENDHOO, BAA ATOLL DESIGN AND BUILD SHORE PROTECTION STRUCTURES



Dredging swimming area: 800 cubic metres  
 Rock boulder revetment: 80 metres  
 Groyne: 90 metres  
 Breakwater

### HOARAFUSHI, HAA ALIFU ATOLL DESIGN AND BUILD SHORE PROTECTION STRUCTURES



Island 1  
 Backfilling and Bed Preparation: 1,786 nos.  
 Geobag breakwater: 1,786 nos.

Island 2  
 Excavation of sand and sand for filling geo bags: 2,143 cubic metres  
 Geo bag sewing & placing: 1,278 nos.  
 Rock boulder protection and Groyne: 260 metres  
 Breakwater extension: 62 metres

### BANDOS, KAAFU ATOLL SHORE PROTECTION SOUTHEAST SIDE



Construction of breakwater

### FULIDHOO, VAAVU ATOLL DESIGN AND BUILD SHORE PROTECTION STRUCTURES



Beach filling: 22,312 cubic metres  
 Rock boulder revetment: 50 metres  
 Breakwater: 180 metres  
 Groyne: 84 metres  
 Groyne: 10 metres

## HARBOUR & PORT DEVELOPMENT

### FULHADHOO, BAA ATOLL DESIGN AND CONSTRUCTION OF HARBOUR



Dredging: 29,168 cubic metres  
 Quay wall: 223 metres  
 Revetment: 342 metres  
 Breakwater: 108 metres  
 Channel dredging: 22,694 cubic metres  
 Harbour pavement: 953 square metres  
 Construction of rock apron and ramp and harbour walkway bridge  
 Installation of street & navigation lights and mooring buoys



### HULHUDHELI, DHAALU ATOLL DESIGN AND UPGRADING OF HARBOUR



Dredging new harbour basin: 42,149 cubic metres  
 Dredging new entrance channel: 1,246 cubic metres  
 Dredging existing harbour basin: 3,217 cubic metres  
 Revetment: 217 metres  
 Quay wall: 329 metres  
 Breakwater: 283 metres  
 Groynes: 20 metres  
 Construction of pavement, ramp, laying curbs and drainage  
 Installation and fixing of mooring rings, mooring blocks, beacons and harbour lights

### IHAVANDHOO, HAA ALIFU ATOLL DESIGN AND UPGRADING OF HARBOUR



Harbour dredging  
 Revetment: 188 metres  
 Breakwater: 337 metres  
 Quay wall: 345 metres  
 Groyne: 72 metres  
 Harbour Pavement: 4582 sqm  
 Construction of ramp and access bridge to breakwater  
 Installation of Harbour lights

### DHOONIDHOO, KAAFU ATOLL HARBOUR REDEVELOPMENT AND RECLAMATION



Dredging: 15,300 cubic metres  
 Reclamation: 24,405 cubic metres  
 Quay Wall: 250 metres  
 Breakwater: 295.7 metres  
 Revetment: 620 metres  
 Construction of bridge and ramp and reconstruction of jetty

### THILAFUSHI, KAAFU ATOLL HARBOUR REHABILITATION AND OTHER WORKS



The project included harbour rehabilitation, waste processing, construction of administrative building, workshop and civil works (platform) for C&D plant, recycling yard, and ELV dismantling workshop and other related works.

### MILADHOO, NOONU ATOLL DESIGN AND CONSTRUCTION OF HARBOUR



Dredging: 37,461 cubic metres  
 Channel dredging: 1,000 cubic metres  
 Revetment: 567 metres  
 Quay Wall: 187.80 metres  
 Groynes: 20 metres  
 Breakwater: 219 metres  
 Submerged Breakwater: 25 metres  
 Pavement: 1,430 square metres  
 Construction of ramp, installation of navigation lights and streetlights, mooring rings and mooring buoys.

### FEEVAH, SHAVIYANI ATOLL DESIGN AND CONSTRUCTION OF HARBOUR



Dredging: 40,420 cubic metres  
 Channel dredging: 14,743cbm  
 Quay wall: 474 metres  
 Revetment: 182 metres  
 Groyne: 27 metres  
 Breakwater: 356 metres  
 Pavement: 2,320 square metres  
 Groyne: 27m  
 Installation of navigational lights and streetlights

### FOAKAIDHOO, SHAVIYANI ATOLL DESIGN AND UPGRADING OF HARBOUR



Dredging (new harbour basin): 46,160.39 cubic metres  
 Dredging (existing harbour basin): 16,595.51 cubic metres  
 Dredging new entrance channel: 12,797.27 cubic metres  
 Breakwater: 451 metres  
 Channel breakwater head: 21 metres  
 Revetment: 240 metres  
 Groynes: 40 metres  
 Quay wall block installation: 238 nos.  
 Quay wall in situ wall concrete: 476 metres  
 Quay wall coping: 476 metres  
 Pavement: 2,290 square metres  
 Installation of ramp, walkway bridge, navigation lights, streetlights and mooring buoys.

## ROADS

Construction of roads include the construction of sidewalks, installation of speed breakers, streetlights, street signs, storm water management systems, service lines, zebra crossings and road markings.

### HANIMAADHOO, HAA DHAALU ATOLL CONSTRUCTION OF MAJOR ROADS



Carriageway: 41,117.58 square metres

### HANIMAADHOO, HAA DHAALU ATOLL ADDITIONAL WORKS ON MAJOR ROADS



Carriage way upgrade: 47,832.58 square metres

### UNGOOFAARU, RAA ATOLL CONSTRUCTION OF MAJOR ROADS



Carriageway: 17,700 square metres

## FOOTBALL GROUNDS

### FEEVAH, SHAVIYANI ATOLL



Excavation: 2,940 metres  
 Backfilling: 4,511.70 metres  
 Compaction: 15,039 metres  
 Installation of kerbstones, pavement, and stormwater drainage system.

## BUILDING CONSTRUCTION

### HDH. KULHUDHUFFUSHI REGIONAL HOSPITAL



Renovation Works

### HDH. KULHUDHUFFUSHI REGIONAL HOSPITAL



Construction of full-fledged ICU

# TRADING OUR PRODUCT PORTFOLIO

## **YANMAR**

FIRST CHOICE OF MALDIVIAN  
FISHERMAN AND VESSEL OWNERS FOR THE LAST  
FOUR DECADES.

YANMAR MARINE ENGINES, GENERATORS AND  
WATER PUMPS

The leading brand of marine diesel engine in the Maldives, it is the engine of choice for Maldivian fishermen and vessel owners and holds a market share of 80% in the inboard marine engine sector.



MARKET LEADER IN THE MALDIVES

CASTROL LUBRICANTS

Acknowledged as the world's leading specialist provider of lubrication solutions, today, Castrol is the market leader of lubricants in the Maldives with more than one million litres sold per year.



A GLOBAL MARKET LEADER  
IN MARINE ENGINES

SUZUKI OUTBOARD ENGINES

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.



ONE OF THE MOST TRUSTED  
MARINE AND PROTECTIVE COATING  
BRANDS IN THE WORLD

PPG INDUSTRIAL AND MARINE COATINGS

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.



## ONE OF THE MOST ESTABLISHED NAMES FOR SYNTHETIC RESINS AND POLYMERS IN THE WORLD

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.



## AN ADVANCED ENGINEERING AND TECHNOLOGY BRAND

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



## AN ADVANCED FILTRATION SOLUTIONS BRAND

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.

## 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.

## BOATING ACCESSORIES

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

## 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.



Installation of Suzuki DF325A engines

# KEY ACTIVITIES AND DEVELOPMENTS 2022

As a Company contributing to all major economic sectors of the country, the Trading Division pays special attention to maintain direct contact with its customer base, comprising of fishermen and vessel owners, engineers, transport service providers, players in the tourism sector and companies that undertake major projects in the country. Visits to various atolls to meet our customers to discuss their requirements and challenges has been an integral part of our operations. The year 2022 was no exception. Our teams visited over 53 islands in ten atolls during the year to conduct product related training towards increasing awareness about our products and offer guidance and assistance in the use of our products. In addition to visits to the atolls, several events were held in Male' region to meet boat owners and operators. These events and market visits are also an important tool to identify potential sales of products from our brand portfolio.

During the visits, meetings were held with island councils, existing customers, and potential customers. Site visits were also made to boat building sites for technical inspection of vessels. Meetings were also held with major customers in the tourism, trading, and transport sectors, during the year to identify their requirements and potential future cooperation.

## YANMAR SERVICE CAMPAIGNS

### Male', Hulhumale', Villimale' & Thilafushi - February 2022

Our teams visited vessels in key locations in Malé' Hulhumalé, Villimalé and Thilafushi including Male North Harbour, Fish Market Area, Thilafushi Industrial Village, and vessels in Hulhumale' harbour and conducted engine inspections, provided recommendations on routine maintenance and spare parts requirements for Yanmar engines, and identified potential customers for targeted products in our product portfolio for follow-ups and sales.

### Dhaalu Atoll - February 2022

Our team visited Meedhoo, Bandidhoo and Kudahuvadhoo to create awareness among existing customers on the importance of using genuine spare parts and identify further requirements and additional sales opportunities for spare parts.



## SUZUKI TECHNICAL AWARENESS PROGRAM

### Alifu Dhaalu Atoll, Dhangethi - March 2022

In March our teams visited Dhangethi in Dhaalu Atoll to create greater awareness about Suzuki technical issues, offer guidance on troubleshooting and solutions on general issues faced by customers and engineers in routine maintenance.

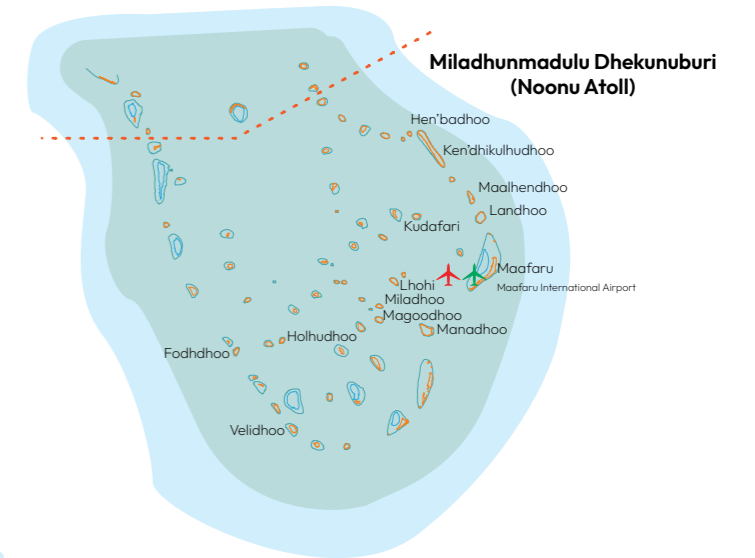
## SALES PROMOTION TRIPS

In 2022 several sales promotion events and trips were conducted to promote products in our product portfolio. During the trips, our teams conducted technical inspections, offered recommendations identified sales prospects for various products including Suzuki outboard engines, Yanmar engines and spare parts and opportunities for the sale of PPG Coatings and Castrol Lubricants. Our teams visited various island in seven atolls on sales promotion trips during the year.

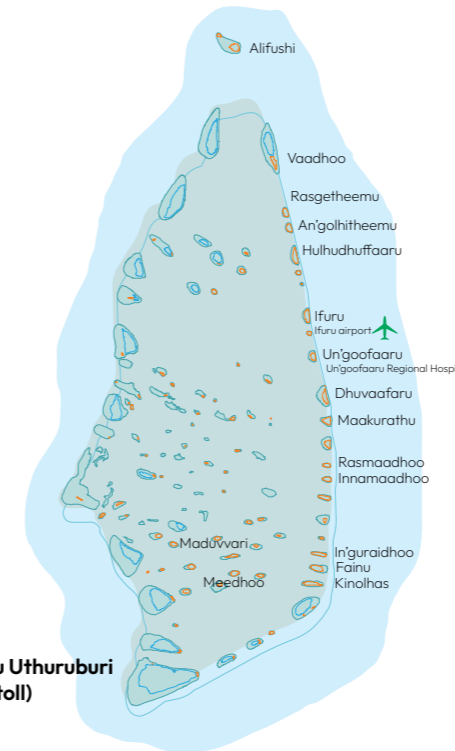
### Sales Promotion Trips

January & February 2022	Noonu Atoll
February 2022	Addu City
February 2022	Fuvahmulah
May 2022	Baa Atoll
May 2022	Vaavu Atoll
May 2022	Meemu Atoll
September 2022	Gaafu Dhaalu Atoll

### NOONU ATOLL JANUARY & FEBRUARY 2022 10 ISLANDS SALES PROMOTION

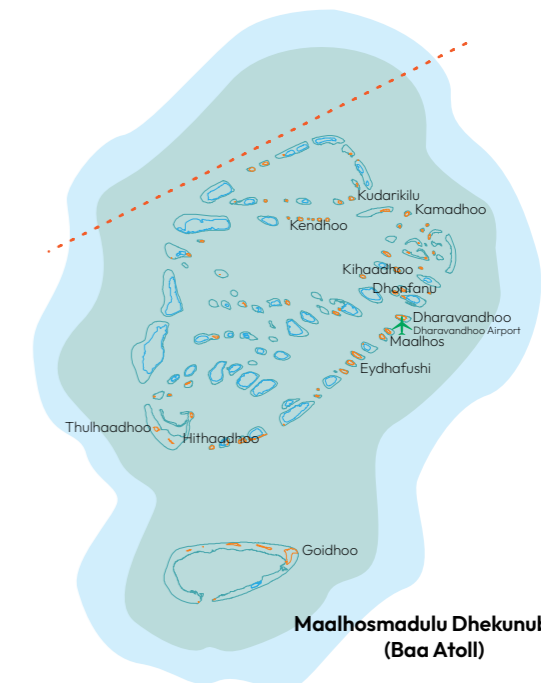


### Maalhosmadulu Uthuruburi (Raa Atoll)



### RAA ATOLL ALIFUSHI & VAADHOO KASHAVARU PROMO FIELD VISIT

### BAA ATOLL MAY 2022 13 ISLANDS SALES PROMOTION



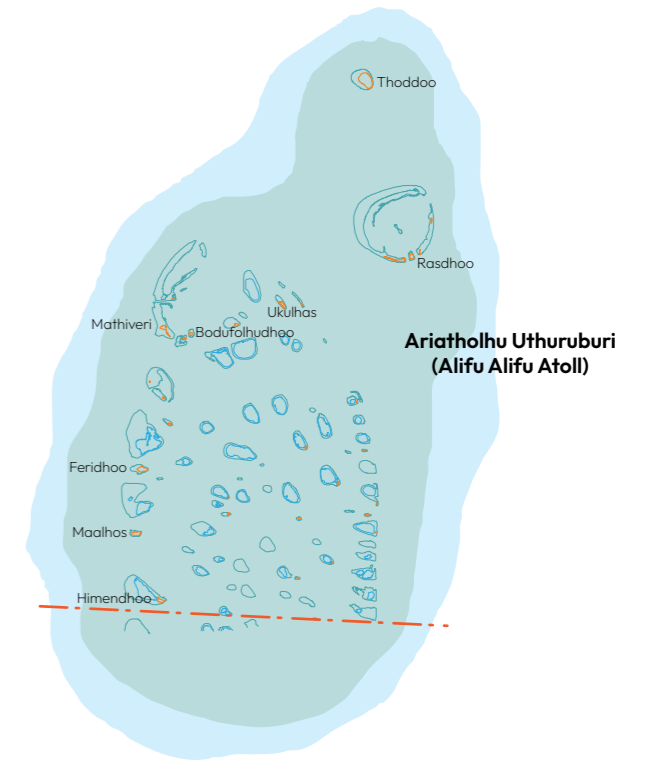
**GREATER MALE' REGION  
JUNE 2022  
MALE' & VILLIMALE'  
SALES PROMOTION**



**GREATER MALE' REGION  
AUGUST 2022  
MALE' HARBOUR AREA  
OUTDOOR EVENT  
SALES PROMOTION**

**Male' Atholhu  
(Kaafu Atoll)**

**ALIFU ALIFU ATOLL  
UKULHAS  
KASHAVARU PROMO  
FIELD VISIT**



**Ariatholhu Uthuruburi  
(Alifu Alifu Atoll)**

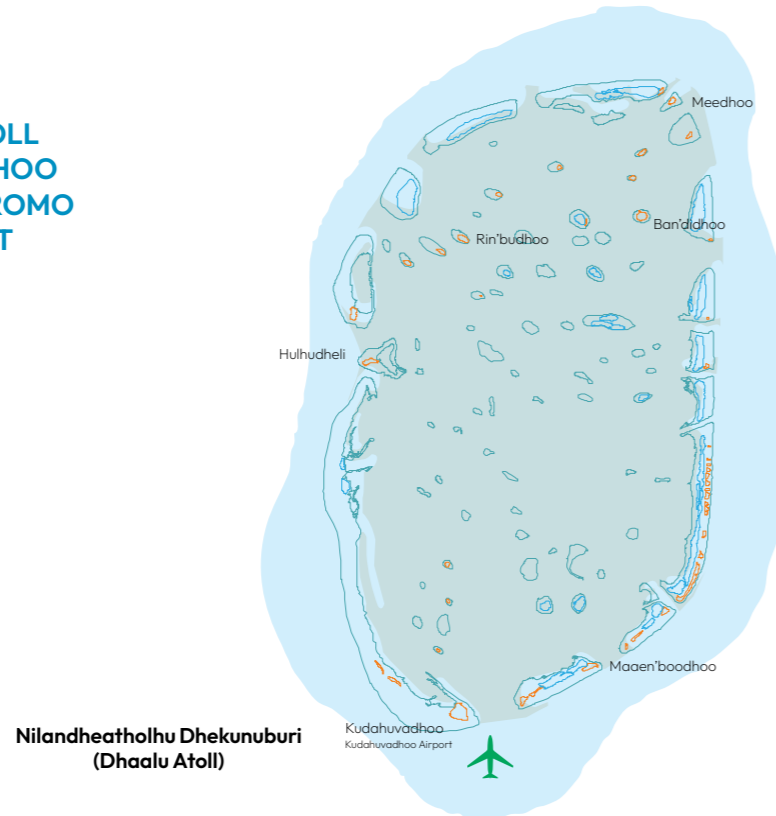
**Felidhuatholhu  
(Meemu Atoll)**



**Mulakatholhu  
(Meemu Atoll)**

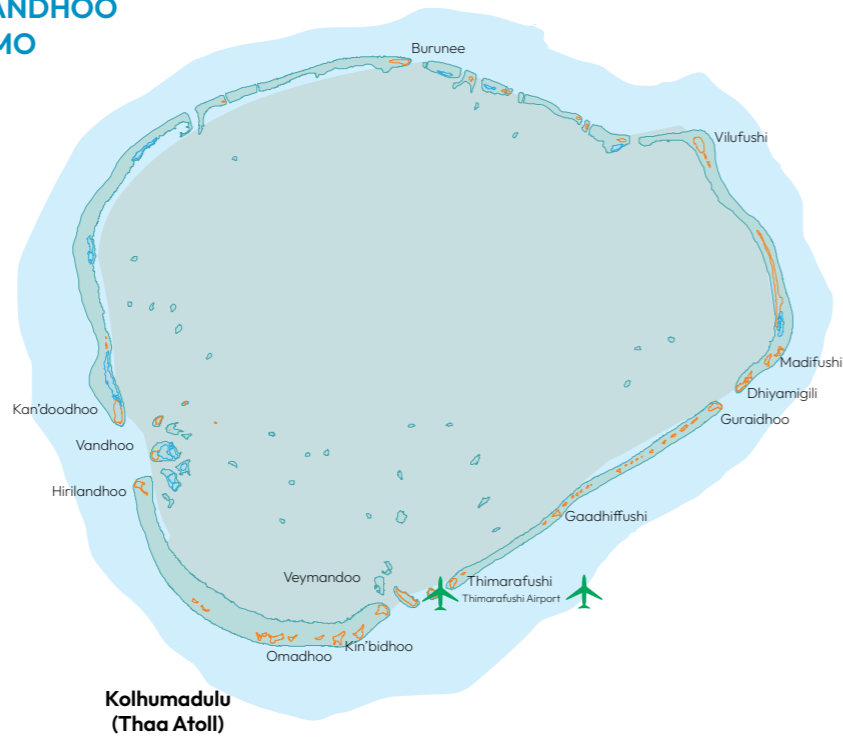
**MEEMU AND VAAVU ATOLLS  
MAY 2022  
8 ISLANDS  
SALES PROMOTION**

**DHAALU ATOLL  
KUDAHUVADHOO  
KASHAVARU PROMO  
FIELD VISIT**



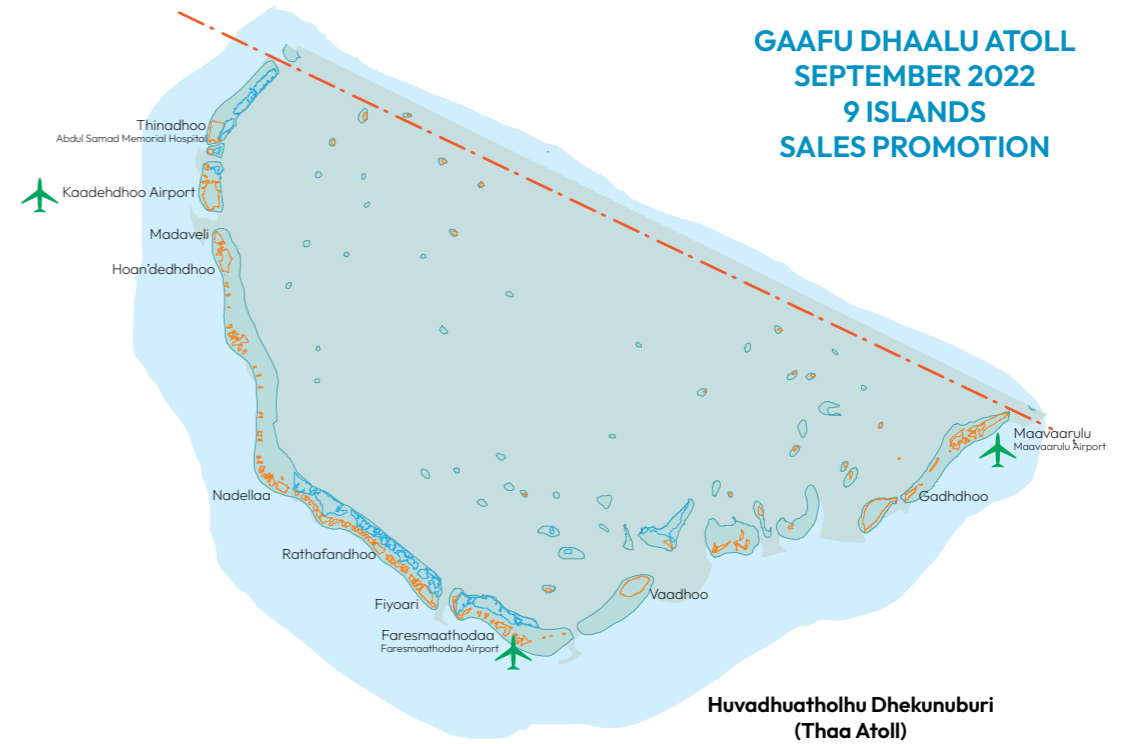
**Nilandheatholhu Dhekunuburi  
(Dhaalu Atoll)**

**THAA ATOLL  
THIMARAFUSHI & HIRILANDHOO  
KASHAVARU PROMO  
FIELD VISIT**



**Kolhumadulu  
(Thaa Atoll)**

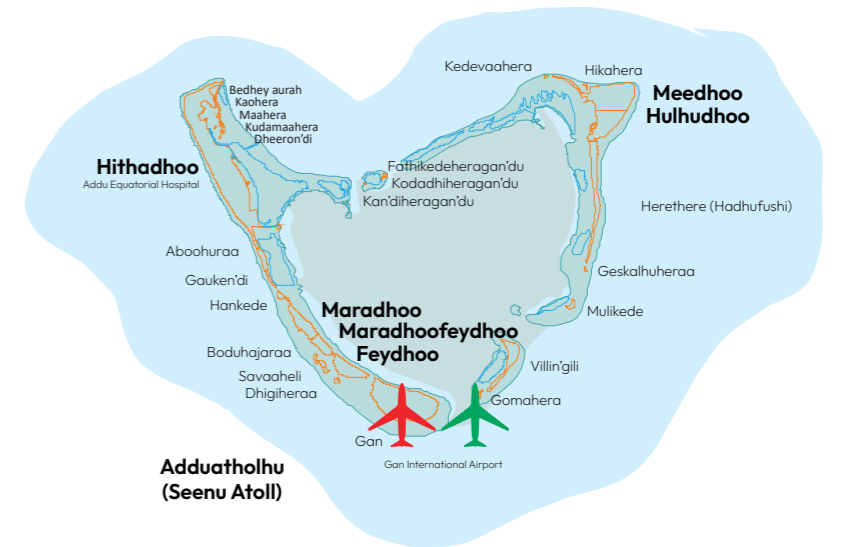
Kudahuvadhoo  
Kudahuvadhoo Airport



**GAAFU DHAALU ATOLL  
SEPTEMBER 2022  
9 ISLANDS  
SALES PROMOTION**

**Huvadhutholhu Dhekunuburi  
(Thaa Atoll)**

**ADDU CITY  
FEBRUARY 2022  
6 ISLANDS  
SALES PROMOTION**



**Adduatholhu  
(Seenu Atoll)**



**FUVAMULAH  
FEBRUARY 2022  
SALES PROMOTION**

**Foamulah  
(Gnaviyani Atoll)**



## KASHAVARU PROMO

Our annual Kashavaru Promo was held from November to December 2022. The promotion offers our customers opportunity to purchase products in our portfolio at discounted prices. The launch event of the 2022 Kashavaru Promo was held in November at the MTCC Kashavaru showroom. Subsequent Kashavaru Promo outdoor events were held in Male', Thilafushi, Hulhumale' and Villimale' during November and December.

Kashavaru Promo field visits were conducted during November and December of the year with visits to Ukulhas in Alifu Alifu Atoll, Alifushi and Vaadhoo in Raa Atoll, Kudahuvadhoo in Dhaalu Atoll and Thimarafushi and Hirilandhoo in Thaa Atoll.

Our key objective for these visits was to promote the Kashavaru Promo campaign and increase the awareness among customers of the products in our product portfolio. However, for the teams this was also an opportunity to engage with our customers and strengthen the bond between them and the Company. As part of our routine practice at all such events, we advised customers on product maintenance and provided recommendations, conducted engine inspections, and identified potential customers for sales of products in our product portfolio.

## MALDIVES MARINE EXPO 2022 CENTRAL PARK HULHUMALE'

This event is an annual flagship event of the National Boating Association of Maldives held since 2014. The exhibition featured many local and international exhibitors involved in the marine transport and related sectors. MTCC was the main sponsor of the event, and we showcased our marine products portfolio at the event.



## STAFF TRAINING

As a Company contributing to all major economic sectors of the country, the Trading Division pays special attention to maintain direct contact with its customer base, comprising of fishermen and vessel owners, engineers, transport service providers, players in the tourism sector and companies that undertake major projects in the country. Hence visits to various atolls to meet our customers to discuss their requirements and challenges have been an integral part of our operations. The year 2022 was no exception. Our teams visited over 53 islands in ten atolls during the year to conduct training, increase awareness of our products and offer guidance and assistance in the use of our products. In addition to visits to the atolls, several events were held in the Male' region to meet boat owners and operators. These events and market visits are also an important tool to identify potential sales of products from our brand portfolio.

During the visits, meetings were held with island councils, existing customers, and potential customers. Site visits were also made to boat building sites for technical inspection of vessels. Meetings were also held with major customers in the tourism sector, trading sector, and transport sectors, during the year to identify their requirements and potential future cooperation.

### Development of product knowledge

Our product training programs for staff continued in 2022. The objective of the continuous product training programs is to ensure that all sales and operational staff have been thoroughly trained and are equipped with the latest knowledge of products in our portfolio. Several product training sessions were held throughout the year. These includes among others,

- Scott Bader product training
- Introduction to Marol Manual
- Introduction to Yanmar Marine Engines
- Introduction to PPG Coatings and Applications
- Suzuki training through Suzuki's e-learning platform - Suzuki Global Training (SGT)
- Spare parts selling techniques

In addition to product training, technical training sessions and several product refresher training sessions were conducted during the year.

### Customer Service Training

Ensuring high standards and excellence in the delivery of our services is an important strategic theme for the Company. As such ongoing customer service training programs were held throughout the year. These include Customer Service Training Sessions held inhouse for sales staff and Customer Service Excellence Training Sessions held for administrative, operational, and managerial staff, customised for their particular needs, which were held in association with both external and internal trainers. Staff were also trained on skills in working with especially abled customers, in a training session held with an external education provider.

A series of other training programs were also conducted during the year in the areas such as fire safety, time management, cost accounting, various ERP modules, Microsoft 365, GST awareness, team development and leadership.

## ERP Training

A series of ERP training sessions were held in line with the Company's drive to achieve efficiency on operations through comprehensive utilization of the ERP platform in all of the Company's operations.

These include training on the Sales Module to develop and refresh sales staff on the sales component integrated into the POS (ERP) system currently in operation, training sessions on the ERP inventory module and several introductory sessions for staff who have joined the Company during the year.

## CORPORATE MEETINGS

Ongoing and continuous meetings were held with major existing and potential customers of the Company during the year. These include meetings held to discuss special requirements of those customers and discuss potential sales that can be made for projects that are being planned or conducted by them. The discussions held with State Trading Organisation on the supply of Castrol locally and through international bunkering was notable among them.

His Excellency President Ibrahim Mohamed Solih visits MTCC Stall at Maldives Marine Expo 2022.





# TRANSPORT SERVICES

In January 2021 the Company signed a framework agreement with the Ministry of National Planning Housing and Infrastructure to provide marine transport services to the whole country under the Integrated National Public Ferry Network project. Subsequently in February of the year, a Service Agreement was signed to commence operations of phase 1 of the project which saw the inauguration of the service in Haa Alifu Atoll, Haa Dhaalu Atoll and Shaviyani Atoll in August 2022.

Also in 2021, the responsibility of providing land transport services previously provided by Maldives Ports Limited in the Greater Male' Region, Addu City and in Laamu Atoll were transferred to the Company, resulting in a massive expansion of land transport services provided by the Company.

With this revolutionary expansion of land and marine transport services, the Transport Services Division was split into two separate divisions in the second quarter of the 2021: Marine Transport Division and Land Transport Division.

The Marine Service Division is responsible for the operations of all marine transport services including the inter atoll and intra atoll ferry services in the Comprehensive Transport Network (CTN), RTL marine transport services and RTL bus services in Addu City, Fuvamulah, and Laamu Atoll. The Land Transport Division is responsible for the provision of RTL bus services in the Greater Male' Region which includes services in Hulhumale', Villimale' and Male' and all the connecting bus services in the region including services to and from Velana International Airport.

# MARINE TRANSPORT SERVICE PORTFOLIO

## Hulhumalé Ferry

Premium Link Our Premium Ferry service in the Male'-Hulhumale' sector.

## Villimalé Ferry Service

Ferry Link West Ferry service between Male' and Villingili, Male' and Thilafushi & Male' and Gulhifalhu.

Cargo Service Cargo delivery service to and from Male', Villingili, 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 Atoll, Thaa & Laamu Atoll

Zone 5 Gaafu Alifu & Gaafu Dhaalu Atoll

Zone 6 Addu City & Fuvahmulak City

## RTL Ferry Service

Zone 1 Haa Alifu, Haa Dhaalu & Shaviyani Atoll

Zone 2 Lhaviyani Atoll



Event held at HA. Dhidhdhoo to commemorate the RTL Speed Ferry Operations Completion at Zone 1.

# LAND TRANSPORT SERVICE PORTFOLIO



Arrival of VIPs at the Inauguration of RTL Bus Service event held at Hulhumalé 2

## Greater Malé Region Bus Services

RTL Bus Services	Male' - Hulhumalé' Phase I
	Male' - Hulhumalé' Phase II
	Male' - Velana International Airport
	Hulhumalé' Phase I - Hulhumalé' Phase II
	Hulhumalé' Phase I - Velana International Airport
	Hulhumalé' Phase II - Male'
	Hulhumalé' Phase II - Velana International Airport

## Malé Bus Services

Malé Bus Service	Male' minibus service provided on three routes
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## Villimalé Bus Services

Villimalé' Minibus Service	Launched in 2023
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## Addu City Bus Services

RTL Bus Services	School service
	Hithadhoo - Gan
	Hulhumeedhoo

## Fuvahmulah City Bus Services

RTL Bus Services	Fuvahmulah minibus service provided on xx routes
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## Laamu Atoll Bus Services

RTL Bus Services	Fonadhoo - Gan Thun'di
	Isdhoo -Kalaidhoo

## Charters & Private Hire

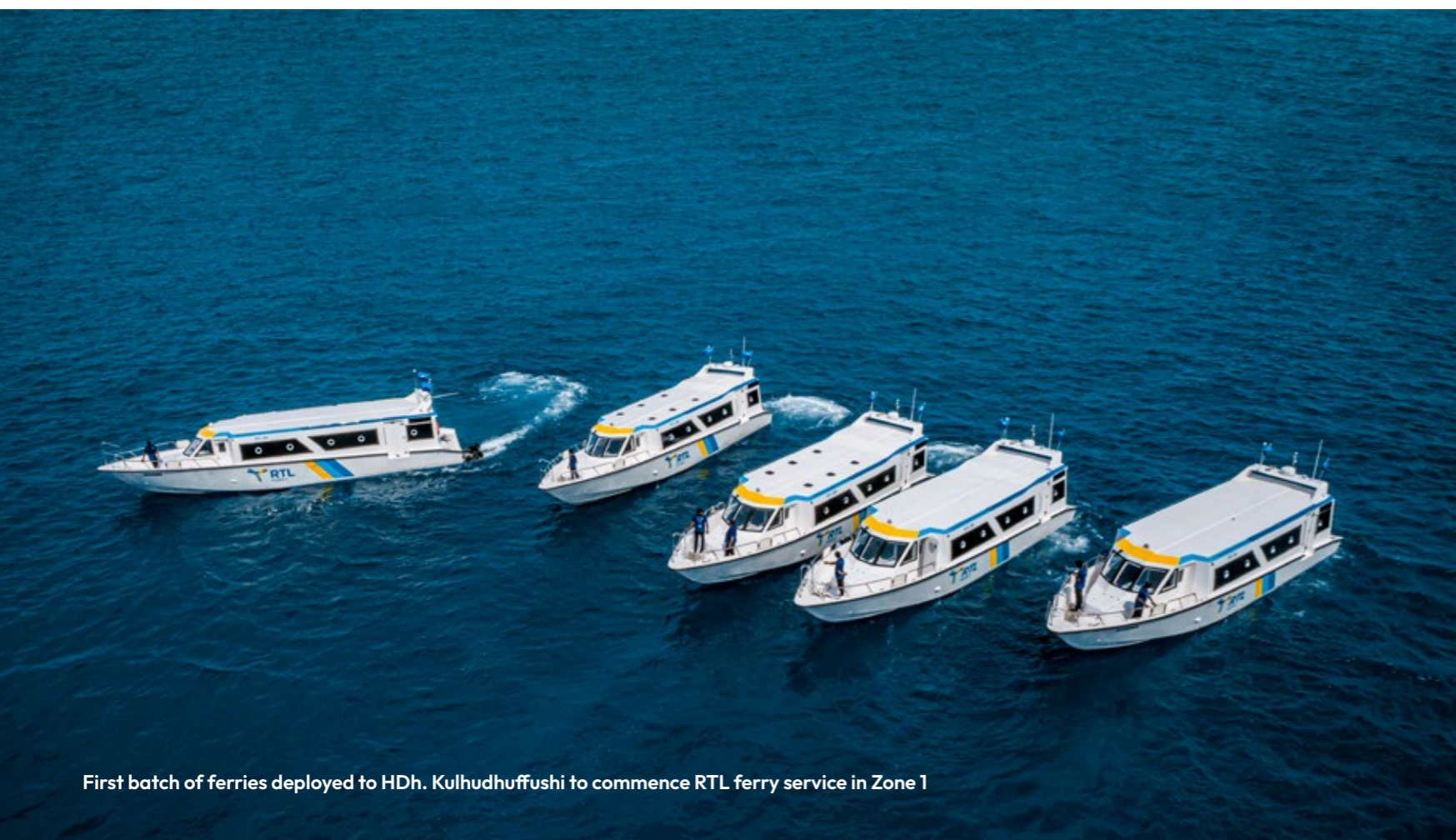
Private Hire	Bus and car hire service within Hulhumalé and between Hulhumalé, VIA and Malé
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# KEY ACTIVITIES AND DEVELOPMENTS

## LAUNCHING AND EXPANSION OF RTL - INTEGRATED NATIONAL PUBLIC FERRY NETWORK

Preparations for the launch of the first phase of the RTL Marine Transport Network began in 2021 with the signing of the Service Agreement between the Company and the Ministry of National Planning Housing and Infrastructure. Work on the procurement of 17 speedboats required for Phase I began in the second quarter of the year with the signing of an agreement with Gulf Craft. The first prototype vessel of the fleet, RTL 101 was undocked for sea trial in the third quarter of 2021. As planned the rollout of the service commenced during the third quarter of 2022.

- Zone 1: Haa Alifu Atoll, Haa Dhaalu Atoll and Shaviyani Atoll- launched in August 2022
- Zone 2: Lhaviyani Atoll - launched in November 2022.



First batch of ferries deployed to HDh. Kulhudhuffushi to commence RTL ferry service in Zone 1

## PREPARATIONS TO IMPLEMENT PHASE 2 & 3 OF RTL HIGH SPEED FERRY SERVICE

The agreement to implement the execution of RTL phase 2 and 3 was signed with the Ministry of National Planning Housing and Infrastructure during the send quarter of 2022, and subsequently in September 2022, a contract was signed with Al-Shaali Marine Maldives Pvt. Ltd., for designing and construction of 65 high speed vessels needed for phase 2 and phase 3 of RTL rollout.

### Phase 1

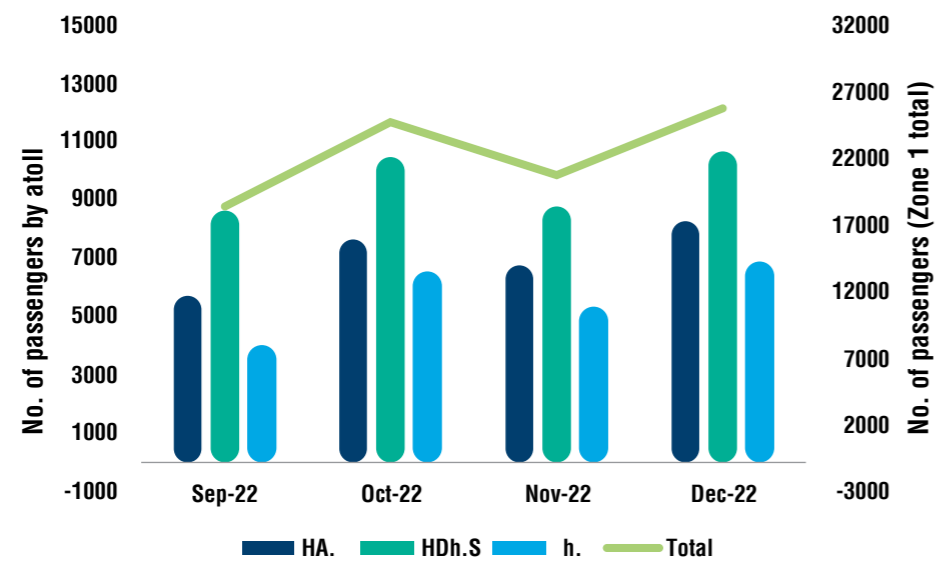
Zone 1	Haa Alifu Atoll, Haa Dhaalu Atoll, Shaviyani Atoll
Zone 2	Noonu Atoll, Raa Atoll, Baa Atoll, Lhaviyani Atoll

### Phase 2

Zone 2	Noonu Atoll, Raa Atoll, Baa Atoll, Lhaviyani Atoll
Zone 5	Gaafu Alifu, Gaafu Dhaalu
Zone 6	Fuvahmulah City, Addu City

### Phase 3

Zone 3	Kaafu Atoll, Alifu Alifu Atoll, Alifu Dhaalu Atoll, Vaavu Atoll
Zone 4	Meemu Atoll, Faafu Atoll, Dhaalu Atoll, Thaa Atoll, Laamu Atoll



## DEVELOPMENT OF THE RTL LAND TRANSPORT NETWORK & BUS SERVICES IN THE GREATER MALÉ REGION

Public Land Transport Services acts as a transport tri-link between the three hubs in Greater Malé (Malé, Hulhumalé and VIA). Our bus service is vital in connecting people with work, education, and social activities and is used by locals, work permit holders and tourist as well.

Subsequently the whole public transport network was rebranded to RTL. The vehicles required to implement a reliable public bus transport service under the RTL network was acquired during in the second quarter of 2022.

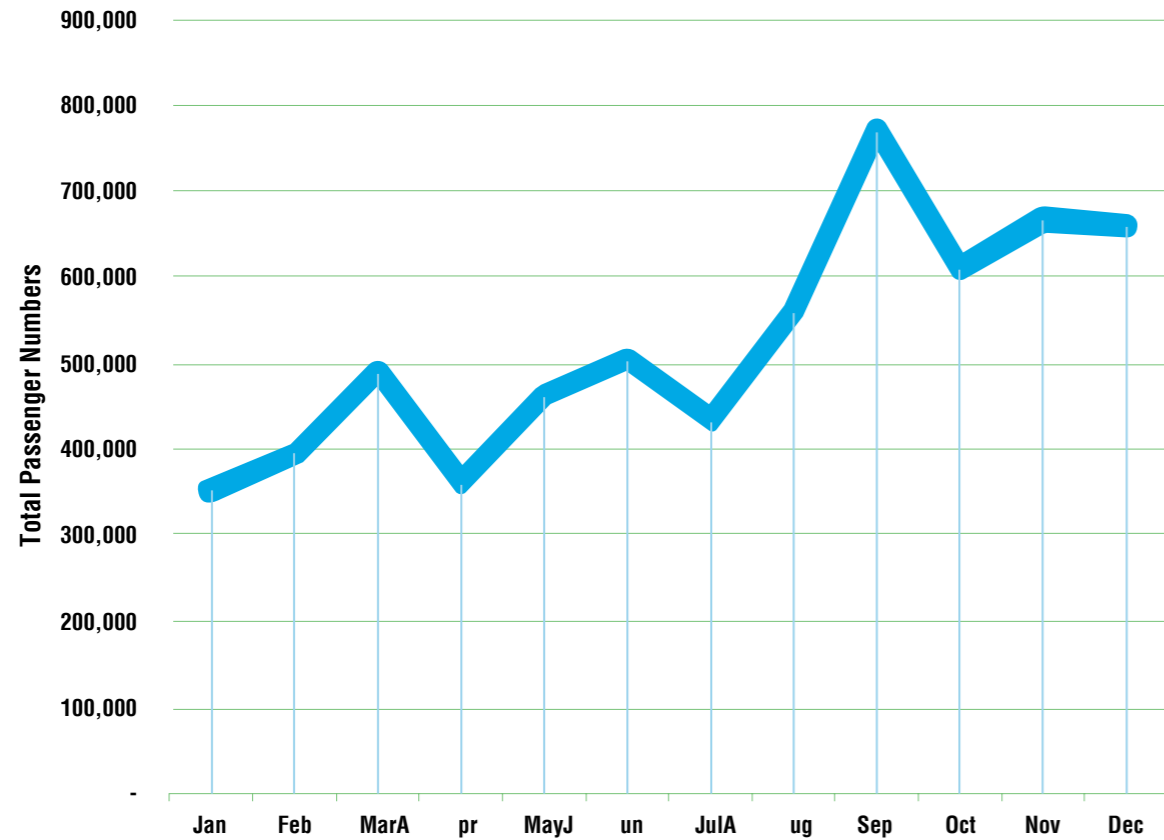
2022 was a year of huge expansion of bus services in the Malé Area. With the rapid growth of population in Hulhumalé, especially with more and more people moving to Hulhumalé Phase II, there was an urgent need to expand the bus service to cater to the growing population.

In 2021 a total of 1.58 million commuters used public transport services in the Greater Malé Area. In 2022 more than 6.2 million commuters used the public bus services provided within the hubs and those connecting the hubs in the Malé Area.



RTL ZONE 1 ROUTE MAP

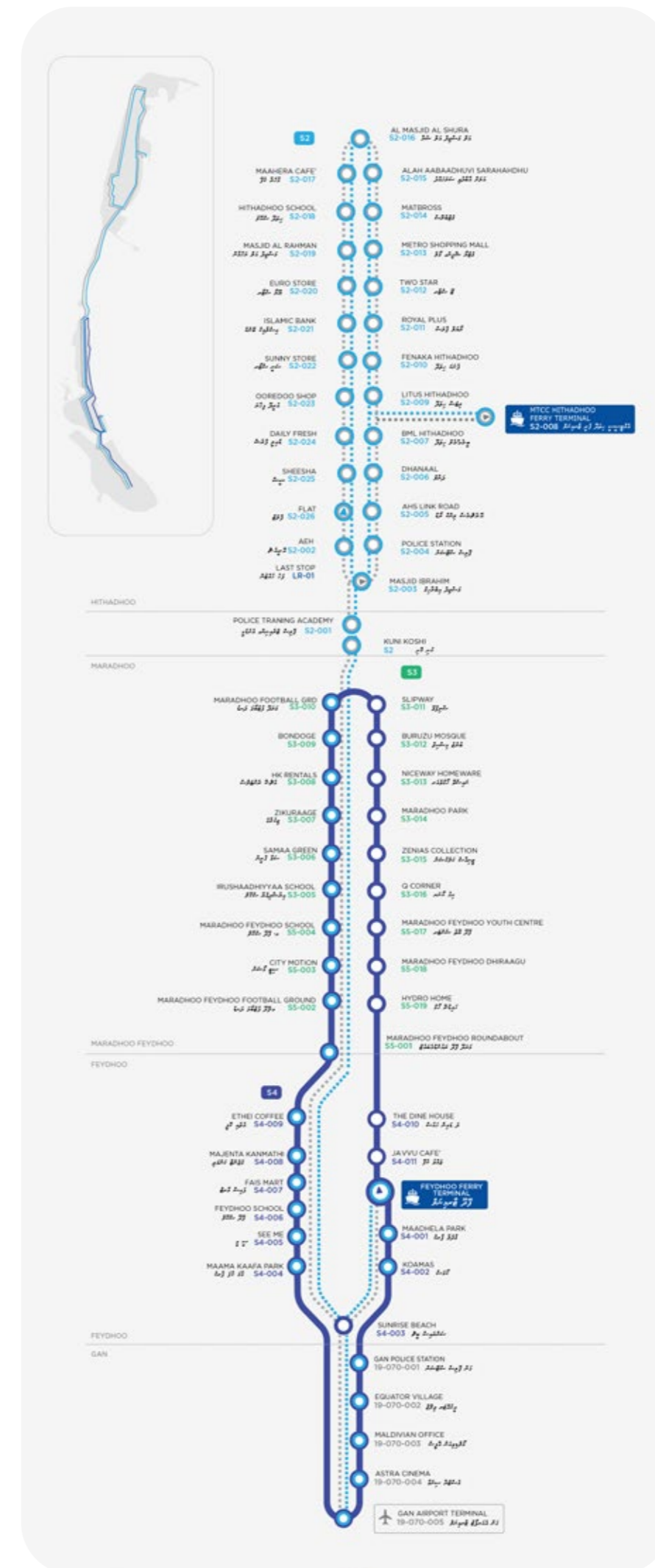
### TOTAL MONTHLY PASSENGER, ALL BUS SERVICES IN THE GREATER MALE' REGION 2022



### LAUNCHING OF RTL BUS SERVICES IN ADDU CITY, LAAMU ATOLL AND FUVAHMULAH

Bus service in Addu City, Fuvahmulah and Laamu Atoll were operational by August 2022. At the time of handover of bus services provided by the Maldives Ports Limited, bus services in Fuvahmulah, Laamu Atoll and in Addu City with the exception of student bus services, were suspended due to the Covid-19 pandemic.

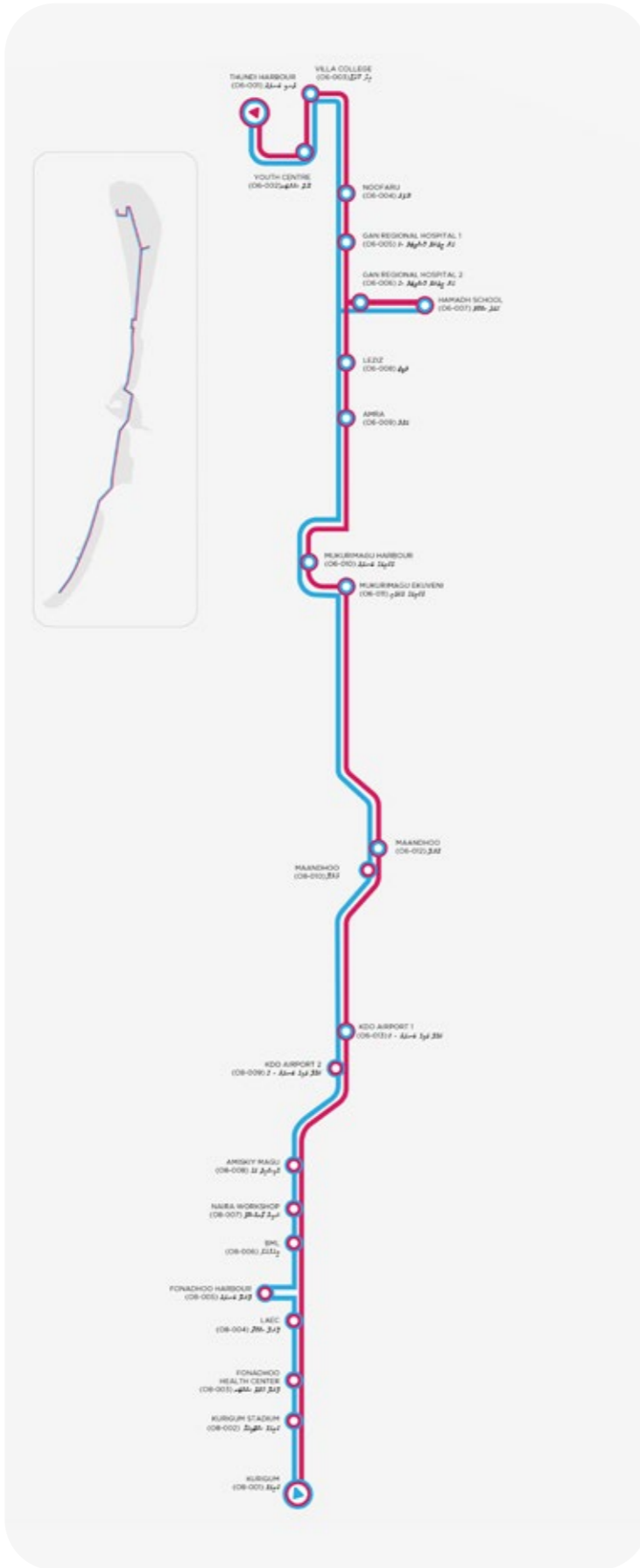
Preparations for the launch of RTL bus services began in 2021, and preliminary works required to restart the services, including route planning in all three regions, were completed during the year. The purchasing process of minibuses required for services in Addu City, Fuvahmulah and Laamu Atoll was completed in February 2022.



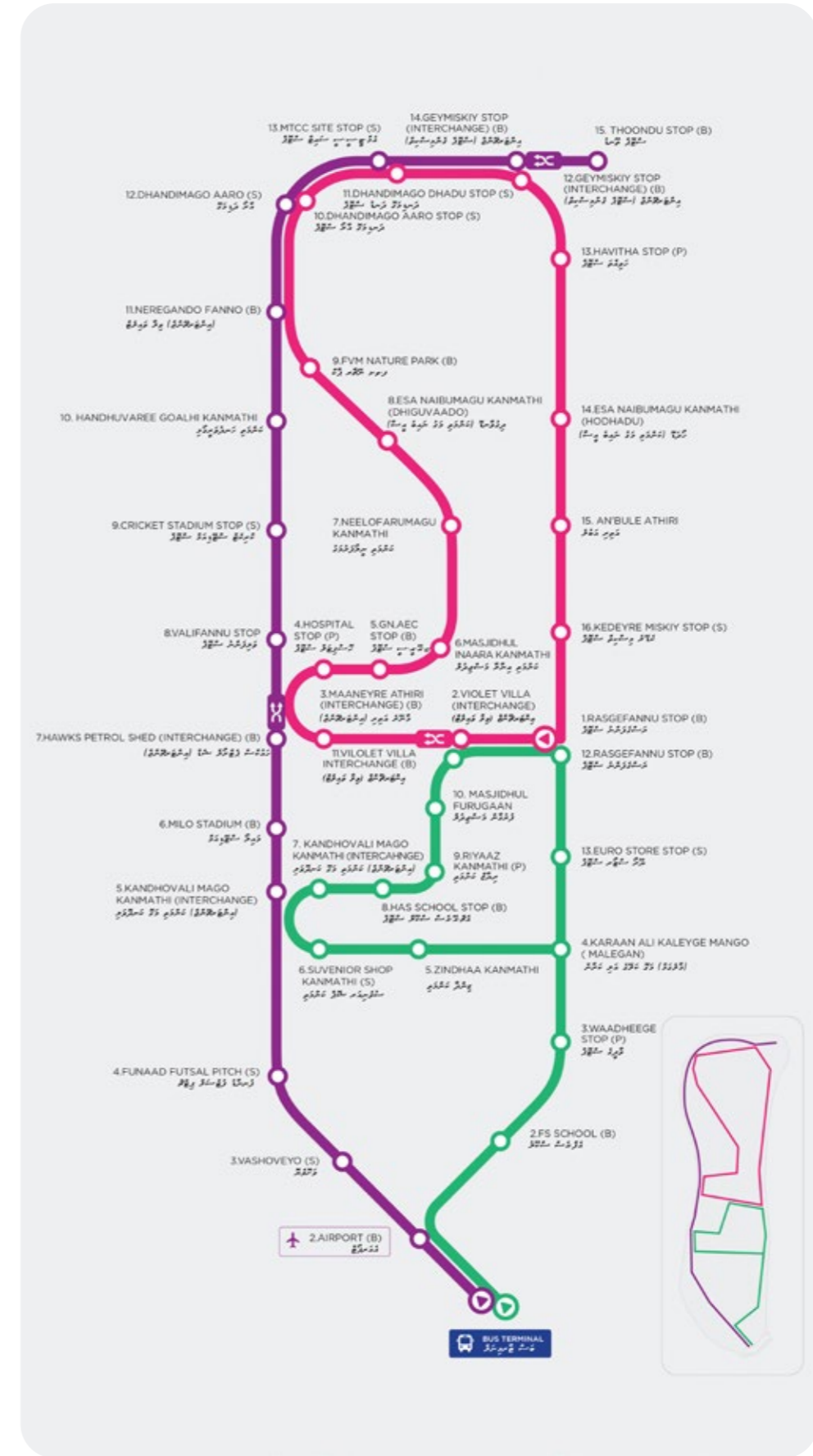
ADDU CITY ROUTE MAP

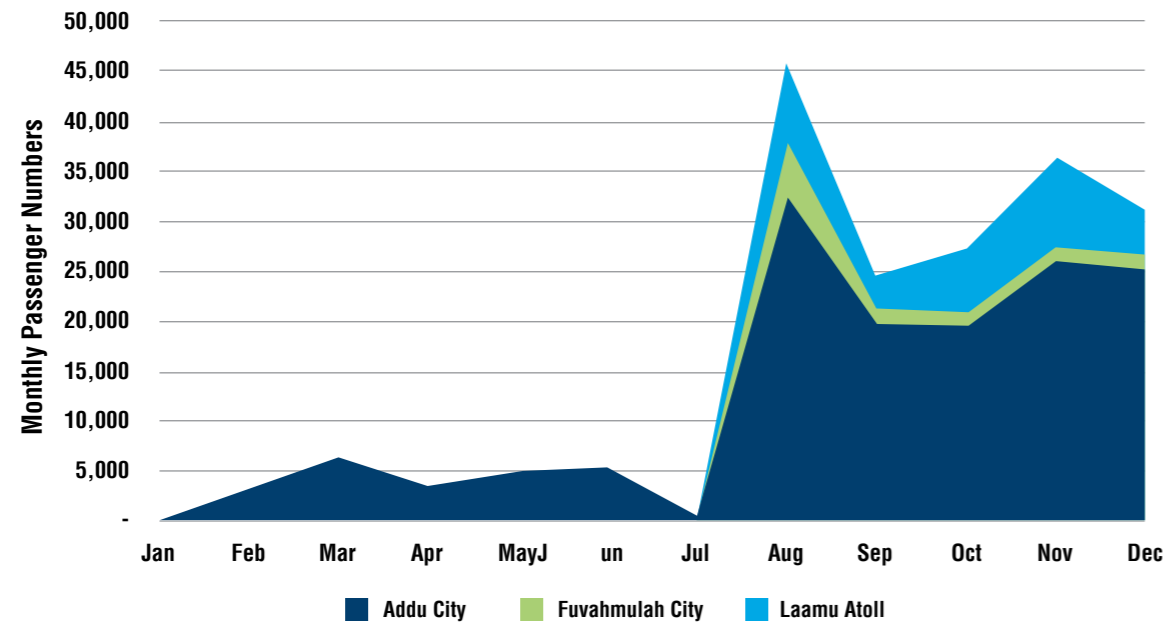


LAAMU ATOLL ROUTE MAP



FUVAHMULAH CITY ROUTE MAP





## MALE' BUS SERVICES

A Memorandum of Understanding was signed between the Company, the Ministry of Transport and Civil Aviation and the Ministry of Finance in December 2021 for the provision of minibus services in Malé City.

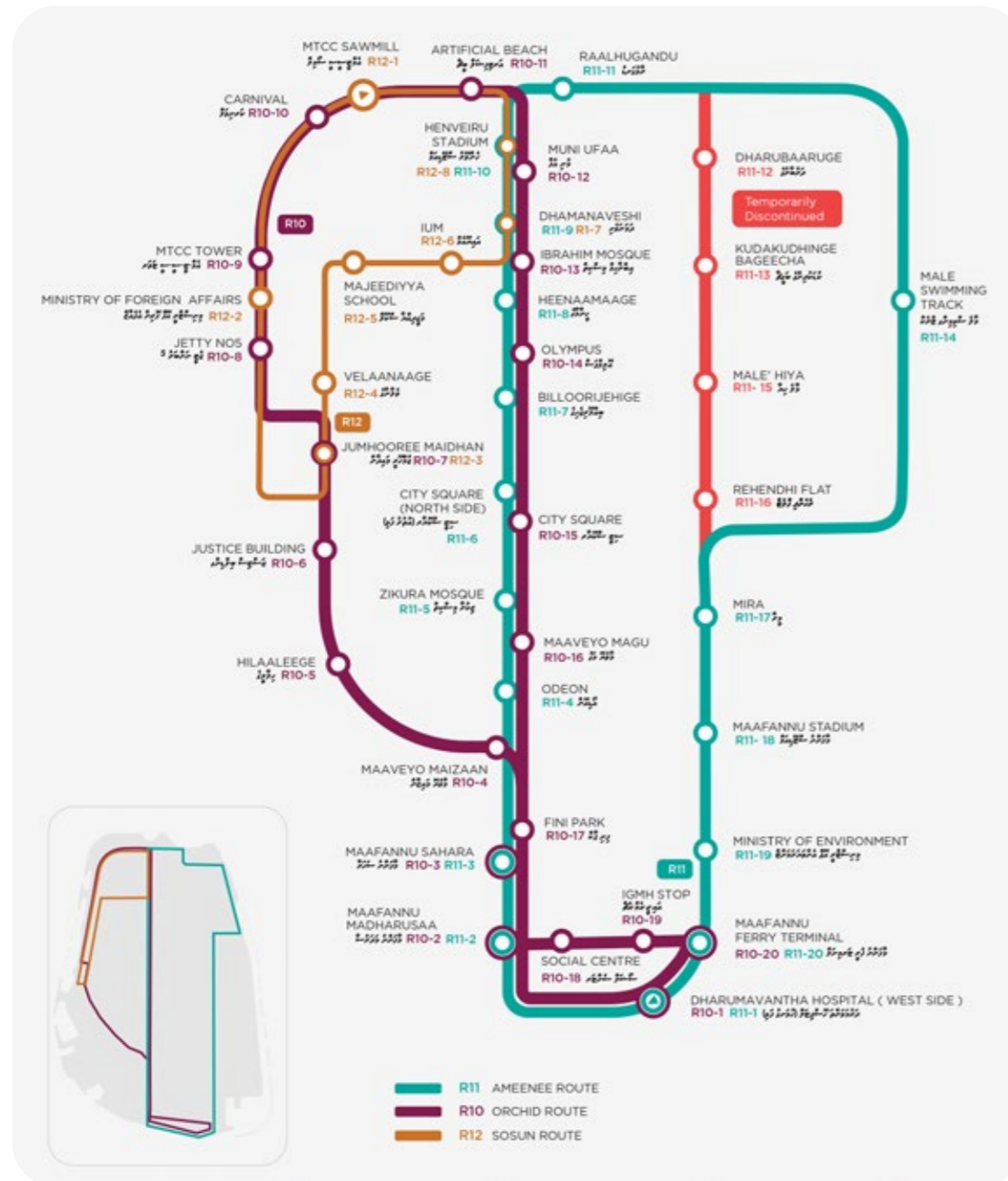
With that, the initial preparations began for the commencement of the service. The procurement of the required electrical minibuses, the construction of charging stations and other preparations also began during 2021.

The Agreement for the operation of minibus services in Malé City was signed between the Company and the Ministry of Transport and Civil Aviation was signed in the third quarter of 2022, while the first fleet of EV buses procured for the service arrived has already arrived in Malé in July 2022.

Malé Minibus Services officially commenced in September 2022 with a free trial period of four weeks. During the free trial period average weekly commutes reached over 56000 immediately, indicating the need for such a service for the traveling public in Malé.



## MALE' CITY ROUTE MAP



## FARE AUTOMATION

A Memorandum of Understanding was signed between the Company, the Ministry of Transport and Civil Aviation and the Ministry of Finance in December 2021 for the provision of minibus services in Malé City.

With that, the initial preparations began for the commencement of the service. The procurement of the required electrical minibuses, the construction of charging stations and other preparations also began during 2021.

The Agreement for the operation of minibus services in Malé City was signed between the Company and the Ministry of Transport and Civil Aviation was signed in the third quarter of 2022, while the first fleet of EV buses procured for the service arrived has already arrived in Malé in July 2022.

Malé Minibus Services officially commenced in September 2022 with a free trial period of four weeks. During the free trial period average weekly commutes reached over 56000 immediately, indicating the need for such a service for the traveling public in Malé.





# ENGINEERING & DOCKING SERVICE

The Engineering and Docking Division plays a vital role to support the projects undertaken by the Construction and Dredging Department of the Company with its mandate of providing repair and maintenance services for the Company's marine fleet comprised of steel, fiberglass, and wooden vessels. MTCC Boatyard operated by the division is a key player in the success of all infrastructure development projects undertaken by the Company with its indirect role of providing the necessary technical support needed for these projects.

The Division is also responsible to ensure that vessels under the Marine Transport Division of the Company are always operational. In addition to servicing the Company's fleet of 146 vessels, the Division also provides engineering and docking services to the public and private sectors.

## FACILITIES AND SERVICES

The engineering and docking 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. The boatyard is equipped to provide a comprehensive range of docking and related services.

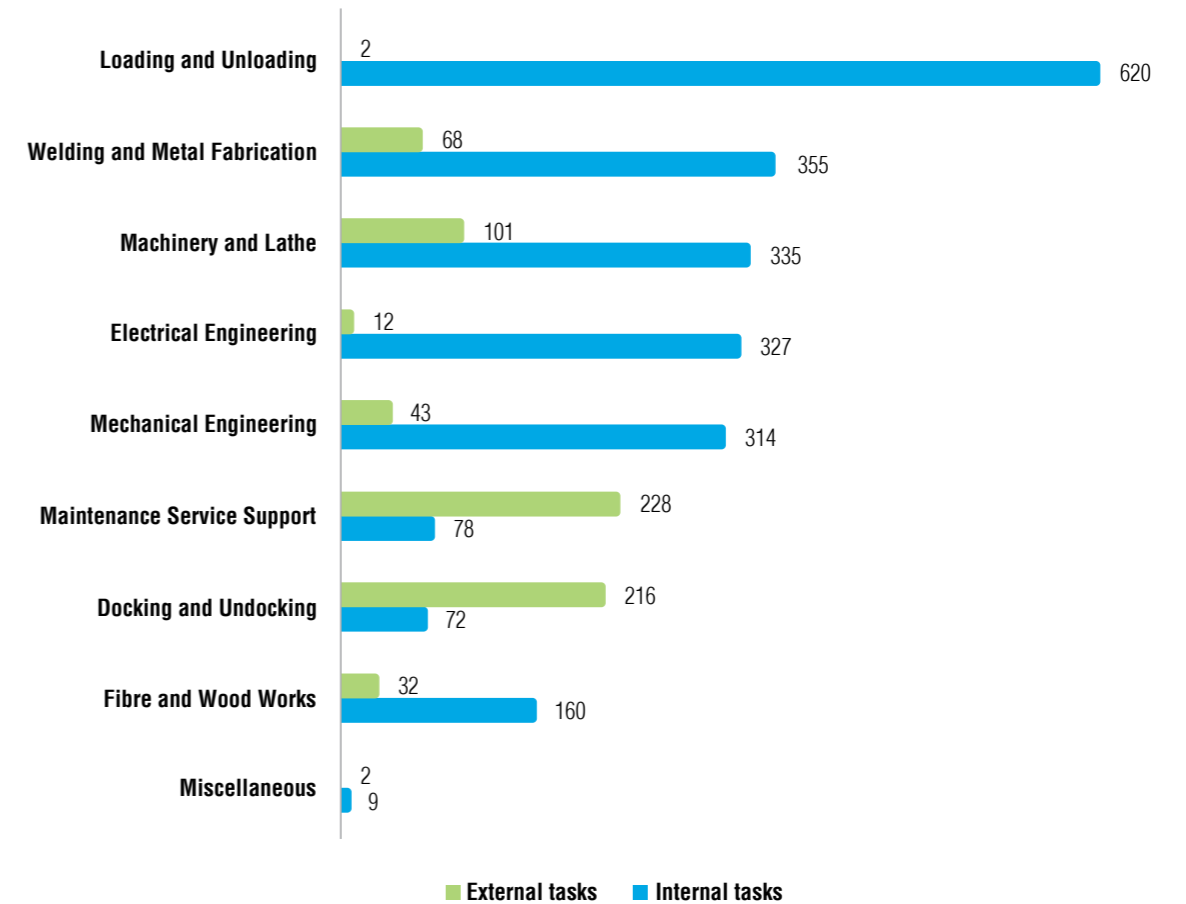
### Facilities and services

Handling & Docking	Dry-docking, loading & unloading and ancillary services, and the operations of the boatyard.
Welding & Metal Fabrication	Welding and fabrication of metal structures of vessels.
Marine Engineering	Repair and maintenance of engines, generators, and drive systems of all types of vessels, and servicing of main and auxiliary equipment.
Fibre & Wood works	Fibre and Woodwork related repair of the vessels.
Machine-shop	Fabrication and machining services, on various materials, including metal, wood, and rubber.
Electric & Electronics	Services relating to electrical and electronics for dry-docked vessels as well to the boatyard premises
Maintenance & Support Service	Freshwater and electrical services to customers, and repair and maintenance services of accommodation buildings, related areas.



## WORK CONDUCTED DURING THE YEAR.

Total of 2974 jobs completed during the year, of which 2270 (76%) were for the various divisions of the Company while 704 jobs (24%) were for external customers.



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## IMPROVEMENTS IN FACILITIES AND OPERATIONS

In 2022, several steps were taken to gain greater efficiencies in the Divisions through changes in operational processes and investments to expand its technical capacity. During the year a new functional structure for the Division was finalised and a new risk management plan was partially completed.

The Division's new CMMS software was developed to ensure efficient maintenance of equipment, machinery and facilities. Investments were also made on new machinery for the Machine Shop and Welding Workshop. Work was also underway for the development of a specialised maintenance facility for RTL vessels at the end of the year.

## STAFF TRAINING AND IMPACT

During the year, a total of twenty-three training programs held in which a total of 365 staff trained in various areas related to the Division's work and to achieve excellence in customer service.

Training programs conducted during the year include customer service excellence training, risk management, management excellence, operations management, project planning execution and control and administrative skills management. In the area of health and safety training, courses held in incident management, fire awareness and fire brigade training, emergency first response and first aid. Training sessions also conducted in various ERP modules.

Four staff completed the PADI Rescue Diver Course. Staff of the Division also took part in a series training courses on various ERP modules. Every member of staff of the Division participated in customer excellence training in 2022.

The training programs conducted for the staff members created measurable impact on the operational efficiency and customer satisfaction of the division. During the year customer complaints reduced by about 60% compared to the previous year, service delivery and job completion rates improved significantly and an increased willingness to embrace change observed among the staff.

The Engineering and Docking Division won the Dockyard and Slipway of the Year at the Maldives Boating Awards 2022.





# HUMAN RESOURCES

# HUMAN RESOURCES

STAFF  
STRENGTH



4043

As of 31 December 2022

## OUR TEAM

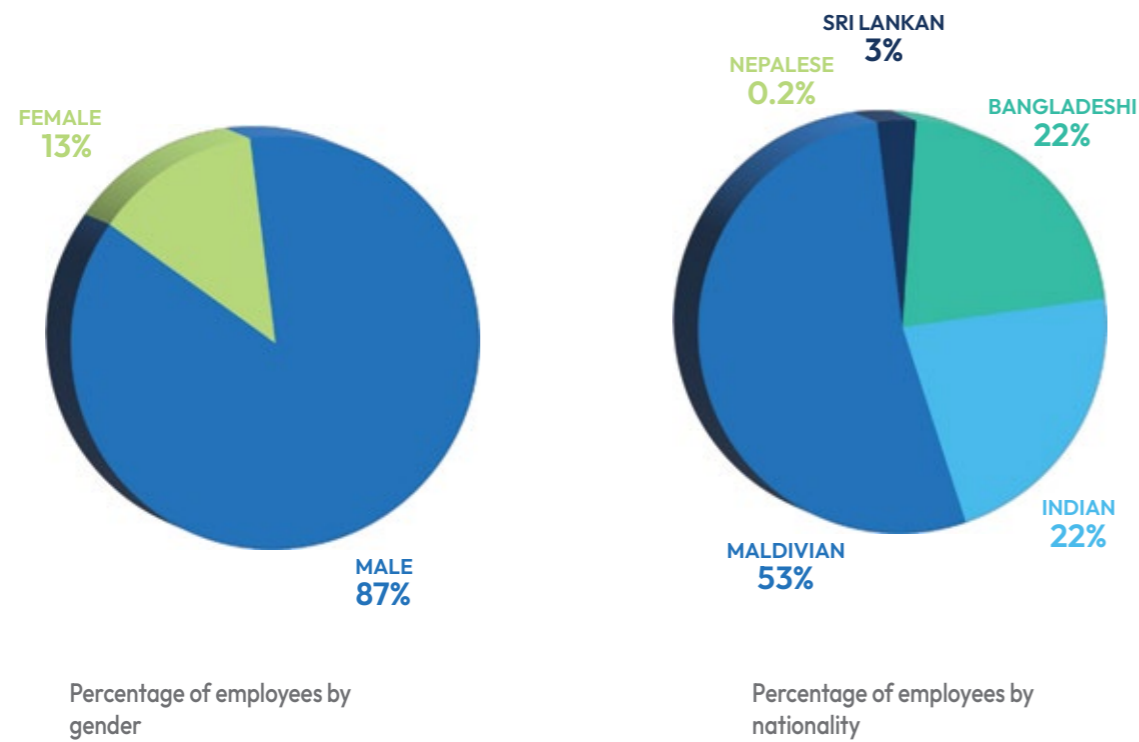
In 2022 our focus in human resources was on improving employee productivity through workforce engagement, improving knowledge and skills of the workforce and by strengthening the recruitment and selection process. The programs conducted by the Human Resources Department during the year reflected the work conducted to achieve this objective. A total of MVR 15.85 million was spent on staff training in 2022, an increase of over 165% compared to the previous year.

Staff strength increased by over 27.5% year on year because of new recruitments made to cater to the increasing volume of work undertaken by the Company.





## DIVERSITY



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.

## CERTIFIED TECHNICAL & PROFESSIONAL STAFF



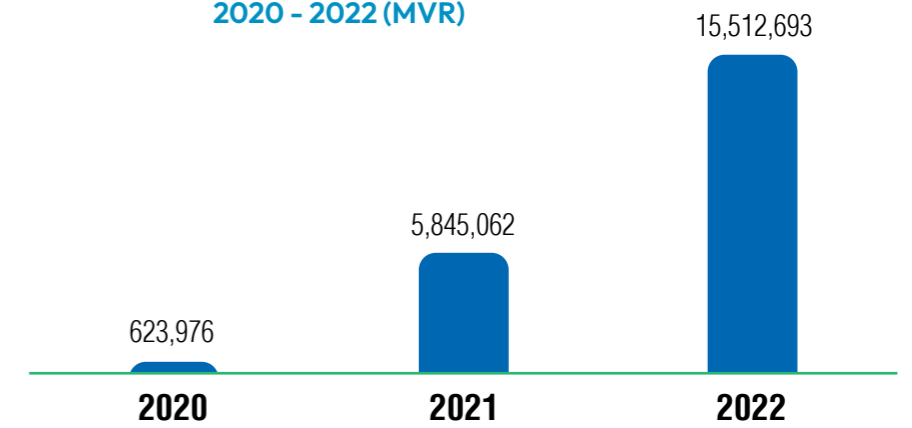


During a First Aid & CPR training session held in 2022.

## STAFF TRAINING

In line with the key HR objectives of the year staff training was given the highest priority in 2022.

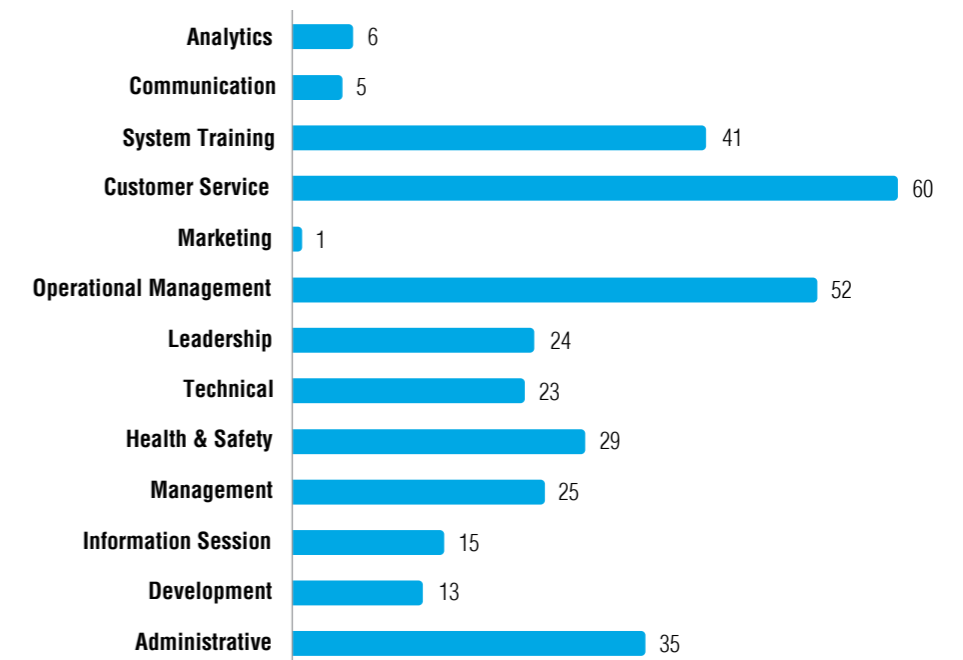
### STAFF TRAINING EXPENDITURE 2020 - 2022 (MVR)



A total of 26,920 person hours of training were conducted under the various staff training programs conducted during the year. This includes inhouse training, overseas training, online training and training at local educational institutions.

### Training programs by area of training

While 329 training programs were conducted or sponsored by the Company the highest number of training programs conducted during the year were in the areas of customer service, operational management, and systems training. While a total of 329 training programs were conducted or sponsored by the Company during the year, these areas account for over 46% of the total training programs organised by the Company.

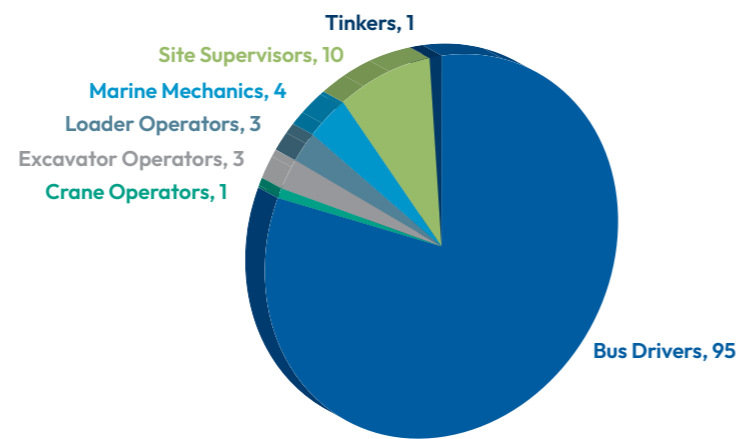


## Hunavaru Program

The Hunavaru Program launched in xxxx is aimed at building qualified Maldivians, in operating heavy machinery and vehicles, and in other related technical fields. Through its long years of experience as a major employer and market leader, the Company has identified areas of trainings required to create licensed Maldivian professionals to fill gaps in the country's labour market. While the key objective of the program is to recruit young, qualified Maldivians for the Company it also has the dual objective of developing the national work force.

Through the Hunavaru Program, successful candidates acquire special licenses and experience to increase their employability and demand for their specific skills in the job market. The Company benefits from those candidates who choose to work with the Company after completion of their training.

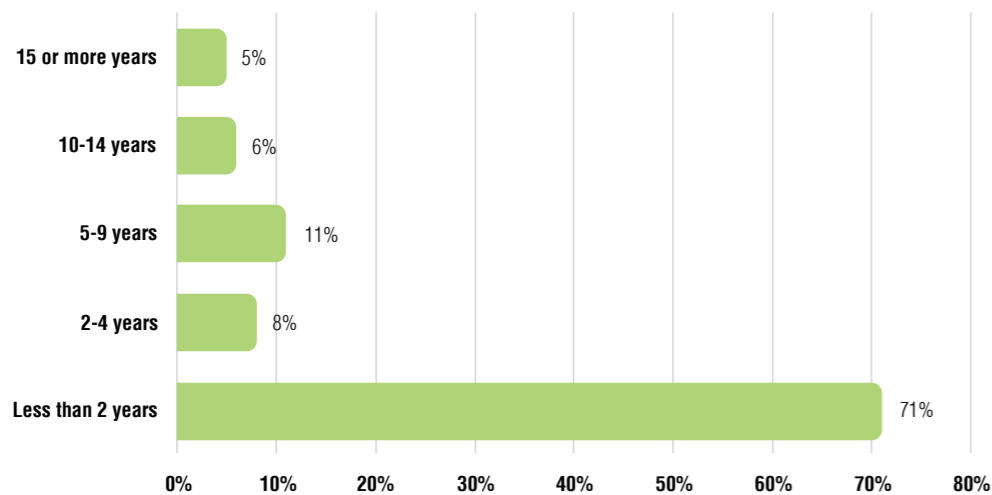
A total of 172 candidates participated in the Hunavaru Program in 2022 and 117 of them completed their training successfully. Out of those who completed their training 72 were employed at the Company as of end 2022.



No. of participants who completed the Hunavaru Program by type of training

## TENURE

As at end of 2022, 11% of the staff has been in employment at the Company for over 10 years while 19% has completed a tenure of 10 to 20 years. With the increase in new recruits during the year, those who have completed less than two years at the Company now stands at 71%.



## STAFF AWARDS

Recognition and reward are an important part of the human resource policy of the Company. In 2022, 53 staff members of the Company serving in various divisions were awarded Excellence Awards for their performance in their fields of work. This includes the following.

### Excellence Awards 2022

Excellence in Customer Service	14
Excellent Manager	6
Excellent Project Employee	7
Excellent Seafarer	2
Excellent Support Employee	6
Excellent Technical Employee	10
Excellent Transport Employee	8

### Long-Service Awards 2022

Platinum Award	40 years of service	1
Silver Award	25 years of service	4
Bronze Award	20 years of service	17
Blue Award	15 years of service	34

CEO Adam Azim kicks-off the MTCC Beach Volleyball Tournament 2022 and the Tree Plantation Day at Kudagiri Picnic Island.



CLUB  
**MTCC**

# CLUB MTCC

Club MTCC is the core of social interaction within the Company. The Club plays a key role in promoting unity among members of the MTCC team and offers a platform to develop team spirit, friendship and unity among its members. In addition to representing the Company in external tournaments and events, the Club also organizes its own sports and social events and activities to increase motivation and strengthen the winning spirit among the team.

## CLUB ACTIVITIES 2022

### Women's Day 2022

Club MTCC distributed cakes for all the divisions of the Company on the occasion of Women's Day 2022. A Women's Day quiz was also held for all employees with prizes awarded to employees who won first, second and third place.

### Maahefun 1443

Club MTCC held the MTCC Maahefun for the team to welcome Ramadan 1443, with lunch arranged for employees working in the greater Male' region. An estimated 400 staff attended the event.

### Ramadan Cricket Carnival

Two teams from the Company participated in the Ramadan Cricket Carnival 2022. The tournament was carried out during the month of Ramadan.



CEO Adam Azim addressing the staff at the MTCC Maahefun 2022



Members of TeamMTCC who took part in the Guinness World Record event "Neyvaa 2" - for the most number of people performing static apnea.

## Neyvaa 2

A total of seven participated in Neyvaa, a freediving world record event held to raise awareness on climate change organised by Freedive Maldives in collaboration with the Ministry of Tourism. The event was held in November 2022. The Club arranged an event to hand over certificates to the Company's participants in Neyvaa .

## MTCC Staff Night 2022

The MTCC Staff Night, the largest annual staff event of the Company was held in May 2022. At the event performances were presented by all the divisions of the Company. Long Service Awards were also awarded to staff who has served the Company for over 15 years.

## The Feydhoo Futsal Cup

MTCC participated in the Feydhoo Futsal Cup 2002 in June 2022 in Addu City. The team consisted of employees from the Marine Transport Division who were working in the zone. Team MTCC made it to the semi-finals of the tournament.

## Friendly football match between the management of MTCC and WAMCO

A friendly football match held with Management of MTCC and Team WAMCO in August 2022 to develop friendship between the two companies.

MTCC Beach Volleyball Tournament & Tree Plantation Day at Kuda Giri  
The event was held in July 2022, at Kudagiri Picnic Island during its development. A beach volleyball tournament was held among the staff, and the staff also participated in planting trees on the islands.

## CEA office tournament held in Raa Atoll Dhuvaaafaru

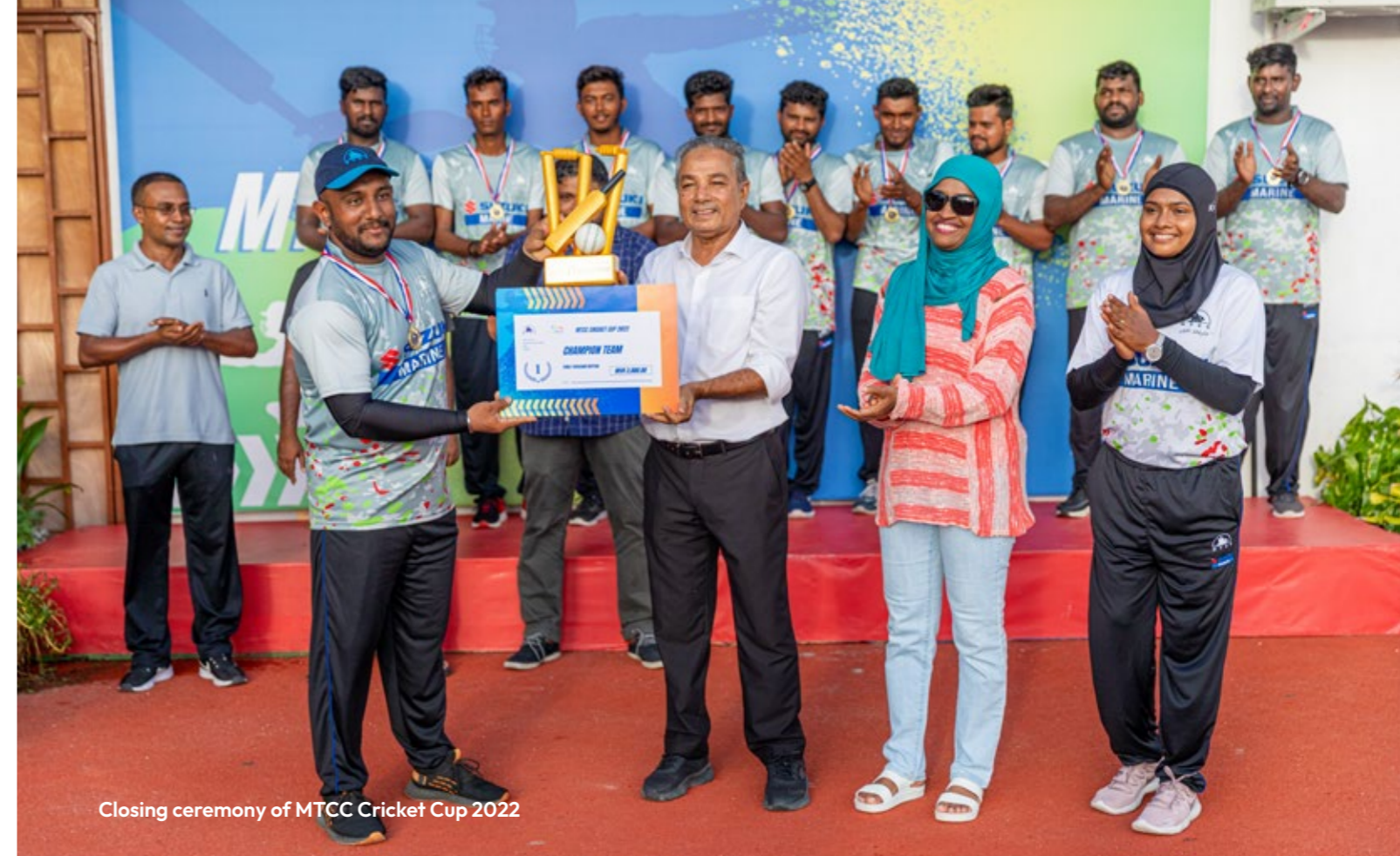
The futsal tournament was held in Dhuvaaafaru in September 2022. Fourteen players participated in the tournament and finished the tournament as the runner-up team.

## Inter Office & Company Badminton Championship

MTCC participated in the Inter Office & Company Badminton Championship 2022 during August 2022.



Team MTCC playing at the Inter-Office Badminton Championship 2022



Closing ceremony of MTCC Cricket Cup 2022

## Club MTCC Cricket Cup 2022

Five teams which included teams from the Construction and Dredging Division (CDD), Business Development and Administration Division (BDAD), Repair and Maintenance Division (RMD) and Marine Transport Division (MTD) with a total of 50 players participated in the one-day cricket cup organised by Club MTCC. Team EDD was crowned champion after their win against Team BDAD in the finals.

## Club Maldives Cup 2022

Club MTCC represented the Company at the Club Maldives Cup in 2022. Arrangements were made for supporters on match days to support the Club MTCC Team.

## Men's Day 2022

MTCC celebrated Men's Day 2022 with a celebratory cake cutting at all Divisions of the Company.

K.Kudagiri Picnic Island Reclamation and Shore Protection Project  
which was carried out as a CSR initiative.



## CORPORATE SOCIAL **RESPONSIBILITY**



# CORPORATE SOCIAL RESPONSIBILITY

Contributing to the realization of a better society

Since our inception, the spirit of contributing to the society has been an integral part of our corporate culture. Guided by our corporate vision and core values, we seek to promote corporate social responsibility through all our activities with the aim of creating economic value, and actively contribute towards the development of a harmonious sustainable society.

Our approach to CSR is to use our resources, expertise, and knowledge to forge partnerships that will create a positive impact in the communities in which we operate. We work closely with local and international NGOs to execute our corporate social responsibility plans, as they represent a broad range of interests across society and engage with a wide range of stakeholders to champion those interests.

Our commitment to corporate social responsibility is rooted in our belief that a better society is not only desirable, but also achievable. Much of our CSR focus for the year was on contributing to the communities in islands in which we executed our projects during the year. We remain steadfast in our commitment to making a positive impact in the communities where we operate and will continue to work collaboratively with our stakeholders towards this goal.

We are committed to all our stakeholders including shareholders, customers, employees, and the communities where we do business while complying with national and international laws and regulations.



## Contributions to communities

Our culture of contributing to communities of the islands at which we conduct our infrastructure development projects continued during the year. Such contributions are made to help improve social life of island communities and to help infrastructure developments of the islands.

During the year 2022 we carried out a total of 420 CSR initiatives with a combined value of MVR 43 million establishing a new record, as the year we contributed the most to our community in our long history.

Details	2022	2021	2020
Number of CSR initiatives carried out for our communities	420	304	99
Number of atolls in which CSR initiatives were carried out	20	20	17
Number of islands in which CSR initiatives were carried	92	58	38
Value of CSR initiative carried out (MVR)	43,239,619	18,412,614	3,600,731

## Notable CSR Initiatives carried out during the year 2022.

Beneficiary	Beneficiary	Beneficiary
HA. Hoarafushi council	HA. Hoarafushi additional quay wall ramp construction	500,000
Ministry of youth & Sports Community empowerment	Sh. Komandoo Football Ground Subbase and Turf Installation Project	6,217,016
Lh. Hinnavaru Council	Lh. Hinnavaru Jetty Development	1,280,935
HA. Hoarafushi Council	Construction of Pre-school at HA. Hoarafushi	3,959,271

Beneficiary	Beneficiary	Beneficiary
Maldives Immigration	Building of Detention Centre	4,996,515
Ministry of Youth, Sports, and Community Empowerment	Faresmaathodaa Football ground development	943,059
Ministry of Finance	Development of Kudagiri Picnic Island	13,000,000
Ministry of Education	Transfer of MTCC Bus C1135 to Ministry of Education	307,809

During the year we carried out eight noteworthy CSR initiatives, with a combined value of MVR 31.2 million towards realizing our CSR objective for the year.

We recognize the importance of investing in youth and sports development as a way of empowering and building communities. As a CSR initiative, we carried out the installation of subbase and turf at Sh. Komandoo football ground and worked on the development of Faresmaathodaa football ground during the year, with the aim of promoting healthy lifestyles and fostering community spirit in the islands.

We also believe in promoting unity, and overall well-being and happiness of the local community. During the year, we undertook the development of Kudagiri picnic island as one of our major CSR initiatives, with the aim of creating a sustainable, eco-friendly picnic destination for residents in the Greater Male' Area.

Additionally, we are committed to improving infrastructure in the communities we serve. During the year, we constructed an additional quay wall ramp at HA. Hoarafushi and developed a jetty at Lh. Hinnavaru enhancing infrastructure, transport, and connectivity in those islands and contributing to the sustainable development of the communities. We have also built a detention centre with the aim of promoting rehabilitation and safety in the community as part of our CSR initiatives during the year.

We avidly recognize the vital role education plays in the development of individuals and communities. We constructed a pre-school in HA. Hoarafushi and transferred one of our buses to the Ministry of Education with the aim of contributing to the enhancement of the quality of education and improving access to education in our communities.

## Building a diverse and sound workplace

We believe every employee has a relationship with the management, business operations of the Company and fellow employees. In order to foster the culture and values that would help build a sound workplace, we continued to provide training and career development opportunities for our employees. While sports and recreation are an important element in team building, various sports and recreational activities were also carried out during the year.

We are making efforts to make our workplace more attractive in order to hire and retain talent. These efforts include providing fair and impartial evaluation, comprehensive employee benefits, and assistance in achieving work life balance.

We also believe it is vital to mobilize human resources with diverse skills and talent and continually create new value. Hence, the Company is working to promote greater involvement of women in the workplace, employ a multicultural workforce, and utilize the experience of veteran employees.

## Our responsibility as a corporate citizen

We believe that as a public listed company with our arms spread across the nation, the proper payment of government taxes is one of the most fundamental and important responsibilities to our society. We pay taxes in accordance with tax related laws and ordinances and ensure that tax accounting and other related processes are carried out unflinchingly, according to the law.

CEO Adam Azim receiving the plaque of appreciation by His Excellency President Ibrahim Mohamed Solih for our contribution in developing K.Kudagiri Picnic Island. Kudagiri Picnic Island Reclamation and Shore Protection Project is the largest single CSR initiative proudly carried out by MTCC in its 42 year history.

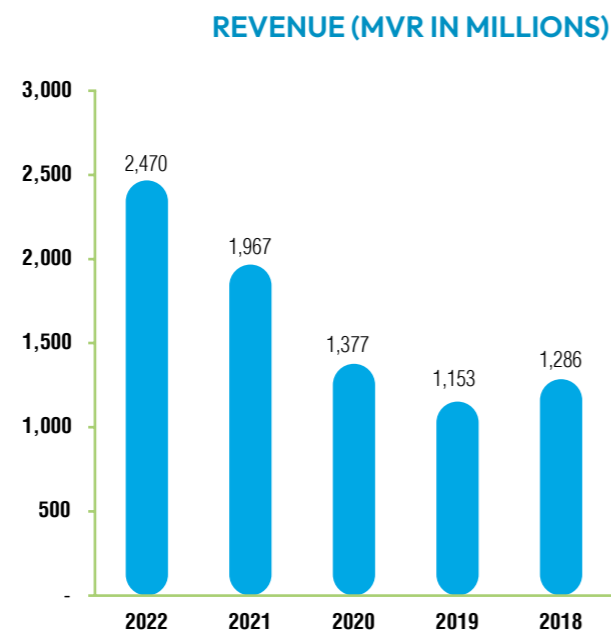


# FINANCIAL REVIEW

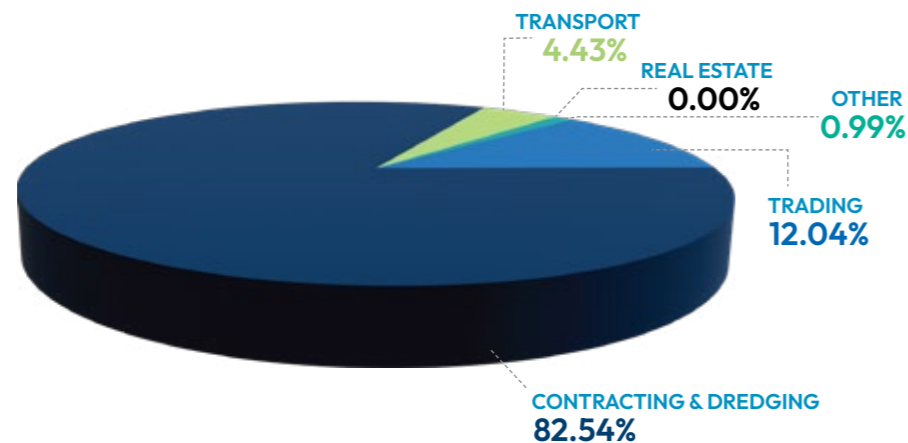
# FINANCIAL REVIEW

## REVENUE

The Group has generated a total revenue of MVR 2,471 million, an increase by 26% compared to the previous year. The construction and dredging segment, in particular has recorded a significant revenue with the increase in number of construction projects carried during the year.



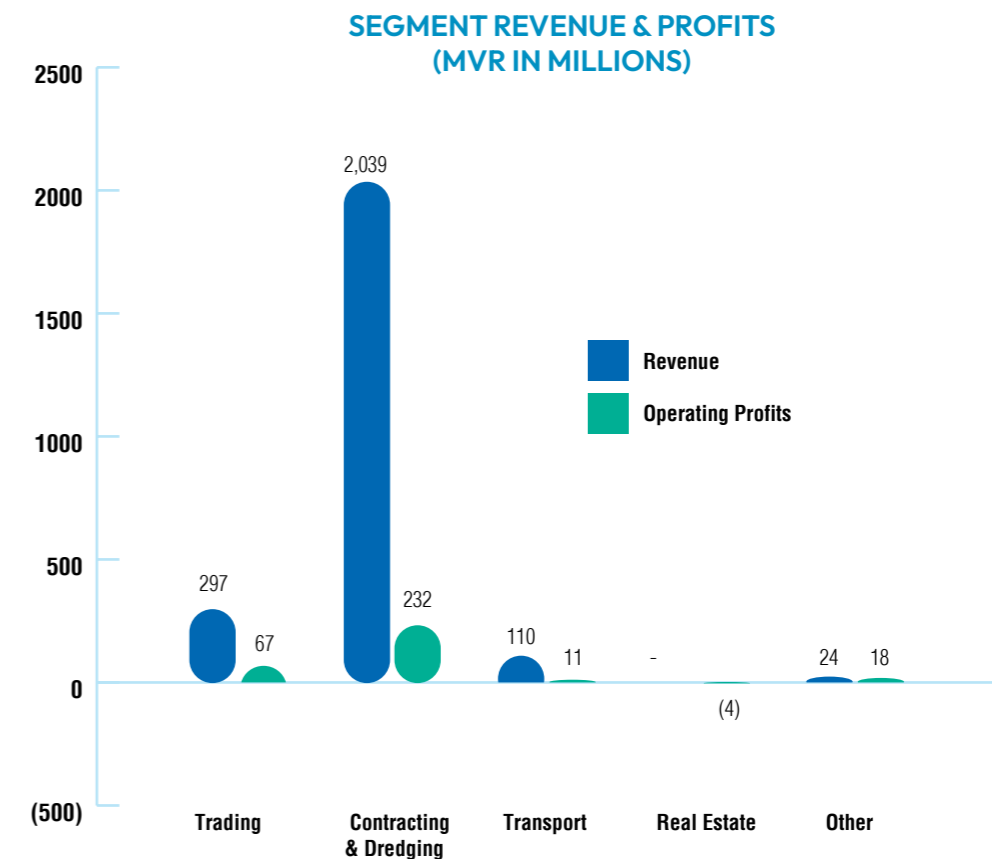
While the core business operations of the Group are located across the country, the main hub of the Group's operations are based in the Greater Male' Region. The business units are operationally divided into four strategic business units (SBUs), namely Trading, Construction & Dredging, Transport and Real Estate. Out of all these segments, the revenue to the Group is primarily generated from Trading and Construction



& Dredging, while most of the profit of the Company for year ended 31 December 2022 was also generated mainly from Trading and Construction & Dredging.

During the year ended to 31 December 2022, out of the total Group revenue of MVR 2,471 million, Trading contributed MVR 297 million (2021: MVR 240 million), Construction & Dredging MVR 2,039 million (2021: MVR 1,637 million), Transport MVR 110 million (2021: MVR 58 million), no revenue generating activity reported for Real Estate segment (2021: Nil), and others MVR 24 million (2021: 33 million)

The other segment comprises of ship agency, docking, logistics and maintenance services. New investments on human and capital assets made during the year has improved productivity of the



construction and dredging segment which has resulted to a positive impact on the performance of the segment with a 25% increment in revenue compared to the previous year.

The total revenue generated from trading segment has grown by 24% compared to the financial year 2021. The recovery of the economy post the pandemic has improved the customer movement increasing the demand for the trading products.

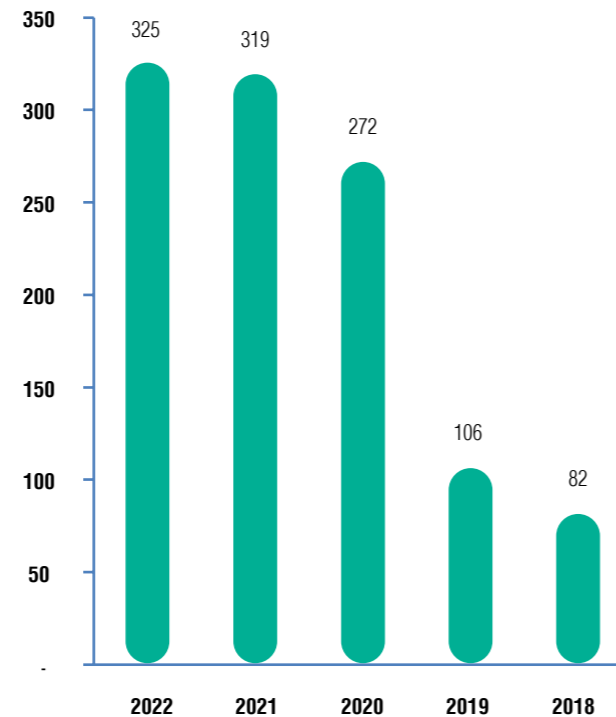
Further, Transport segment of the company has expanded during the year with the commencement of RTL speed ferry operation and minibus services. The additional revenue has increased the transport revenue by 90% compared to 2021.

## OPERATING PROFIT

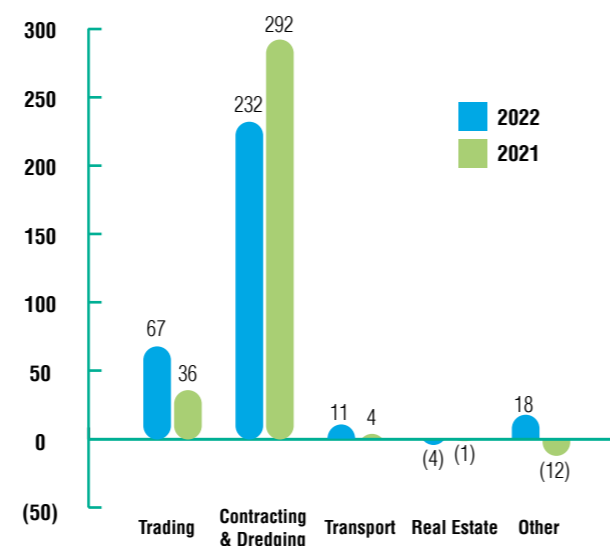
The operating profit of the Group has increased by 1.5% (2022: MVR 324 million) compared to the previous year (2021: MVR 319 million) with the improvements in revenue.

Out of the total operating profit of MVR 324 million posted by the Group for the year ended 31 December 2022; MVR 67 million (2021: MVR 36 million) is attributable to Trading, Contracting MVR 232 million (2021: MVR 292 million), Transport MVR 11 million [2021: MVR 4 million], Losses from Real Estate MVR 4 million [2021: loss of MVR 1 million] and others a profit of MVR 18 million (2021: loss of MVR 12 million)

OPERATING PROFIT (MILLIONS)



SEGMENT PROFIT / (LOSS) - (MILLIONS)



Comparison of segmental earnings indicates that revenue from contracting segment rose by 25% while the operating profit has dropped by 20% compared to 2021. This is due to increase in landed cost of materials with increased fuel prices, global inflation, and logistics. Operating profit from trading and transport shows improvements with the increased revenue for the year 2022.

## OPERATING INCOME AND EXPENSES

Other income has increased mainly due to increase in government subsidy to MVR 346 million to compensate 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 10.52 million (2021: MVR 8.98 million) and profit from Tawmil Takist Asset Financing amounting to MVR 3.95 million (2021: 3.87 million) has also been classified under other income.

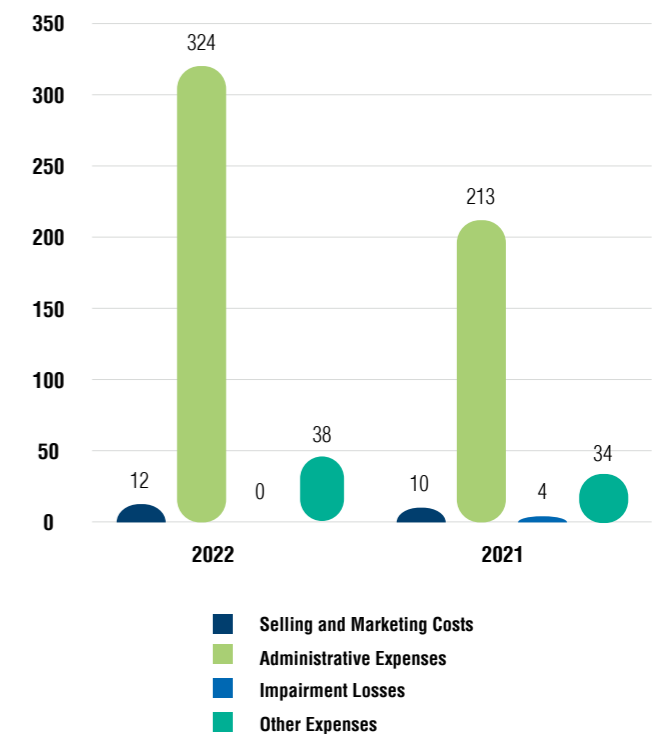
Other income also includes reversal of impairment loss on trade and other receivables over bad and doubtful debts of the Company considering the changes in estimates over future defaults on trade & other receivables. The management has used its best estimates to the overall economic indicators such as GDP, in order to assess the provisions for impairments, which is described in detail in the notes to the financial statements.

Administrative expense has increased by 52% with expansion in the scale of operation of the company in 2022. Staff development cost, health insurance, payroll cost has 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 expenses and bank charges has increased due to the increased number of construction activities.

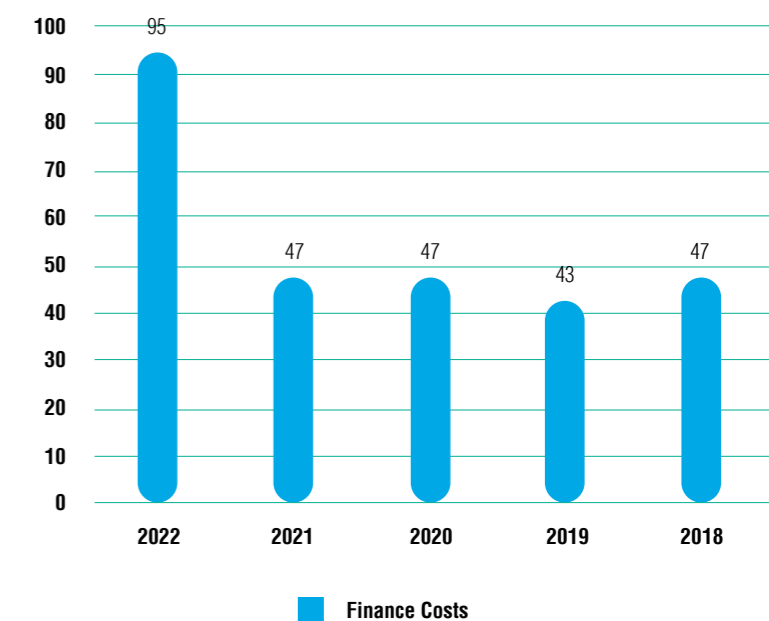
The selling and marketing expenses shows an increase of 26% due to increased promotion and advertisement expenses by MVR 2.6 million compared to the financial year 2021.

Other Operating expense has increased by 21% compared to the previous year. This includes provision on inventory amounting to MVR 11.14 million and impairment cost of investment MVR 16 million in associate company.

OPERATING EXPENSES (MILLIONS)

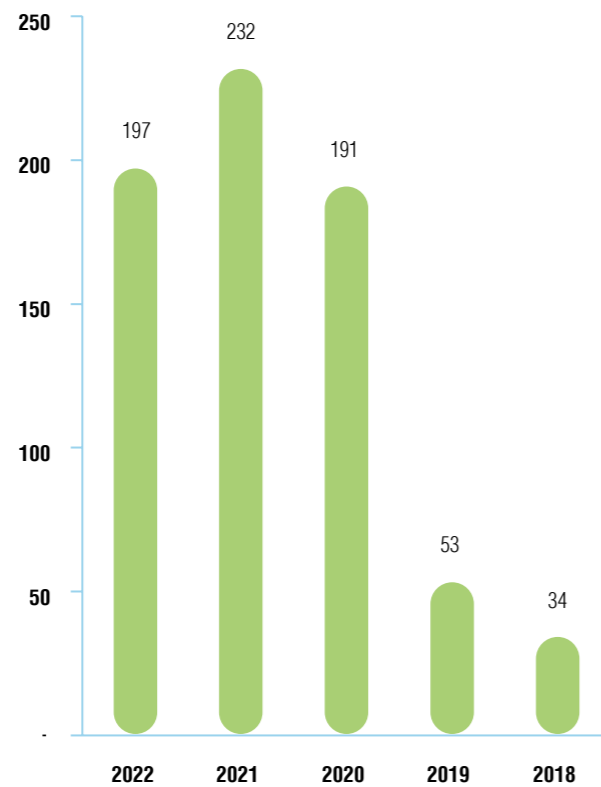


FINANCE COSTS (IN MILLIONS)



The increased finance cost on capital investments by MVR 22 million and loss on exchange of foreign currencies by MVR 24.9 million has almost doubled the net finance cost compared to the previous year. However, Interest income has increased by MVR 9.74 million compared to previous year mainly from interest income of projects under contractor financing terms.

**PAT - (MILLIONS)**



## NET PROFITS

The Group profit after tax (PAT) for the year ended 31 December 2022 has decreased by 15% compared to the previous year mainly due to increased cost of materials and finance cost expensed during the year 2022.

Regardless of the substantial improvement in revenue, the gross profit margin of the company has fallen to 12% (2021: 20%) and net profit margin to 8% in 2022 (2021: 12%). The increased cost of materials with the global inflation, and significant increase in the fuel prices & cost of local logistics has slashed the margins from the Construction and Dredging segment drastically. Furthermore, increase in revenue from transport segment does not contribute to profits of the company. Transport segment losses were subsidized by the Government by MVR 346 million for the financial year 2022.

## LONG TERM INVESTMENTS

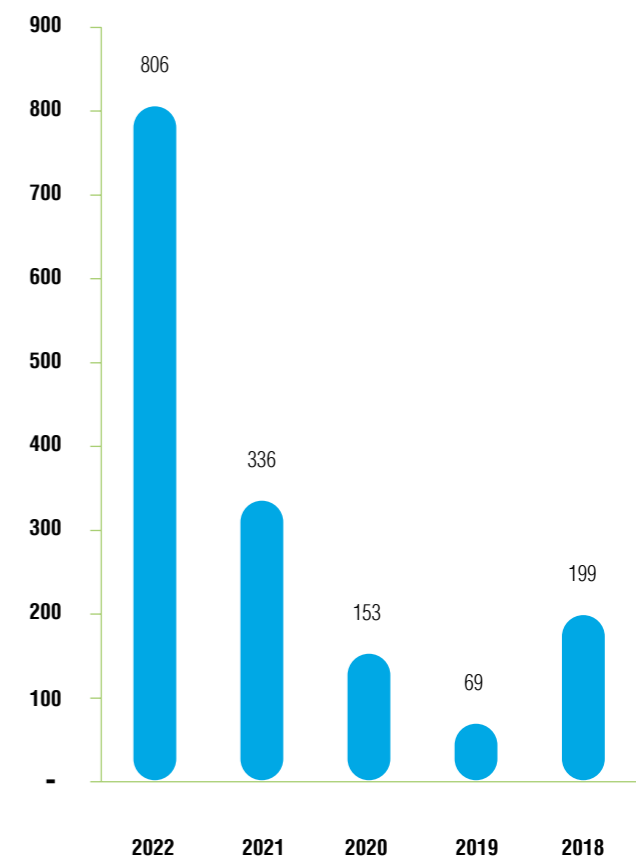
The Group has more than doubled its investments in capital assets during the year amounting to MVR 806 million (2021: MVR 336 million) through term loans, finance leases and operating cash flows. Investments in capital assets for the financial year 2022 mainly include new dredgers added to the dredging fleet, machineries and equipment acquired to accommodate for the increase in construction projects, new buses and high-speed ferry for the RTL transport operation providing 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. By the end of the year, the shares of Bank of Maldives had a market price of MVR 775 (2021: MVR 235) per share and the highest traded price during the year was recorded as MVR 800. MTCC has received dividend of MVR 10,516,608 from the investment in shares of Bank of Maldives Plc. during the year ended 31 December 2022(2021: MVR 8,982,936).

During the year the board of directors of the associate company ("Airport Investments Maldives PVT LTD") has 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.

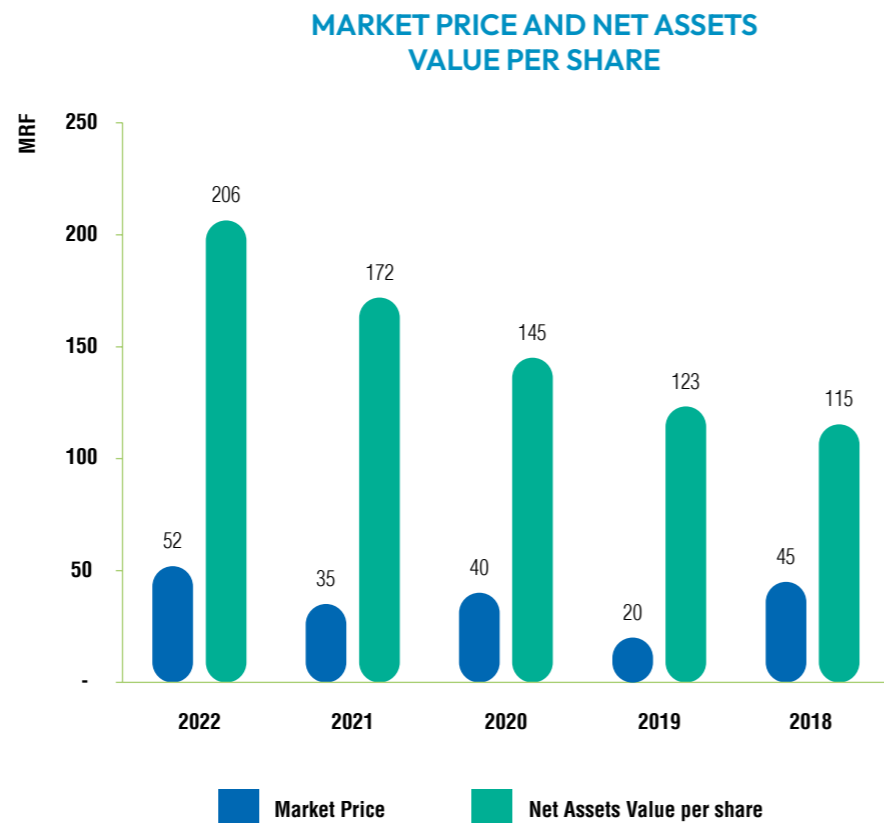
A provision was made for impairment amounting to MVR 3,881,884 (2021: MVR 920,391) over the investments of Maldives Real Estate Investment Corporation Private Limited (MREIC) considering the cessation of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2022. 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.

**CAPITAL INVESTMENTS (MVR IN MILLIONS)**

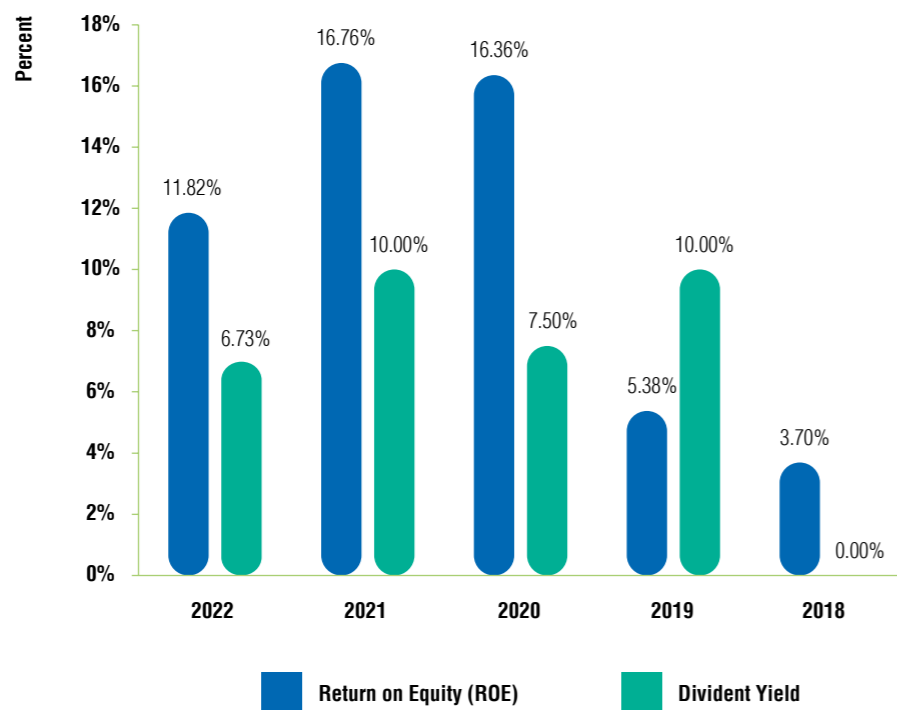


## SHAREHOLDERS RETURN

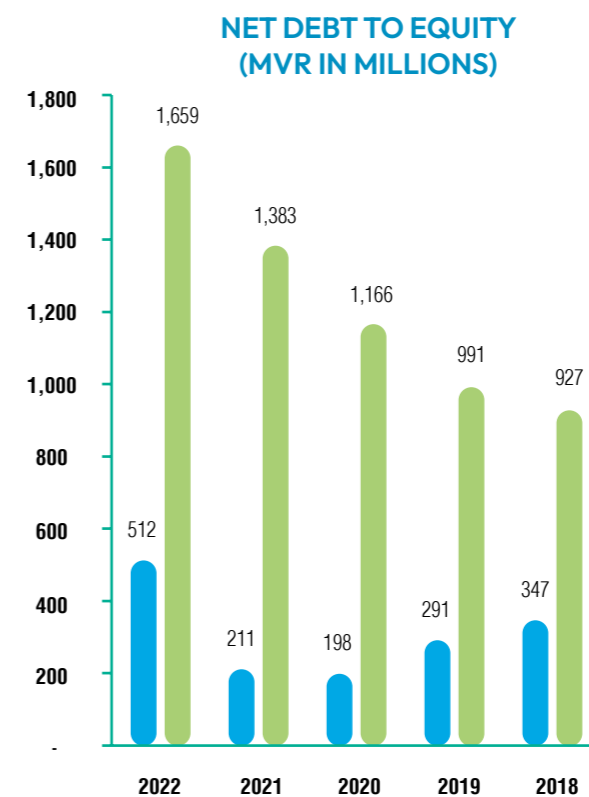
The Group has accumulated a return of 11.82% to the equity holders for the year ended 31 December 2022. The net asset value per shares has increased by MVR 34.36 per share during the year ended 31 December 2022. The Company has declared a dividend of MVR 3.5 (2021: MVR 3.50) per share from the net profits of 2022.



### RETURN ON EQUITY AND DIVIDEND YIELD

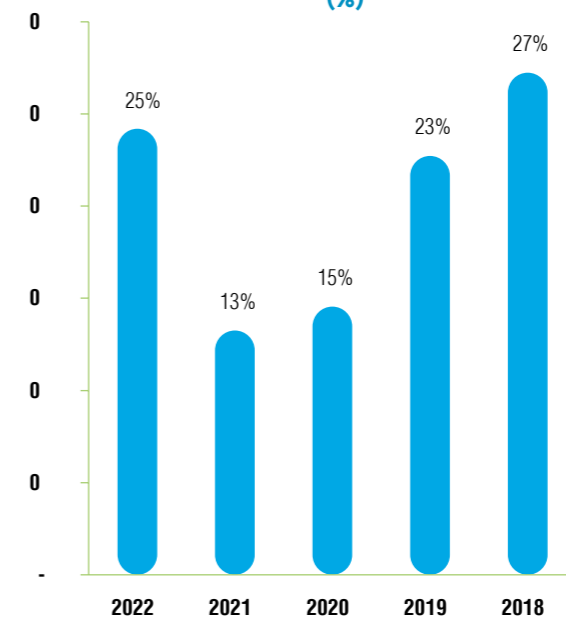


## DEBT FINANCE



New borrowings of MVR 427.50 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 133.05 million was repaid from operating cashflows.

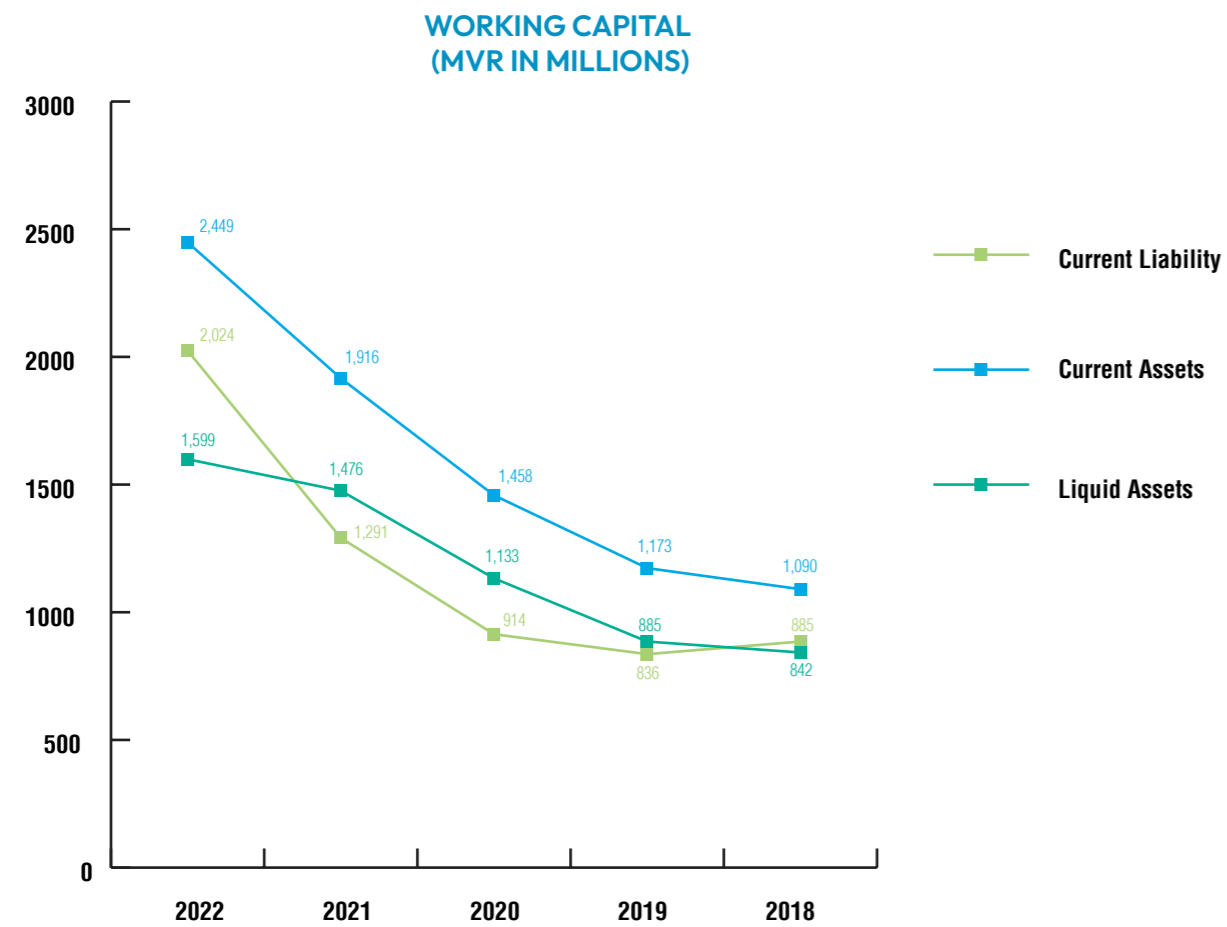
### TOTAL GEARING RATIO (%)



The gearing ratio has increased by 11% with the new borrowings.

## WORKING CAPITAL

The current ratio has dropped to 1.20x in 2022 compared to 2021 (1.48x) along with the fall in quick assets ratio to 0.79x as well in 2022 compared to 2021 (1.14x).



While there are improvements in cash collections from trade receivables, the company has invested heavily on new capital assets which has resulted to a drop in the Cash & cash equivalents as at 31 December 2022.



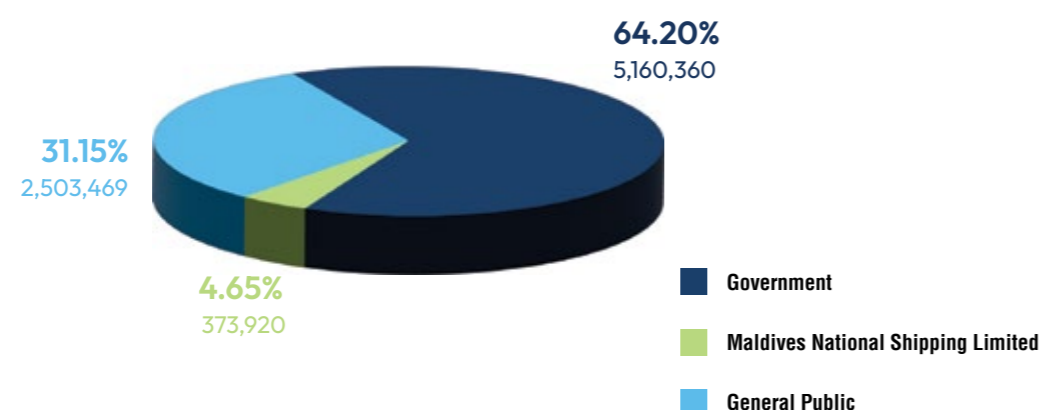
Design and Build of Shore Protection Structures



# SHARE PERFORMANCE

## SHAREHOLDING STRUCTURE

There were no changes in the share structure of the Company in 2022.



TOTAL NUMBER OF SHARES

**8,037,749**

FACE VALUE OF SHARES

**MVR 5 PER SHARE**

PROPOSED DIVIDEND PER SHARE

**2022 MVR 4**

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

## SHARE TRADE

	2022	2021	2020
Lowest traded price (MVR)	23	30	40
Highest traded price (MVR)	40	40	93
Last traded price (MVR)	40	35	52
Last traded date	22/12/2020	08/09/2021	12/12/2022
Weighted average traded price (MVR)	36.16	31.32	61.05
No. of Trades	58	08	68
No. of shares traded	1,914	266	4552
Value of Shares	69,216	8,332	277,913
Market capitalization (MVR millions)	321.51	281.32	417.96



CORPORATE GOVERNANCE  
**REPORT**

# 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. 10/96), Maldives Securities Act (Act no. 02/2006), Securities (General) Regulations 2007, Securities (Continuing Disclosure Obligations of Issuers) Regulations 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 being implemented which details the Directors' authorities, Directors' terms, general roles and responsibilities of the Board, Directors, Chairman, CEO, 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 07 directors, of which 05 directors are nominated by the major shareholder, Government of Maldives and elected by the shareholders at the Annual General Meeting (AGM) and 02 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 2022 was as follows:

Name of Directors		Date of first appointment		
1.	Mohamed Faheem	Chairman/Non-Executive Director	11th February 2019	Appointed by the Government
2.	Adam Azim	Executive Director/Chief Executive Officer	21st January 2020	Appointed by the Government
3.	Shahid Hussain Moosa	Executive Director/Chief Operating Officer	25th March 2019	Appointed by the Government
4.	Sinaan Ali	Non-Executive Director	06th February 2019	Appointed by the Government
5.	Uz. Mohamed Fareed	Non-Executive Director	27th June 2020	Appointed by the Government
6.	Nasrath Mohamed	Non-Executive Director	27th September 2020	Appointed by the Public
7.	Mohamed Imran Adnan	Non-Executive Director	15th November 2020	Appointed by the Public

## BOARD MEETINGS

The Board of Directors held 23 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.

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 2022

- Approval of amended budget for the year 2022
- Approval of fourth-quarter financial reports of 2021
- Approval of audited financial statements for the year 2021
- Approval of quarterly financial reports for the first, second, and third quarters of 2022
- Approval for publishing the quarterly report for first, second, and third quarters of 2022
- Approval of the following major investments in assets:
  - 100-ton crawler crane
  - 3-ton forklift
  - Two 4,000 metric ton barges
  - Beaver 45 cutter suction dredger, spares and consumables
  - EV minibus and charging station
  - Landing craft
  - Speedboats for the Greater Male' connection
  - Investment for a new accommodation barge
- Approval of the following company policies and procedures:
  - Grievance Policy
  - Board of Directors Salary and Benefits Policy and procedure
  - CEO Benefit Policy and procedure
  - Staff Benefit Policy and procedure
  - Fixed Asset Policy
  - Revision to Credit Policy
  - Revisions to Hajj policy
  - Risk Management policy
  - Whistleblower Policy
  - Amendments to Petty Cash and Cash Advance Policy
  - Amendments to Salary and Allowance Policy

- Decision made to be a member of Port City Development Consortium including approval for the shareholding percentage of Port City and appointed a shareholder representative for the same.
- Approved the new changes brought to Company seal and stamp
- Approved budget for the Integrated Public Ferry Service Network phase 02 and phase 03
- Approved loan facility from The Hongkong and Shanghai Banking Corporation Limited
- Approved 2023 Business Plan
- Approval of budget for the year 2023

## ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

Name	Meetings to attend	Meetings attended
Mr. Mohamed Faheem	23	19
Mr. Adam Azim	23	22
Mr. Shahid Hussain Moosa	23	23
Mr. Sinaan Ali	23	23
Uz. Mohamed Fareed	23	23
Mr. Nasrath Mohamed	23	23
Mr. Mohamed Imran Adnan	23	22

## 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. Over the past year, 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 38 meetings, the Nomination and Remuneration Committee held 13 meetings and the Corporate Governance and Compliance Committee held 18 meetings.

## COMPOSITION OF BOARD COMMITTEES

The following appointments were made to the Board Committees during the year.

Directors	Audit and Risk Committee	Corporate Governance and Compliance Committee	Nomination and Remuneration Committee	Effective from
Mr. Mohamed Imran Adnan	Chairman	-	-	31st May 2022
Mr. Sinaan Ali	Member	Member	Chairman	31st May 2022
Uz. Mohamed Fareed	Member	Chairman	Member	31st May 2022
Mr. Nasrath Mohamed	Member	Member	Member	31st May 2022

## BOARD DEVELOPMENT

The Board Induction Program has been designed by the Company Secretariat as per the Board Training and Induction Policy of the Company in compliance with the Corporate Governance Code. The Board notes with gratitude the invaluable support received from the Capital Market Development Authority (CMDA) and Maldives Securities Depository (MSD) in conducting the Board Induction Program during the year, through the participation of senior executives of both CMDA and MSD at the training sessions.

Directors completed the following training programs during the year.

Training Name	Area
Tools for creative Problem Solving	Business Management
Audit Management	Audit
Project Management	Project Management
Project and Infrastructure Finance	Project Management
Real Estate Management	Business Management
Certified Quality Management Professional	Business Management
Real Estate & Construction Management	Business Management
Mastering Management & Leadership Skills	Business Management
Financial Management	Finance
Effective Strategic Management	Business Management
Arbitration Law and Practice	Law

## INDEPENDENCE

The independence of Directors is ensured and monitored as per CMDA CG Code. As such the Company requires Directors to disclose any conflicts of interest and 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.

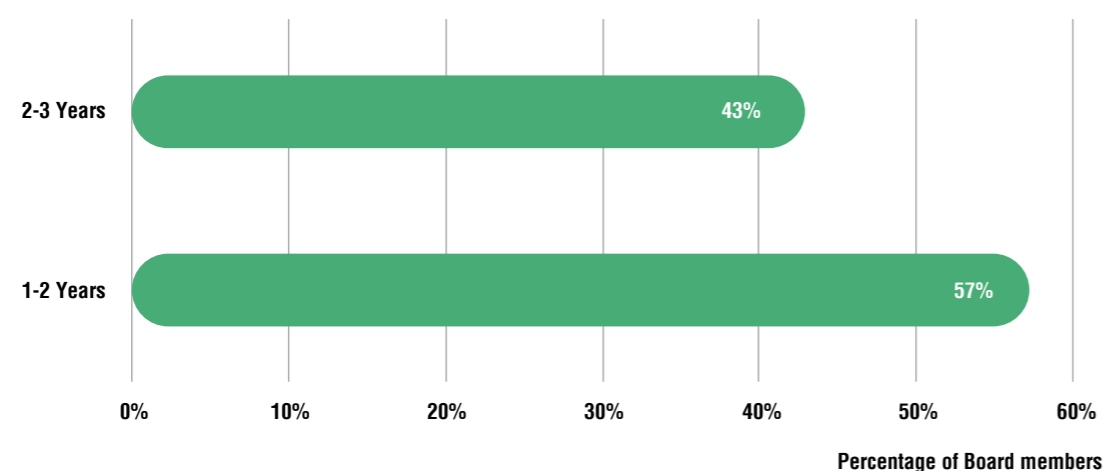
## TENURE

Term of the Board of Directors as defined in the Article of Association (67.1), Directors shall remain from the appointed Annual General Meeting to the second year Annual General Meeting. Furthermore, as per clause 68 of the Articles of Association, Non-executive Directors can serve as a member of the Board for a maximum of six terms consecutively.

Tenure and the dates of appointment of the current members of the Board

Name of Directors	Initial Appointed Date	Tenure
1. Mohamed Faheem	11th February 2019	3
2. Adam Azim	21st January 2020	2
3. Shahid Hussain Moosa	25th March 2019	3
4. Sinaan Ali	06th February 2019	3
5. Uz. Mohamed Fareed	27th June 2020	2
6. Nasrath Mohamed	27th September 2020	2
7. Mohamed Imran Adnan	15th November 2020	2

### TENURE OF BOARD MEMBERS



## 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.

## 2021 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) for 2021 was held on 19 May 2022. 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. Furthermore, the Company has adopted to the hybrid mode of conducting the Annual General Meeting, opting for the advancing technological changes.

A total of 702 shareholders participated in the AGM 2021 both in physical and virtual attendance. Major decisions made at the AGM 2021.

- Approved the minutes of the 2020 Annual General Meeting.
- Approved the Director's Report of 2021.
- Approved the Company's Audited Balance Sheet and Profit and Loss Statements for 2021.
- Approved the proposal made by the Board of Directors to distribute a dividend of MVR 3.50 per share to shareholders for the year 2021.
- Approved PricewaterhouseCoopers (PwC) as the external auditors of the Company for 2022.
- Elected 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 2022

In accordance with the Company's Dividend Policy, the Board of Directors resolved to declare a final dividend of MVR 32,150,999 which equates to MVR 4.00 per share for the year 2022.



## 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 Company's Act (10/96). 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 the 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.

Date

A handwritten signature in blue ink, appearing to be 'M Faheem'.

Mohamed Faheem  
Chairman

A handwritten signature in blue ink, appearing to be 'Adam Azim'.

Adam Azim  
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 annual and interim financial statements of the company and compliance with legal and regulatory requirements.
- The independence and effectiveness of the work of the External Auditors.
- The performance of the Company's internal audit function.
- Effectiveness of company's internal risk controls and risk management systems.

## 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 38 meetings. The Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, External Auditors, and key personnel of the management attended meetings as and when required by the Committee.

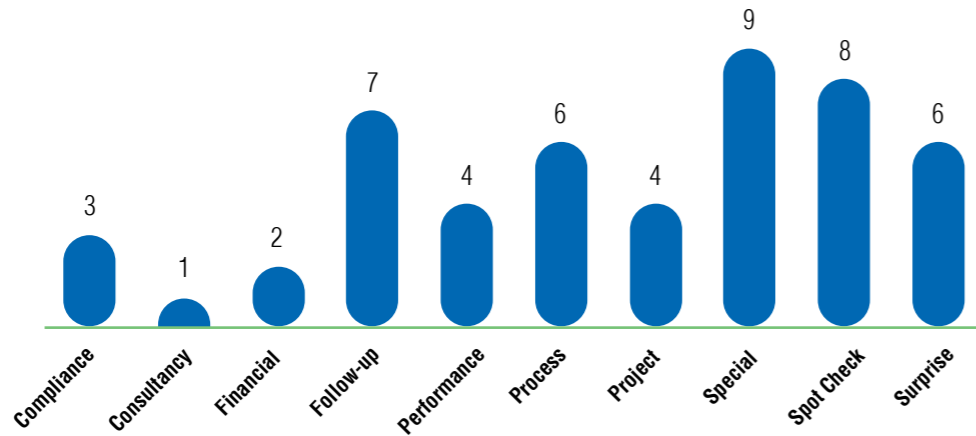
Name	Position & Type	Meetings to attend	Meetings attended
Mr. Mohamed Imran Adnan	Chairman of the Committee - Non-Executive Independent Director	38	38
Mr. Sinaan Ali	Member - Non-Executive Independent Director	38	37
Uz. Mohamed Fareed	Member - Non-Executive Independent Director	38	36
Mr. Nasrath Mohamed	Member - Non-Executive Independent Director	38	37

## KEY DECISIONS OF THE COMMITTEE

- Reviewed budget for the financial year 2023.
- Reviewed MTCC's business plan for the year 2023.
- Reviewed the Audited Financial Statements for the year 2021.
- Reviewed Management Papers related to investments and projects.
- Recommendation to the Board regarding the dividend for the year 2021.
- Reviewed and recommendation provided on the monthly and quarterly financial performance of Company to the Board.
- Reviewed and approved Risk Management Strategy and Action Plan.
- Reviewed and approved the Internal Audit Plan for the year 2022.
- Reviewed internal audit reports relating to important projects, business functions, and other important issues, and submitted Committees' recommendations to the Board.
- Appointment of External Auditors for the year 2023.
- Implemented internal mechanism for whistleblowing.

## INTERNAL CONTROL

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.

During the year 2022, the Internal Audit function executed 50 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.

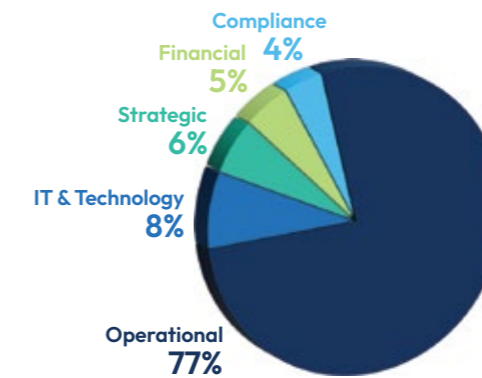
In order to align Internal Audit function's work with professional standards, the function carried out an internal quality assessment during the year 2022 to assess compliance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (the IIA). In addition, Quality Assurance and Improvement Program (QAIP) which covers all aspects of the Internal Audit function has been approved by the Audit and Risk Committee.

To contribute to the development of the workforce, the Company has initiated the process to obtain the "Approved Employer Status" for the "Professional Development" stream of the Association of Chartered Certified Accounts (ACCA). In addition, various technical trainings and development activities were conducted during the year to enhance the staff capability and help deliver value to stakeholders. Furthermore, to achieve the operational efficiency, improvements to the internal process of the internal audit function were made during the year 2022.

## 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 ensure 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 19 May 2022.

## 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 2022, the Risk Management Policy and framework were communicated to all relevant departments and implemented. Risk management training was conducted for relevant staff at all the Divisions of the Company. Fifty-seven members of the staff participated in the training. Furthermore, risk assessment was conducted at all Divisions of the Company. In 2022 risk registers and risk management plans were also completed for all Divisions of the Company. The finalised risk registers were discussed in the Committee and feedback was given to respective divisions.

The Business Continuity and Disaster Recovery Policy of the Company and related plans were completed during the year.

On behalf of Audit and Risk Committee

Mohamed Imran Adnan  
Chairman  
Audit and Risk Committee

# CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE

The Corporate Governance and Compliance 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

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.

## COMPOSITION AND ATTENDANCE

The Corporate Governance and Compliance Committee consists of 03 Non-Executive Independent Directors. During the year, the Committee held 18 meetings.

Name	Position & Type	Meetings to attend	Meetings attended
Uz. Mohamed Fareed	Chairman of the Committee / Non-Executive Independent Director	18	18
Mr. Sinaan Ali	Member / Non-Executive Independent Director	18	18
Mr. Nasrath Mohamed	Member / Non-Executive Independent Director	18	18
Mr. Mohamed Imran Adnan*	Member / Non-Executive Independent Director	08	07

\*Mr. Mohamed Imran Adnan served as a member of the Corporate Governance and Compliance Committee until 31 May 2022.

## KEY DECISIONS OF THE COMMITTEE

The Committee reviewed the following policies during the year.

- Grievance Policy
- Board of Directors Salary and Benefits Policy and procedures
- CEO Benefit Policy and procedures
- Staff Benefit Policy and procedures
- Fixed Asset Policy
- Revision to Credit Policy
- Revisions to Hajj Policy
- Whistleblower Policy

The implementation of the Whistleblower Policy has been a significant milestone in the Company's effort to promote transparency, accountability, and ethical behaviour. This policy provides a safe and confidential mechanism for employees, stakeholders, and third parties to report any suspected misconduct or unethical behaviour within the Company without fear of retaliation. The policy outlines clear procedures for reporting, investigating, and addressing complaints, and paves the way to handle such reports with the utmost discretion.

By implementing this policy, we are sending a clear message that the Company is committed to maintaining the highest standards of ethical conduct and integrity and that it will not accept any form of unethical behaviour within the Company. This policy will contribute to building a culture of trust, openness, and accountability, and will help us maintain our reputation as a responsible and ethical Company.

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



Uz. Mohamed Fareed  
Chairman  
Corporate Governance and Compliance Committee

# NOMINATIONS AND REMUNERATIONS 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

- Review policies on employee remuneration and determining the structure and the remuneration packages of individual Directors and employees of the Company considering relevant legal and regulatory requirements.
- Approve the design of and determine targets for any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- 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.
- Regularly review the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board and make recommendations to the Board regarding any changes.
- Work 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.
- Keep 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.
- Identify and submit to the Board for approval, candidates to fill Board vacancies as and when they arise.
- Develop and implement a 'conflict of interest' policy applicable to Directors, executives, and employees of the Company.
- Ensure that Directors disclose personal business interests that may give rise to a conflict of interests with the Company.
- Evaluate 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.

The Nominating and Remuneration Committee consists of 03 Non-Executive Directors. The committee held 13 meetings during the year.

Name	Position & Type	Meetings to attend	Meetings attended
Mr. Sinaan Ali	Chairman of the Committee/ Non-Executive Independent Director	13	13
Uz. Mohamed Fareed	Member / Non-Executive Independent Director	13	12
Mr. Nasrath Mohamed	Member/ Non-Executive Independent Director	13	13
Mr. Mohamed Imran Adnan*	Member / Non-Executive Independent Director	08	08
Mr. Mohamed Faheem**	Member / Non-Executive Independent Director	02	02

\*Mr. Mohamed Imran Adnan served as a member of the Nomination and Remuneration Committee until 31 May 2022.

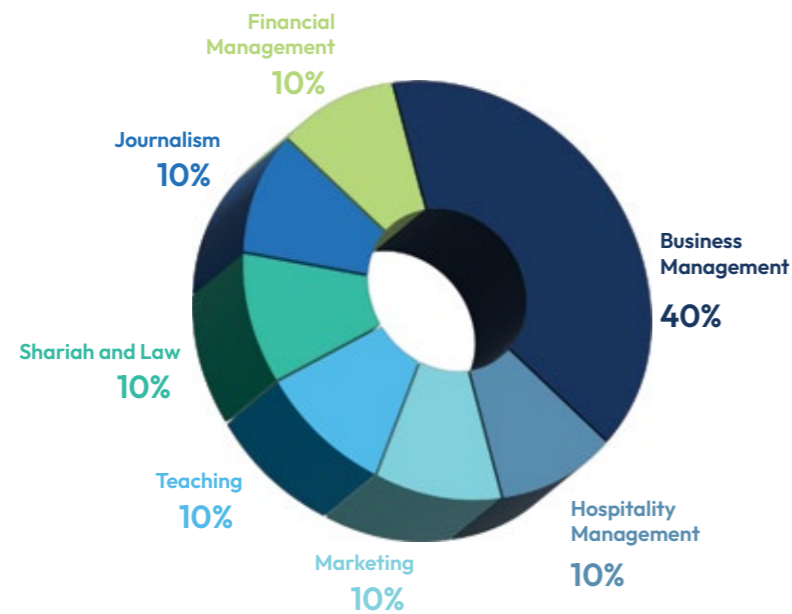
\*\*Mr. Mohamed Faheem, Chairman of the Board was appointed as a member of the committee on 5 April 2022, solely to participate in meetings held to evaluate and nominate candidates for directorship.

## KEY DECISIONS OF THE COMMITTEE

- Reviewed Board Directors Benefits Procedure
- Reviewed CEO Benefit Procedure
- Reviewed Staff Benefit Procedure
- Reviewed Top Management appointments and remuneration.
- Reviewed Board Directorship Evaluation Forms and checklists
- Evaluated Public Directorship Applicants and made recommendations to the Board.
- Evaluated proposed Directors appointed by the Government and made recommendations to the Board.
- Reviewed Employee Development and Manpower Plan under Business Plan and Budget for the year 2023.

## 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. In order 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 2021. However, no applications were recorded from female applicants.



## BOARD EVALUATION

In accordance with clause 2.2 of the Corporate Governance Code, the Company has a policy in place to govern the evaluation of the Board of Directors. As per the Board Evaluation Policy, the performance evaluation of the Chairman, Board of Directors, Chief Executive Officer, Committees of the Board, and Company Secretary was conducted and reviewed. Recommendations were presented to the Board based on the evaluation and future plans to enhance performance were discussed.

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 70 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.

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.

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, holds 01 share at Maldives Real Estate Investment Corporation Private Limited.

**Total remunerations paid to Directors of the Board in 2022 is MVR 1,142,000.00**

## REMUNERATIONS PAID TO DIRECTORS OF THE BOARD IN 2022

Name of Directors	Position & Type	Total (MVR)
Mr. Mohamed Faheem	Chairman	215,500.00
Mr. Adam Azim	CEO/Executive Independent Director	131,000.00
Mr. Shahid Hussain Moosa	COO/Executive Independent Director	131,500.00
Mr. Sinaan Ali	Non-Executive Independent Director	168,500.00
Mr. Mohamed Fareed	Non-Executive Independent Director	166,500.00
Mr. Nasrath Mohamed	Non-Executive Independent Director	168,500.00
Mr. Mohamed Imran Adnan	Non-Executive Independent Director	160,500.00

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.

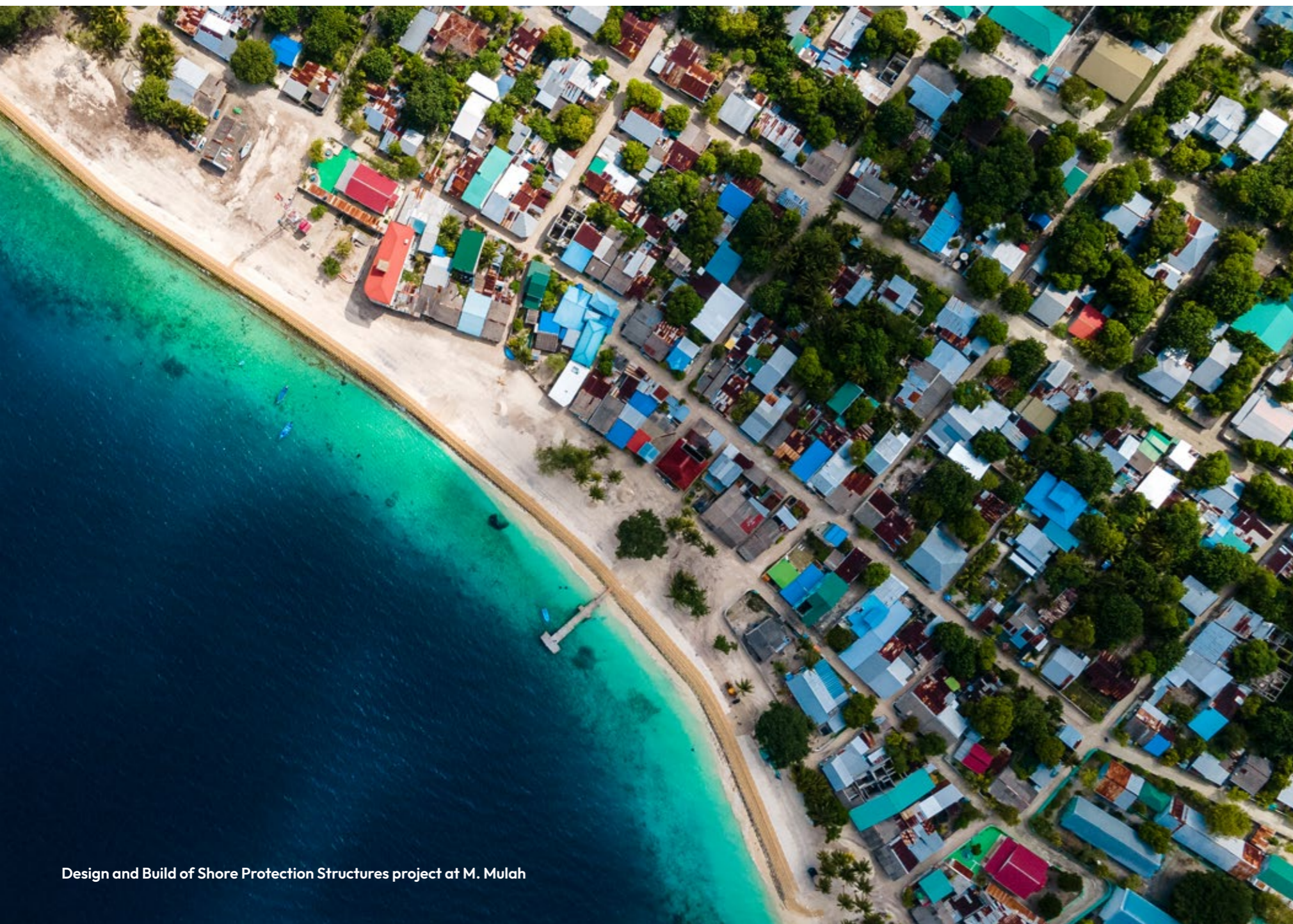
The top management of the Company consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, General Managers and Assistant General Managers. The remunerations of members of top management have been established as per the Company's 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 2022 the aggregate remuneration paid to members of the top management amounts to MVR 12,186,351.36.**



# FUTURE OUTLOOK

# FUTURE OUTLOOK



Design and Build of Shore Protection Structures project at M. Mulah

As the economy recovers from the slowdown caused by the Covid-19 pandemic, Maldivian economy is expected to continue a trajectory of rapid growth in the medium-term. Driven by robust tourism boom, the forecasted growth for 2022 is 12.3 percent, while a growth of 7.6 is expected in 2023. At the same time while the national budget for 2023 has increased by 15.65% to 42.83 billion, the allocation for public sector investment projects (PSIP) for the year has increased from MVR 6.273 billion to MVR 8.552 billion this year, an increase of 36.3% from 2022. Hence the number of infrastructure development projects, and projects in the fisheries and transport sectors is projected to increase. This offers a positive outlook for the Company's business in 2023. Furthermore MVR 300.6 million has been allocated as transport subsidies which has been allocated exclusively to subsidise the transport services provided by the Company.

With the increase in projected opportunities for the Company, we will continue to develop our capacity to serve the changing needs of the market. Our focus will be on sustainability through strategic diversification and expansion of our customer base to ensure that our product and service offering caters to the needs of the nation. Our main strategic themes for the next three years remain, working towards customer excellence, organizational excellence, and business growth in order to achieve the vision of the Company.

## CONSTRUCTION AND DREDGING

Allocations for PSIP for the year and the forecasted trends for 2023 indicate that while development of new harbours are declining, the demand for repair and maintenance of harbours is increasing. At the same time, there is a significant increase in projects in other types of infrastructure development such as roads, airports, hospitals, and schools. Furthermore, we project an increased number of reclamation and shore protection projects comprising of those in the PSIP, as well as new projects from the tourism sector.

The Company will be in a unique bargaining position in winning a significant portion of these projects considering our capacity in the area. Furthermore, there were 93 projects in progress at the end of 2022. These will be completed in 2023 and will contribute to our forecasted revenue for the year.

PSIP allocations by type of project - 2023 In MVR Millions

Airport Development	921.8
Land reclamation	1463
Bridge construction	819.3
Water and Sewage	643.8
Port Development	308.1
Coastal Protection	411.9
Harbour Development & Upgrading	394.9

While the Construction and Dredging Division has extensive experience in the field of marine construction and the construction of roads, and airport and is well equipped in these areas, we recognise that, to meet future demand for reclamation, building construction and the construction of bridges and causeways, we need to increase our capacity in those areas.

In the area of building construction, we have identified the need to develop a specialized team and acquire necessary equipment to meet the envisioned demand for high rise building in the future, especially with the inevitable growth in the housing sector market. In the area of reclamation, the private sector has numerous opportunities that the Company can capitalize on, thus we require additional investment in machinery and equipment to accelerate the projects on hand and to win those new opportunities. This would include expansion of our current fleet to cater for both current and future commitments.

Construction of causeways and deep-water bridges are areas that we are keen to explore further in the coming years. We must be better equipped in these areas with an adequate specialized workforce and essential machinery and equipment. We have also planned to strengthen our capacity through opting for modern technologies required for this sector.

Our focus in the next five years would be reinforcing these sectors and building the capacity to withstand the competition in the market and retain our position in reclamation and the construction of high-rise buildings, causeways, and deep-water bridges.

To gain the maximum benefits for the Company from the opportunities that are open for the year, the Company aims to increase revenue in dredging and reclamation through targeted marketing to the tourism sector. At the same time through the introduction of differentiated innovations and design technology we plan to increase market share in survey and design, especially from the private sector.

Measures will also be taken to increase profitability through projection of realistic material schedules that align with the projects, and investment to increase the capacity of the supply chain fleet. The organizational capacity of the Construction and Dredging Department will also be enhanced through enhancing our knowledge and skills, improved use of tools and technology and greater staff engagement.

## 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. The government's pledge to provide 24-hour electricity to all inhabited islands is a market opportunity for lube oil, as power stations are one of the major market segments for lubricants. At the same time, existing and upcoming tourist resorts and new airport developments are expected to have a significant positive impact on the sale of Castrol, PPG protective & marine coatings, Marol steering system, and Yanmar and Suzuki engines.

Increasing sales revenue, improving customer satisfaction and retention, improvement of delivery times and to increase prospect conversion ratio through an enhanced marketing program will be important objectives during the next year.

Our plan for the year ahead includes the introduction of new brands and products to increase our product range. Communication systems, safety equipment, refrigerated seawater systems, fishing boats and boating accessories are some of products targeted. This plan will be developed with further expansion in the next few years with the introduction of high megawatt power generators, electric vehicles, machine tools and equipment.

To increase accessibility for our products and aftersales services, a product distribution channel will be established along with the introduction of trading zone outlets at the planned RTL Service Centres in the north and south of the country. Internal processes will also be improved to standardize product delivery for various products which will help ensure seamless deliveries without disruptions and achieve shorter delivery times for all our products.

In the area of sales and distribution, our existing showroom will be modernised and rebranded to meet market expectations. Modern warehousing facilities will be developed in Male', Hulhumale' and Thilafushi, and a new aftersales service centre will be developed in the Hulhumale' Industrial Zone. Several marketing activities and customer relationship management (CRM) campaigns including field visits, promotions, service camps and awareness events such as forums and seminars are also planned for the year.



## ENGINEERING AND DOCKING

With the ongoing growth of the transport sector and with new resorts scheduled to be opened in 2023, the expansion of the country's vessel fleet is expected to continue. Furthermore, vessel owners and operators are focussing more on preventative maintenance than before, increasing the need for docking and maintenance services in the years to come. Considering the high demand for such a service, coupled with limited-service providers in the sector, the market for docking, engineering, and repair, offers great opportunities for expansion in this sector.

As part of our expansion plan for our engineering and docking product and service portfolio, we have planned to embark on an ambitious project to develop a 200 x 30-meter slipway to service vessels of up to 2000 metric tonnes before the end of 2024. Additionally, the whole infrastructure of Engineering and Docking Division will be revisited to complement the slipway project, with the introduction of standardized additional support services that will be introduced along with improvement of the existing services portfolio. Furthermore, by 2025 we have planned to complete the first phase of upgrading our facilities and services to meet international standards, and we expect to enter into our first vessel production contract in late 2025.

Expansion of our steel processing facility will be an integral part of the slipway project with which we will also be equipped to produce steel structures required for the shipbuilding sector, major building construction projects and bridge construction in the country. We will also be recruiting qualified and well-trained local personnel and give them the opportunity to work with international specialists with experience, as part of transferring knowledge to develop this industry in the Maldives.

To achieve the objectives, the Company will get technical assistance from leading shipbuilding nations in the world to develop the required SOPs, policies, management skills, and achieve the technological advancement required for the undertaking. This project is expected to offer major opportunities in an important new industry and will not only contribute to the Company's revenue and profitability but create positive results for the whole economy as well.

In order to increase revenue from the sector we will be introducing additional support services, standardize the existing services in our portfolio and get classification approvals from BV, DNV and GL. We will also be restructuring the whole boatyard facility to improve efficiency. Our fiberglass repair facility will also be redeveloped. To support the expansion a commercial and planning department and a quality control unit will also be introduced at the Engineering and Docking Division.

Steps will also be taken to reduce operational costs including the implementation of the ongoing measures to achieve energy saving and exploring opportunities to use renewable energy, implementation of a preventive maintenance schedule for all assets under the Division, and the introduction of an inventory and material management unit to strengthen the function. We will also be exploring the commodity market and enter into contracts with raw material suppliers to ensure materials required for the boatyard operations are delivered on time at the most competitive rates. A new docking and repair facility will also be developed in Ha. Ihavandhoo as part of service agreement of RTL ferry network, contributing to expand our reach in the north of the country.

## LAND TRANSPORT

With the population of Hulhumale' expected to increase during the coming years, the need for an efficient and reliable public transport network is essential. At present the Company is serving an average of 25,000 passengers per day in our Greater Male' bus service. With the completion of the ongoing construction of Thilamalé Bridge, our fleet and network will have to be expanded significantly, to cater to new routes between Male', Villimalé, Thilafushi and Gulhifalhu.

Our plans to increase revenue from the land transport service for the next year include expansion of the service along with the introduction of multiple fare options such as corporate travel cards that will help to increase ridership. The Company will also invest on a new fleet of buses to cater to the expected increase in demand in the Greater Male' Region. Plans are also in place to introduce on-demand tour bus services in Greater Male' for tourists and to increase non-fare revenue through commercial advertisements at our terminals and onboard displays on the buses.

As part of our program to reduce costs, we will be developing a bus parking and repair facility to service our fleet with the objective of reducing dead kilometres that are currently being absorbed. Furthermore, we will explore opportunities to introduce the use of solar power to our operations and contribute to the government's objective to achieve reduced emission targets by 2030. The fleet monitoring mechanism will also be strengthened through the RTL app and with the introduction of vehicle monitoring and management solutions. A vehicle preventive maintenance regime will also be introduced to minimize road calls and vehicle down time.

To achieve greater customer satisfaction, we have also planned to implement real time bus arrival information at bus stops, conduct regular roads shows and information sessions to collect customer feedback, and introduce a mechanism to automate the passenger counting system on our fleet to improve the collection of commuter data.

## MARINE TRANSPORT DIVISION

The objective of the Marine Transport Division is to improve the mobility of the public by enabling a safe and reliable marine and land transport solution within the atolls. The most important task for the Marine Transport Division during the next three-year period will be the expansion of the Raajje Transport Link network to cover the whole of country. This is an initiative that will change the landscape of public ferry service in the Maldives. The expansion of the RTL network would enable public commuters to enjoy speed and luxury at affordable prices and would help boost the social and economic development of the country.

The strategic map of the Division has been designed to achieve this objective, while also ensuring that the current service portfolios are complemented in a manner to improve service levels, increase coverage, while ensure the comfort and safety of travellers.

Plans to achieve growth in the number of commuters on our services and increase revenue include conducting a detailed survey of the traveling needs of locals and tourists in various locations of Maldives. A series of activities will also be conducted to promote RTL and our public ferry services, along with bus services, through participation at boat shows and other similar events. Online ticketing and reservation platforms will also be enhanced and expanded to improve accessibility, and investments will be made in modern vessels and vehicles to improve the standard of service offered on our networks.

In line with the Company's strategic themes for the next three years, measures will also be taken to improve customer service. This includes the introduction of fare automation across all marine transport services by the end of 2023 and improving the infrastructure of existing terminals in the Greater Male Region. All our terminal facilities will also be redesigned to include nursing rooms and increase accessibility for the differently abled community.

The RTL marine transport service, introduced in 2021 is currently operational in the three northernmost atolls of the country and in Lhaviyani Atoll. We have planned to implement the second phase of the RTL ferry network before the end of 2023 and finalize the terms of agreement for the of the third phase of RTL ferry network during the year.

Some of the activities planned to enhance customer service in our networks include the expansion of online ticketing and reservation (AFC) system to all services, and the implementation of vessel tracking systems in vessels, and installation of display units at all terminals to indicate real time vessel arrivals and departures for the convenience of customers.



# AUDITED FINANCIAL STATEMENTS

IHC Beaver's latest model of cutter suction dredger Beaver B65 DDSP "Bodu Jarraafa" joined MTCC's dredging fleet in the year 2022. The first project conducted by Bodu Jarraafa was GA. Dhaandhoo Land Reclamation project.

## Independent auditor's report

To the Shareholders of Maldives Transport and Contracting Company PLC

### Report on the audit of the financial statements

#### Our opinion

In our opinion, 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") give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 December 2022;
- 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 significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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 Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T. U. Jayasinghe FCA

Resident Partner Jatindra Bhatray FCA

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#### 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.

The Company and Group:

Key audit matter	How our audit addressed the Key audit matter
<p><b>Construction contract revenue</b></p> <p>Refer to the significant accounting policy notes 2.12 and 2.23 to the financial statements.</p> <p>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.</p> <p>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 2,039,051,128 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>- We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process.</li> <li>- Checked the reliability of the budgeted costs by comparing the actual costs of selected contracts completed during the year with the respective budgets.</li> <li>- 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.</li> </ul> <p>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.</p>

Key audit matter	How our audit addressed the Key audit matter
<p><b>Impairment of trade receivables, receivables from related parties, contract assets and retention receivable</b></p>	
<p>Refer to significant accounting policy Note 2.10 (iv) and Note 3.1 to the financial statements.</p>	<p>Our audit procedures of this matter included the following:</p>
<p>As at 31 December 2022 the Group's trade receivables, receivables from related parties, contract assets and retention receivable amounted to MVR 1,124,595,238 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 74,392,891 as at 31 December 2022.</p>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<p>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.</p>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<p>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 behaviors and since the amount of impairment provision recognized in the financial statements is significant.</p>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
	<ul style="list-style-type: none"> <li>- We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referencing to the requirements of <i>IFRS 9, Financial instruments; recognition and measurement</i>, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision.</li> </ul> <p>Based on the work performed we found the methodologies and assumptions used by the management to calculate impairment provision to be appropriate.</p>

### Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2022 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditors' 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 auditors' 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 (IFRS) 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 financial statements of the Company and the consolidated financial statements of the Company and its subsidiary ("the Group"), management is responsible for assessing the Company's/ 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/ 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 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/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/ 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/Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the ethical requirements in accordance with IESBA 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Jatindra Bhatray.

MALE`

11 May 2023

For PRICEWATERHOUSECOOPERS

  
Jatindra Bhatray  
Partner


MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC  
Financial statements - 31 December 2022


Statement of financial position


(all amounts in Maldivian Rufiyaa unless otherwise stated)


Note	Group		Company		
	2022	2021	2022	2021	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	1,558,205,320	981,930,391	1,558,205,320	981,930,391
Investment properties	6.1	15,479,069	17,786,881	18,065,623	20,751,955
Right-of-use assets	6.2	98,532,252	84,538,116	98,532,252	84,538,116
Intangible assets	7	23,631,693	27,339,164	23,631,693	27,339,164
Investment in subsidiary	8.1	-	-	346,565	4,228,449
Financial assets at fair value through other comprehensive income	9	169,799,400	51,487,560	169,799,400	51,487,560
Deferred tax assets	10	72,266,110	78,856,017	72,266,110	78,856,017
Trade and other receivables	11	8,820,662	9,793,439	8,820,662	9,793,439
		<u>1,946,734,506</u>	<u>1,251,731,568</u>	<u>1,949,667,625</u>	<u>1,258,925,091</u>
<b>Current assets</b>					
Inventories	12	842,906,101	440,254,804	842,906,101	440,254,804
Trade and other receivables	11	1,220,170,933	1,072,839,601	1,222,921,572	1,071,096,917
Contract assets	11	334,814,048	331,167,352	334,814,048	331,167,352
Cash and cash equivalents	13	49,176,528	71,855,459	46,072,847	68,839,477
		<u>2,447,067,610</u>	<u>1,916,117,216</u>	<u>2,446,714,568</u>	<u>1,911,358,550</u>
<b>Total assets</b>		<b>4,393,802,116</b>	<b>3,167,848,784</b>	<b>4,396,382,193</b>	<b>3,170,283,641</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
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	142,298,584	41,733,520	142,298,584	41,733,520
Retained earnings		1,078,080,497	902,507,053	1,080,667,050	905,472,125
<b>Total equity</b>		<b>1,658,719,519</b>	<b>1,382,581,011</b>	<b>1,661,306,072</b>	<b>1,385,546,083</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	15	376,833,026	173,354,886	376,833,026	173,354,886
Shareholder loan	16	92,259,901	129,094,335	92,259,901	129,094,335
Trade payables	17	114,858,676	90,248,352	114,858,676	90,248,352
Lease liabilities	6.2	83,142,566	68,036,649	83,142,566	68,036,649
Employee retirement benefit	17	33,481,400	33,456,728	33,481,400	33,456,728
		<u>700,575,569</u>	<u>494,190,950</u>	<u>700,575,569</u>	<u>494,190,950</u>
<b>Current liabilities</b>					
Borrowings	15	223,732,273	123,947,833	223,732,273	123,947,833
Shareholder loan	16	185,084,434	148,250,000	185,084,434	148,250,000
Lease liabilities	6.2	25,443,271	25,389,222	25,443,271	25,389,222
Trade and other payables	17	1,421,912,185	887,166,236	1,421,905,709	886,570,324
Income tax payable	22	57,286,227	65,891,226	57,286,227	65,956,923
Contract liabilities	17	121,048,638	40,432,306	121,048,638	40,432,306
		<u>2,034,507,028</u>	<u>1,291,076,823</u>	<u>2,034,500,552</u>	<u>1,290,546,608</u>
<b>Total liabilities</b>		<b>2,735,082,597</b>	<b>1,785,267,773</b>	<b>2,735,076,121</b>	<b>1,784,737,558</b>
<b>Total equity and liabilities</b>		<b>4,393,802,116</b>	<b>3,167,848,784</b>	<b>4,396,382,193</b>	<b>3,170,283,641</b>

These financial statements were approved by the Board of Directors on 11 May 2023

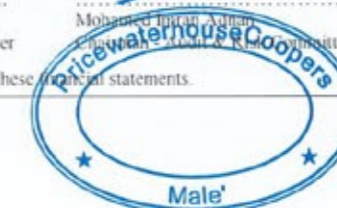
  
Waseem Akram  
Chief Financial Officer

  
Adam Azim  
Chief Executive Officer

  
Mohamed Ibrahim Ahmed  
Chairman - Audit & Risk Committee

  
Mohamed Faheem  
Chairman - Board of Directors

The notes on pages 13 to 77 are an integral part of these financial statements.



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**Statement of profit or loss**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December			
		2022	2021	2022	2021
Revenue from contracts with customers	5	2,470,510,879	1,966,983,267	2,470,510,879	1,966,983,267
Cost of sales	19	(2,177,682,581)	(1,570,004,197)	(2,177,682,581)	(1,570,004,197)
<b>Gross profit</b>		292,828,298	396,979,070	292,828,298	396,979,070
Other income	18	405,819,737	183,168,617	409,578,608	183,168,617
Selling and marketing expenses	19	(12,328,836)	(9,763,164)	(12,328,836)	(9,763,164)
Administrative expenses	19	(323,702,684)	(212,595,472)	(324,081,204)	(212,973,992)
Impairment loss on financial / contract assets	19	-	(4,498,500)	-	(4,236,793)
Other operating expenses	19	(38,453,892)	(34,038,060)	(42,212,762)	(34,299,767)
<b>Operating profit</b>		324,162,623	319,252,491	323,784,104	318,873,971
Finance income	21	10,910,055	1,169,828	10,910,055	1,169,828
Finance costs	21	(105,540,721)	(48,600,038)	(105,540,721)	(48,600,038)
<b>Profit before tax</b>		229,531,957	271,822,281	229,153,438	271,443,761
Tax expense	22	(33,432,580)	(40,137,198)	(33,432,580)	(40,137,198)
<b>Profit after tax for the year</b>		196,099,377	231,685,083	195,720,858	231,306,563
<b>Earnings per share</b>	23	24.40	28.82	24.35	28.78

The notes on pages 13 to 77 are an integral part of these financial statements.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**Statement of comprehensive income**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December			
		2022	2021	2022	2021
Profit after tax for the year		196,099,377	231,685,083	195,720,858	231,306,563
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Re-measurements of retirement benefit obligations	17	8,948,458	6,781,255	8,948,458	6,781,255
Changes in the fair value of equity investments at fair value through other comprehensive income	9	118,311,840	4,381,920	118,311,840	4,381,920
Related tax	10	(19,089,045)	(1,674,476)	(19,089,045)	(1,674,476)
<b>Other comprehensive income for the year, net of tax</b>		108,171,253	9,488,699	108,171,253	9,488,699
<b>Total comprehensive income for the year</b>		304,270,630	241,173,782	303,892,111	240,795,262

The notes on pages 13 to 77 are an integral part of these financial statements.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**  
**Financial statements - 31 December 2022**

**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
	40,188,745	173,151,693	225,000,000	38,008,888	689,171,150	1,165,520,476
Profit for the year	-	-	-	-	231,685,083	231,685,083
Other comprehensive income for the year	-	-	-	3,724,632	5,764,067	9,488,699
<b>Total comprehensive income for the year</b>	-	-	-	3,724,632	237,449,150	241,173,782
Dividend declared	-	-	-	-	(24,113,247)	(24,113,247)
	40,188,745	173,151,693	225,000,000	41,733,520	902,507,053	1,382,581,011
<b>Balance at 1 January 2021</b>	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
<b>Total comprehensive income for the year</b>	-	-	-	100,565,064	203,705,566	304,270,630
<b>Transactions with the owners</b>						
Dividend declared	-	-	-	-	(28,132,122)	(28,132,122)
	40,188,745	173,151,693	225,000,000	142,298,584	1,078,080,497	1,658,719,519
<b>Balance at 31 December 2022</b>	40,188,745	173,151,693	225,000,000	142,298,584	1,078,080,497	1,658,719,519

The notes on pages 13 to 77 are an integral part of these financial statements.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**  
**Financial statements - 31 December 2022**

**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
	40,188,745	173,151,693	225,000,000	38,008,888	692,514,742	1,168,864,068
Profit for the year	-	-	-	-	231,306,563	231,306,563
Other comprehensive income for the year	-	-	-	3,724,632	5,764,067	9,488,699
<b>Total comprehensive income for the year</b>	-	-	-	3,724,632	237,070,630	240,795,262
<b>Transactions with the owners</b>						
Dividend declared	-	-	-	-	(24,113,247)	(24,113,247)
	40,188,745	173,151,693	225,000,000	41,733,520	905,472,125	1,385,546,083
<b>Balance at 1 January 2021</b>	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
<b>Total comprehensive income for the year</b>	-	-	-	100,565,064	203,327,047	303,892,111
<b>Transactions with the owners</b>						
Dividend declared	-	-	-	-	(28,132,122)	(28,132,122)
	40,188,745	173,151,693	225,000,000	142,298,584	1,080,667,050	1,661,306,072
<b>Balance at 31 December 2022</b>	40,188,745	173,151,693	225,000,000	142,298,584	1,080,667,050	1,661,306,072

The notes on pages 13 to 77 are an integral part of these financial statements.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
**Financial statements - 31 December 2022**
**Statement of cash flows**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December		2022	2021
		2022	2021	2022	2021
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	673,340,858	345,215,410	673,318,856	343,095,403
Interest paid	21	(62,617,460)	(35,581,094)	(62,617,460)	(35,581,094)
Lease interest paid	21	(9,785,013)	(11,363,744)	(9,785,013)	(11,363,744)
Retirement benefits paid	17	(1,833,070)	(1,545,080)	(1,833,070)	(1,545,080)
Income tax paid	22	(54,536,717)	(18,039,003)	(54,602,414)	(17,987,023)
Net cash generated from operating activities		544,568,598	278,686,489	544,480,899	276,618,462
<b>Cash flows from investing activities</b>					
Investments in property, plant and equipment	6	(804,880,502)	(330,540,144)	(804,880,502)	(330,540,144)
Investments in intangible assets	7	(1,135,779)	(5,057,430)	(1,135,779)	(5,057,430)
Proceeds from sale of property, plant and equipment	24	347,455	1,280,913	347,455	1,280,913
Investment in associate	8.2	(16,275,500)	-	(16,275,500)	-
Interest received	21	10,910,055	1,169,828	10,910,055	1,169,828
Dividends received	18	10,516,608	8,982,936	10,516,608	8,982,936
Net cash used in investing activities		(800,517,663)	(324,163,897)	(800,517,663)	(324,163,897)
<b>Cash flows from financing activities</b>					
Repayments of borrowings		(110,095,752)	(82,579,644)	(110,095,752)	(82,579,644)
Proceeds from borrowings		427,498,866	91,610,175	427,498,866	91,610,175
Principal elements of leases payments	6.2	(26,696,734)	(27,596,223)	(26,696,734)	(27,596,223)
Dividends paid to the shareholders		(43,295,712)	(4,769,105)	(43,295,712)	(4,769,105)
Net cash generated from / (used in) financing activities		247,410,668	(23,334,797)	247,410,668	(23,334,797)
<b>Net decrease in cash, cash equivalents and bank overdraft</b>		(8,538,397)	(68,812,205)	(8,626,096)	(70,880,232)
Cash, cash equivalents and bank overdrafts at beginning of the year		50,307,709	119,119,914	47,291,727	118,171,959
<b>Cash, cash equivalents and bank overdrafts at end of the year</b>	13	41,769,312	50,307,709	38,665,631	47,291,727

The notes on pages 13 to 77 are an integral part of these financial statements.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
**Financial statements - 31 December 2022**
**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 Summary of significant 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:

- Property, plants and equipment : proceeds before intended Use – Amendments in IAS 16
- Onerous contracts- cost of fulfilling contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- 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:

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**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.

*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 and are initially recognised at cost.

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.

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.

**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).

**2.4 Foreign currency translation (continued)**

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:

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.5 Property, plant and equipment (continued)***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

*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).

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**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.

**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.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.9 Leases (continued)**

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.

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.

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**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.

*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.

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.10 Investments and other financial assets (continued)**

- 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.

**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.

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.12 Construction contracts (continued)**

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.

**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.

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.15 Employee benefits (continued)**

*(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.

**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.

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**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.

**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.

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**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.

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**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 22,494,371 (2021: MVR 14,844,623).

*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.

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**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 presumption 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 2022 are set out below:

	2023	2024	2025	2026	2027
<b>GDP growth</b>	6.10%	6.50%	5.60%	5.50%	5.60%

**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 2022 that would result from reasonably possible changes in the parameter from the actual assumption used in Group's economic variable assumption.

Group	GDP		
	-1% MVR	No change MVR	+1% MVR
Loss allowance as at 31 December 2022	70,270,234	70,270,233	69,975,551
Loss allowance as at 31 December 2021	92,638,349	90,344,291	88,714,767
<b>Company</b>			
Loss allowance as at 31 December 2022	59,177,993	59,177,992	58,883,310
Loss allowance as at 31 December 2021	85,309,142	83,015,084	81,385,560

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**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	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
Impairment loss on contract assets, trade and related party receivables	70,270,233	90,344,291	59,177,992	83,015,084
	<b>70,270,233</b>	<b>90,344,291</b>	<b>59,177,992</b>	<b>83,015,084</b>

**Impairment losses**

	Group		Company	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
- Movement in loss allowance for contract assets, trade and related party receivables	(20,074,058)	5,323,107	(23,837,092)	5,061,400
- Net impairment loss on contract assets, trade and related party receivables	<b>(20,074,058)</b>	<b>5,323,107</b>	<b>(23,837,092)</b>	<b>5,061,400</b>

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		Company	
	Carrying amount		Carrying amount	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
Trade receivables	153,433,988	193,800,090	142,341,747	182,615,697
Contract assets	334,814,048	331,167,352	334,814,048	331,167,352
Retention receivable from contracts	9,445,981	7,186,434	9,445,981	7,186,434
Receivables from related parties	626,901,221	551,434,203	629,651,860	554,039,384
Deposits	16,625,257	14,564,847	16,625,257	14,564,847
Other receivables	428,458,744	348,407,426	428,458,744	347,914,747
Prepayments	109,635,634	105,149,284	109,635,634	105,149,284
Less: Provision for receivables	(115,509,230)	(137,909,244)	(104,416,989)	(130,580,037)
Cash at bank	49,097,657	71,735,466	46,002,145	68,727,653
	<b>1,612,903,300</b>	<b>1,485,535,858</b>	<b>1,612,558,427</b>	<b>1,480,785,361</b>

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.



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2022

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

	Weighted average loss rate	Group	
		Gross carrying amount MVR	Loss allowance MVR
<b>As at 31 December 2022</b>			
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
		<b>135,631,888</b>	<b>37,956,255</b>
<b>As at 31 December 2021</b>			
Not past due	0.68%	126,440,698	864,045
61-180 days	18.65%	3,514,417	655,307
181-365 days	25.00%	4,606,823	1,151,706
More than 365 days	58.36%	58,811,814	34,321,207
		<b>193,373,752</b>	<b>36,992,265</b>

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.

	Weighted average loss rate	Company	
		Gross carrying amount MVR	Loss allowance MVR
<b>As at 31 December 2022</b>			
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
		<b>124,539,647</b>	<b>26,864,014</b>
<b>As at 31 December 2021</b>			
Not past due	0.68%	126,440,698	864,045
61-180 days	18.65%	3,514,417	655,307
181-365 days	25.00%	4,606,823	1,151,706
More than 365 days	56.67%	47,627,421	26,992,000
		<b>182,189,359</b>	<b>29,663,058</b>

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 2022.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2022

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

	Weighted average loss rate	Group	
		Gross carrying amount MVR	Loss allowance MVR
<b>As at 31 December 2022</b>			
1-60 days	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
		<b>843,932,676</b>	<b>32,313,979</b>
<b>As at 31 December 2021</b>			
1-60 days	0.33%	549,982,897	1,789,715
61-180 days	1.86%	133,440,799	2,482,803
181-365 days	26.00%	23,443,586	6,095,332
More than 365 days	39.62%	108,494,393	42,984,177
		<b>815,361,675</b>	<b>53,352,027</b>

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 2022.

	Weighted average loss rate	Company	
		Gross carrying amount MVR	Loss allowance MVR
<b>As at 31 December 2022</b>			
1-60 days	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
		<b>846,683,315</b>	<b>32,313,979</b>
<b>As at 31 December 2021</b>			
1-60 days	0.32%	552,588,078	1,789,715
61-180 days	1.86%	133,440,799	2,482,803
181-365 days	26.00%	23,443,586	6,095,332
More than 365 days	39.62%	108,494,393	42,984,177
		<b>817,966,856</b>	<b>53,352,027</b>

## 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 2017 to 2022.

## Notes to the financial statements (continued)

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**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 thereof.

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 :

	2023	2024	2025	2026	2027
<b>GDP growth</b>	6.10%	6.50%	5.60%	5.50%	5.60%

Economic variable assumptions used by the Company are as follows:

Stages	Forward looking adjustment factor
Stage 1	89%
Stage 2	94%

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**Notes to the financial statements (continued)**

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**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 2022 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 2022	4,122,373	4,122,657	4,122,941
Loss allowance as at 31 December 2021	2,569,537	2,568,637	2,567,737

**Impairment losses**

	Group		Company	
	2022	2021	2022	2021
	MVR	MVR	MVR	MVR
- Movement in loss allowance for tawmil taksit credit schemes	1,554,020	(824,607)	1,554,020	(824,607)
- Net impairment loss on tawmil taksit credit schemes	<b>1,554,020</b>	<b>(824,607)</b>	<b>1,554,020</b>	<b>(824,607)</b>

**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.

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**Notes to the financial statements (continued)**

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**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	
	12-month ECL	Life time ECL	Life time ECL	Total
<b>Receivables under tawmil taksit credit schemes</b>				
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	-	-
<b>Loss allowance at 31 December 2022</b>	<b>268,604</b>	<b>323,325</b>	<b>3,530,728</b>	<b>4,122,657</b>
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Life time ECL	Life time ECL	Total
<b>Receivables under tawmil taksit credit schemes</b>				
Loss allowance as at 1 January 2021	155,990	255,470	2,981,784	3,393,244
New financial assets originated	75,816	-	-	75,816
Financial assets settled during the year	(82,435)	(3,641)	(814,347)	(900,423)
Transfers:				
Transfer from Stage 1 to Stage 2	(30,112)	30,112	-	-
Transfer from Stage 3 to Stage 2	-	293,033	(293,033)	-
Other movements	136,316	(274,022)	137,706	-
<b>Loss allowance at 31 December 2021</b>	<b>255,575</b>	<b>300,952</b>	<b>2,012,110</b>	<b>2,568,637</b>

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**Notes to the financial statements (continued)**

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**3 Financial risk management (continued)**

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

Receivables under tawmil taksit credit schemes	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
<b>Gross carrying amount as at 1 January 2022</b>	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)
<i>Transfers:</i>				
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	-	-	-	-
<b>Gross carrying amount as at 31 December 2022</b>	<b>28,632,683</b>	<b>919,694</b>	<b>5,626,043</b>	<b>35,178,420</b>

Receivables under tawmil taksit credit schemes	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
<b>Gross carrying amount as at 1 January 2021</b>	32,460,880	5,216,184	5,296,800	42,973,864
New financial assets originated	22,156,875	-	1,789,499	23,946,374
Payments received from new financial assets during the year	(2,292,687)	-	-	(2,292,687)
Financial assets fully settled during the year	(7,069,461)	(417,741)	(242,957)	(7,730,159)
Financial assets partly settled during the year	(11,997,477)	(255,687)	(1,554,772)	(13,807,936)
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2	(59,952)	59,952	-	-
Transfer from Stage 2 to Stage 1	1,684,807	(1,684,807)	-	-
Transfer from Stage 2 to Stage 3	-	(327,449)	327,449	-
Transfer from Stage 3 to Stage 2	-	77,664	(77,664)	-
Other movements	1,281,028	(2,367,164)	1,086,136	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>36,164,013</b>	<b>300,952</b>	<b>6,624,491</b>	<b>43,089,456</b>

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**3 Financial risk management (continued)**

The closing loss allowances for the tawmil taksit credit schemes, as at 31 December 2022 reconciles to the opening loss allowances as follows:

	2022	2021
Opening loss allowance as at 1 January	2,568,637	3,393,244
Increase / (decrease) in loan loss allowance recognised in profit or loss during the year	1,554,020	(824,607)
At 31 December	<b>4,122,657</b>	<b>2,568,637</b>

**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 49,176,528 and MVR 46,072,847 respectively at 31 December 2022 (2021 : MVR 71,855,459 and MVR 68,839,477).

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 2022 and 2021 respectively.

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**Notes to the financial statements (continued)**

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**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.

Group 31 December 2022	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
<b>Non- derivative financial liabilities</b>				
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
	<u>2,443,765,101</u>	<u>1,872,254,284</u>	<u>718,222,000</u>	<u>112,373,991</u>

Group 31 December 2021	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
<b>Non- derivative financial liabilities</b>				
Bank overdrafts	21,547,750	21,547,750	-	-
Borrowings	275,754,969	102,029,550	193,301,807	495,625
Shareholder's loan	277,344,335	157,702,500	145,376,835	-
Trade and other payables	927,658,243	837,409,891	87,037,894	7,726,811
Lease liabilities	93,425,871	34,589,482	67,712,481	19,930,361
	<u>1,595,731,168</u>	<u>1,153,279,173</u>	<u>493,429,017</u>	<u>28,152,797</u>

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**Notes to the financial statements (continued)**

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**3 Financial risk management (continued)**

Company 31 December 2022	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
<b>Non- derivative financial liabilities</b>				
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
	<u>2,443,758,625</u>	<u>1,872,247,808</u>	<u>718,222,000</u>	<u>112,373,991</u>

Company 31 December 2021	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
<b>Non- derivative financial liabilities</b>				
Bank overdrafts	21,547,750	21,547,750	-	-
Borrowings	275,754,969	102,029,550	193,301,807	495,625
Shareholder's loan	277,344,335	157,702,500	145,376,835	-
Trade and other payables	927,062,331	836,813,979	87,037,894	7,726,811
Lease liabilities	93,425,871	34,589,482	67,712,481	19,930,361
	<u>1,595,135,256</u>	<u>1,152,683,261</u>	<u>493,429,017</u>	<u>28,152,797</u>

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:

	2022	2021
Expiring within one year (bank overdraft and TRDL facility)	63,451,020	72,267,376
Expiring beyond one year (bank loans)	24,380,707	11,086,813
	<u>87,831,728</u>	<u>83,354,188</u>

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.

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**Notes to the financial statements (continued)**

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**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	2022		2021	
	EUR	USD	EUR	USD
Trade receivables	-	3,490,152	-	4,763,857
Trade payables	-	(16,705,459)	-	(9,119,987)
Cash and cash equivalents	-	422,580	265	1,149,981
Borrowings	(2,106,456)	(26,646,042)	(1,341,163)	(14,402,860)
Net Statement of financial position exposure	(2,106,456)	(39,438,769)	(1,340,897)	(17,609,009)

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2022	2021	2022	2021
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	17.0560	18.2890	16.5158	17.5962

**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
	+ 5 %	(13,576,546)	(13,576,546)
2022	- 5 %	30,407,291	30,407,291
	+ 5 %	30,407,291	30,407,291

Group/Company	Change in EUR rate	Effect on profit before tax	Effect on pre-tax on equity
	+ 5 %	(1,179,968)	(1,179,968)
2022	- 5 %	1,739,490	1,739,490
	+ 5 %	(1,739,490)	(1,739,490)

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.

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**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	
	2022	2021
<b>Fixed-rate instruments</b>		
Financial assets	35,178,420	43,089,456
Financial liabilities (Note 15)	438,220,735	117,827,048
<b>Variable-rate instruments</b>		
Financial liabilities (Note 15)	162,344,564	179,475,671

**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		
2022	-100	1,534,887
	+100	(1,534,887)
Variable- rate instruments		
2021	-100	1,998,463
	+100	(1,998,463)

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:

	2022	% of total loans	2021	% of total loans
Variable rate borrowings	162,344,564	27.03%	179,475,671	60.37%
Fixed rate borrowings				
Less than 1 year	186,530,091	31.06%	65,412,068	22.00%
1 - 5 years	251,690,644	41.91%	52,414,980	17.63%
	600,565,299	100.00%	297,302,719	100.00%

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**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 3,395,988 after tax (2021 an increase/decrease of MVR 1,029,751 after tax).

**3 Financial risk management (continued)**

**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 2022 and as at 31 December 2021 were as follows:

	Group		Company	
	2022	2021	2022	2021
Net debt	709,151,136	390,728,590	709,151,136	390,728,590
Less: cash and cash equivalents	(49,176,528)	(71,855,459)	(46,072,847)	(68,839,477)
Net debt	659,974,608	318,873,131	663,078,289	321,889,113
Total equity	1,658,719,519	1,382,581,011	1,661,306,072	1,385,546,083
Total capital	2,318,694,127	1,701,454,142	2,324,384,361	1,707,435,196
Gearing ratio	28%	19%	29%	19%

The reason for increase in gearing ratio is mainly due to increase in borrowings and decrease in cash and cash equivalents 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 2022, tangible net worth was USD 118,805,186 (2021: USD 92,666,005) and maintained a total liabilities to tangible net worth ratio of 1.49:1.0 (2021: 1.25:1.0)

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**Financial statements - 31 December 2022**

**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 2022	FVOCI equity instruments	Carrying amount		Fair value				
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Investment in equity securities	9	169,799,400	-	169,799,400	169,799,400	-	-	169,799,400
		<b>169,799,400</b>	<b>-</b>	<b>169,799,400</b>	<b>169,799,400</b>	<b>-</b>	<b>-</b>	<b>169,799,400</b>
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	11	-	1,117,095,421	-	-	-	-	1,117,095,421
Cash and cash equivalents	13	-	49,176,528	-	-	-	-	49,176,528
		<b>-</b>	<b>1,166,271,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,166,271,949</b>
<b>Financial liabilities not measured at fair value</b>								
Borrowings	15	-	593,158,083	593,158,083	-	-	-	593,158,083
Shareholder's loan	16	-	277,344,335	277,344,335	-	-	-	277,344,335
Trade and other payables*	17	-	1,457,269,630	1,457,269,630	-	-	-	1,457,269,630
Bank overdrafts	15	-	7,407,216	7,407,216	-	-	-	7,407,216
Lease liabilities	6.2	-	108,585,837	108,585,837	-	-	-	108,585,837
		<b>-</b>	<b>2,443,765,101</b>	<b>2,443,765,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,443,765,101</b>

\*Other receivables and other payables that are not financial assets and liabilities are not included.

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**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 2021**

	FVOCI equity instruments	Carrying amount		Fair value				
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Investment in equity securities	9	51,487,560	-	51,487,560	51,487,560	-	-	51,487,560
		<b>51,487,560</b>	-	<b>51,487,560</b>	<b>51,487,560</b>	-	-	<b>51,487,560</b>
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	11	-	974,533,639	-	-	-	-	-
Cash and cash equivalents	13	-	71,855,459	-	-	-	-	-
		-	<b>1,046,389,098</b>	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Borrowings shareholder's loan	15	-	-	275,754,969	-	-	-	-
Trade and other payables*	16	-	-	277,344,335	-	-	-	-
Bank overdrafts	17	-	-	927,658,243	-	-	-	-
Lease liabilities	15	-	-	21,547,750	-	-	-	-
	6.2	-	-	93,425,871	-	-	-	-
		-	-	<b>1,595,731,168</b>	-	-	-	-

\*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.

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**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.

	FVOCI equity instruments	Carrying amount		Fair value				
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>								
<b>Financial assets measured at fair value</b>								
Investment in equity securities	9	169,799,400	-	169,799,400	169,799,400	-	-	169,799,400
		<b>169,799,400</b>	-	<b>169,799,400</b>	<b>169,799,400</b>	-	-	<b>169,799,400</b>
<b>Financial assets not measured at fair value</b>								
Trade and other receivables*	11	-	1,119,846,060	-	-	-	-	-
Cash and cash equivalents	13	-	46,072,847	-	-	-	-	-
		-	<b>1,165,918,907</b>	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>								
Borrowings shareholder's loan	15	-	-	593,158,083	-	-	-	-
Trade and other payables*	16	-	-	277,344,335	-	-	-	-
Bank overdrafts	17	-	-	1,457,263,154	-	-	-	-
Lease liabilities	15	-	-	7,407,216	-	-	-	-
	6.2	-	-	108,585,837	-	-	-	-
		-	-	<b>2,443,758,625</b>	-	-	-	-

\*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 2021

		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
<b>Financial assets measured at fair value</b>									
Investment in equity securities	9	51,487,560	-	-	51,487,560	51,487,560	-	-	51,487,560
		<b>51,487,560</b>	<b>-</b>	<b>-</b>	<b>51,487,560</b>	<b>51,487,560</b>	<b>-</b>	<b>-</b>	<b>51,487,560</b>
<b>Financial assets not measured at fair value</b>									
Trade and other receivables*	11	-	972,790,955	-	972,790,955	-	-	-	-
Cash and cash equivalents	13	-	68,839,477	-	68,839,477	-	-	-	-
		<b>-</b>	<b>1,041,630,432</b>	<b>-</b>	<b>1,041,630,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Borrowings	15	-	-	275,754,969	275,754,969	-	-	-	-
shareholder's loan	16	-	-	277,344,335	277,344,335	-	-	-	-
Trade and other payables*	17	-	-	927,062,331	927,062,331	-	-	-	-
Bank overdrafts	15	-	-	21,547,750	21,547,750	-	-	-	-
Lease liabilities	6.2	-	-	93,425,871	93,425,871	-	-	-	-
		<b>-</b>	<b>-</b>	<b>1,595,135,256</b>	<b>1,595,135,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*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 accounting - note 2.9
- 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

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**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.

Group / Company	Trading	Construction and Dredging	Transport	Others	Total
<b>31-Dec-22</b>					
Revenue	<b>297,469,843</b>	<b>2,039,051,128</b>	<b>109,513,879</b>	<b>24,476,029</b>	<b>2,470,510,879</b>
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
	<b>297,469,843</b>	<b>2,039,051,128</b>	<b>109,513,879</b>	<b>24,476,029</b>	<b>2,470,510,879</b>
<b>31-Dec-21</b>					
Revenue	<b>239,901,097</b>	<b>1,636,577,507</b>	<b>57,579,412</b>	<b>32,925,251</b>	<b>1,966,983,267</b>
Timing of revenue recognition					
- At a point in time	239,901,097	-	57,579,412	32,925,251	330,405,760
- over time	-	1,636,577,507	-	-	1,636,577,507
	<b>239,901,097</b>	<b>1,636,577,507</b>	<b>57,579,412</b>	<b>32,925,251</b>	<b>1,966,983,267</b>

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**6 Property, plant and equipment - Group**

	Land improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry assets	Capital work-in-progress	Total
<b>At 01 January 2021</b>								
Cost	123,013,324	1,329,928,565	36,668,994	67,110,983	273,766,310	49,913,900	6,631,891	1,887,033,967
Accumulated depreciation	(82,155,556)	(698,268,425)	(30,673,836)	(54,525,832)	(173,029,366)	(44,431,144)	-	(1,083,084,159)
Net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
<b>Year ended 31 December 2021</b>								
Opening net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
Additions	-	215,830,118	2,601,864	14,097,054	368,990	11,278,497	17,416,462	261,592,985
Transferred from capital work in progress	-	-	-	-	8,694,818	-	(8,694,818)	-
Transferred from MPL (Note 31)	14,430,812	-	-	311,617	6,810,971	356,733	-	68,947,159
Transferred from investment property - cost	13,375,278	-	-	-	-	-	-	13,375,278
Transferred from investment property - depreciation	(11,335,080)	-	-	-	-	-	-	(11,335,080)
Disposals - Cost	-	(10,470)	(2,213,792)	(629,378)	(20,107,195)	(177,034)	-	(23,137,869)
Disposals - Accumulated depreciation	-	10,470	2,213,792	621,832	20,107,195	177,034	-	23,130,323
Depreciation charge (Note 19)	(6,518,954)	(97,133,931)	(9,542,899)	(8,698,329)	(27,014,963)	(5,683,137)	-	(154,592,213)
Closing net book value	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	15,353,535	981,930,391
<b>At 31 December 2021</b>								
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)
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
<b>Year ended 31 December 2022</b>								
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
<b>At 31 December 2022</b>								
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)
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

Notes to the financial statements (continued)  
(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - Company

	Land improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry assets	Capital work-in-progress	Total
<b>At 01 January 2021</b>								
Cost	123,013,324	1,329,928,565	36,668,994	67,110,983	273,766,310	49,913,900	6,631,891	1,887,033,967
Accumulated depreciation	(82,155,556)	(698,268,425)	(30,673,836)	(54,525,832)	(173,029,366)	(44,431,144)	-	(1,083,084,159)
Net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
<b>Year ended 31 December 2021</b>								
Opening net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
Additions	-	215,830,118	2,601,864	14,097,054	368,990	11,278,497	17,416,462	261,592,985
Transferred from capital work in progress	14,430,812	-	47,037,026	311,617	8,694,818	-	(8,694,818)	68,947,159
Transferred from investment property - cost	13,375,278	-	-	-	-	-	-	13,375,278
Transferred from investment property - depreciation	(11,335,080)	-	-	-	-	-	-	(11,335,080)
Disposals - Cost	-	(10,470)	(2,213,792)	(629,378)	(20,107,195)	(177,034)	-	(23,137,869)
Disposals - Accumulated depreciation	-	10,470	2,213,792	621,832	20,107,195	177,034	-	23,130,323
Depreciation charge (Note 19)	(6,518,954)	(97,133,931)	(9,542,899)	(8,698,329)	(27,014,963)	(5,683,137)	-	(154,592,213)
Closing net book value	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	15,353,535	981,930,391
<b>At 31 December 2021</b>								
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)
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
<b>Year ended 31 December 2022</b>								
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	4,110,769	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	2,868,382	-	607,040	137,614	30,209,219	-	(38,020,915)	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 value	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
<b>At 31 December 2022</b>								
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)
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

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MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2022

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 4,389,794 (2021: 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 209,660,074 (2021: MVR 141,922,371) and administrative expenses amounting to MVR 18,459,224 (2021: MVR 12,669,842).

(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 lorries, mixer trucks) amounting to MVR 1,233,752,954. Mortgaged values are provided in (Note 15).

6.1 Investment properties

Non-current assets - at cost	Group		Company	
	2022	2021	2022	2021
<b>Cost</b>				
Opening balance	23,078,123	36,453,401	26,863,324	40,238,602
Transferred to PPE	-	(13,375,278)	-	(13,375,278)
Closing balance	<b>23,078,123</b>	<b>23,078,123</b>	<b>26,863,324</b>	<b>26,863,324</b>
<b>Depreciation</b>				
Opening balance	5,291,242	13,917,770	6,111,369	14,359,377
Transferred to PPE	-	(11,335,080)	-	(11,335,080)
Depreciation for the year	2,307,812	2,708,552	2,686,332	3,087,072
Closing balance	<b>7,599,054</b>	<b>5,291,242</b>	<b>8,797,701</b>	<b>6,111,369</b>
<b>Net book value</b>	<b>15,479,069</b>	<b>17,786,881</b>	<b>18,065,623</b>	<b>20,751,955</b>

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	
	2022	2021	2022	2021
Rental income from operating leases	14,137,157	13,325,874	14,137,157	13,325,874
Direct operating expenses for property that generated rental income	-	(1,266,187)	-	(1,266,187)

(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.

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**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	
	2022	2021	2022	2021
Within 1 year	13,918,322	4,937,157	13,918,322	4,937,157
Between 1 to 2 years	2,329,261	4,318,322	2,329,261	4,318,322
Between 2 to 3 years	-	1,929,261	-	1,929,261
	<b>16,247,583</b>	<b>11,184,740</b>	<b>16,247,583</b>	<b>11,184,740</b>

The fair value of the investment properties as of 31 December 2022 in accordance with the valuation made by the directors of the Company amounting to MVR 153,714,449. 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:

Right-of-use assets	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Lands	74,249,271	18,539,387	74,249,271	18,539,387
Building	12,765,487	13,085,912	12,765,487	13,085,912
Houses	212,736	598,043	212,736	598,043
Vessels	11,304,758	52,314,774	11,304,758	52,314,774
	<b>98,532,252</b>	<b>84,538,116</b>	<b>98,532,252</b>	<b>84,538,116</b>

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Opening balance	84,538,116	43,142,122	84,538,116	43,142,122
Add: new lease assets	57,864,641	68,814,603	57,864,641	68,814,603
Less: Lease derecognition	(15,209,450)	-	(15,209,450)	-
Depreciation charge of ROU (Note 19)	(28,661,055)	(27,418,609)	(28,661,055)	(27,418,609)
Closing balance	<b>98,532,252</b>	<b>84,538,116</b>	<b>98,532,252</b>	<b>84,538,116</b>

Lease liabilities	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Current	25,443,271	25,389,222	25,443,271	25,389,222
Non-current	83,142,566	68,036,649	83,142,566	68,036,649
	<b>108,585,837</b>	<b>93,425,871</b>	<b>108,585,837</b>	<b>93,425,871</b>

Movement in the lease liability during the year as follows:

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**6 Property, plant and equipment (continued)**

**6.2 Leases (continued)**

	Group		Company	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Opening balance	93,425,871	52,207,491	93,425,871	52,207,491
Add: New lease liabilities recognised	57,864,641	68,814,603	57,864,641	68,814,603
Add: Accrued interest (Note 21)	9,785,013	11,363,744	9,785,013	11,363,744
Less: Interest paid	(9,785,013)	(11,363,744)	(9,785,013)	(11,363,744)
Less: Lease derecognition	(16,007,941)	-	(16,007,941)	-
Less: Principal elements of leases paid	(26,696,734)	(27,596,223)	(26,696,734)	(27,596,223)
Closing balance	<b>108,585,837</b>	<b>93,425,871</b>	<b>108,585,837</b>	<b>93,425,871</b>

**(ii) Amounts recognised in the statement of profit or loss**

**Depreciation charge of right-of-use assets (Note 19)**

Lands	(3,492,112)	(6,015,755)	(3,492,112)	(6,015,755)
Building	(1,869,426)	(1,602,357)	(1,869,426)	(1,602,357)
Houses	(1,448,985)	(2,424,479)	(1,448,985)	(2,424,479)
Vessels	(21,850,532)	(17,376,018)	(21,850,532)	(17,376,018)
	<b>(28,661,055)</b>	<b>(27,418,609)</b>	<b>(28,661,055)</b>	<b>(27,418,609)</b>

Expense relating to short-term leases of the group included in cost of goods sold amounting to MVR 114,496,303 (2021: MVR 84,059,679) and administrative expenses amounting to MVR 11,003,732 (2021: MVR 10,034,897).

Interest expense included in finance costs (Note 21)	(9,785,013)	(11,363,744)	(9,785,013)	(11,363,744)
	<b>(9,785,013)</b>	<b>(11,363,744)</b>	<b>(9,785,013)</b>	<b>(11,363,744)</b>

The total cash outflow for leases in 2022 was MVR 36,481,747 (2021: MVR 38,959,967) and prepaid leases related to 2022 was MVR 147,863 (2021: MVR 246,432).

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**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**7 Intangible assets**

At 01 January	Group		Company	
	2022	2021	2022	2021
Opening net book amount	27,339,164	26,140,072	27,339,164	26,140,072
Additions	1,135,779	3,460,109	1,135,779	3,460,109
Transferred from MPL (Note 31)	-	1,597,321	-	1,597,321
Amortization charge (Note 19)	(4,843,250)	(3,858,338)	(4,843,250)	(3,858,338)
Closing net book amount	<u>23,631,693</u>	<u>27,339,164</u>	<u>23,631,693</u>	<u>27,339,164</u>
Cost	36,844,218	35,708,439	36,839,426	35,703,647
Amortization charge	(13,212,525)	(8,369,275)	(13,207,733)	(8,364,483)
Net book amount	<u>23,631,693</u>	<u>27,339,164</u>	<u>23,631,693</u>	<u>27,339,164</u>

Intangible assets include Enterprise Resource Plan (ERP) software with a carrying value of MVR 17,742,684 with a remaining amortisation period of 7 years.

**8 Investment in subsidiary and associate**

**8.1 Investment in subsidiary**

Maldives Real Estate Investment Corporation Private Limited (MREIC)	Group		Company	
	2022	2021	2022	2021
	-	-	346,565	4,228,449
Opening balance	-	-	4,228,449	5,148,840
Less: Provision for impairment (Note 19)	-	-	(3,881,884)	(920,391)
Closing balance	<u>-</u>	<u>-</u>	<u>346,565</u>	<u>4,228,449</u>

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.

As per the decision taken by the shareholders on 23 July 2020, it has been decided to liquidate the Company. The financial statements of the subsidiary have been prepared other than a going concern basis of accounting reflecting the cessation of the operations of the Company based on a decision made by the shareholders.

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 the management has made a provision for impairment amounting to MVR 3,882,071 (2021: MVR 920,391) over the investments considering the cessation of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2022. 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.

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**8.2 Investment in associate**

	Group		Company	
	2022	2021	2022	2021
Opening balance	-	-	-	-
Acquisition of new shares	16,275,500	-	16,275,500	-
Provision for impairment	(16,275,500)	-	(16,275,500)	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the year 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 2022 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**

Shares in Bank of Maldives Plc	Group		Company	
	2022	2021	2022	2021
	169,799,400	51,487,560	169,799,400	51,487,560
At the end of the year	<u>169,799,400</u>	<u>51,487,560</u>	<u>169,799,400</u>	<u>51,487,560</u>

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;

As at 31 December 2022	Movement		
	Opening balance	during the year	Closing balance
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
As at 31 December 2021			
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	47,105,640	4,381,920	51,487,560

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**10 Deferred tax asset**

	Group		Company	
	2022	2021	2022	2021
Balance as at 1 January	78,856,017	69,236,294	78,856,017	69,236,294
Amounts recognized in profit and loss	12,499,138	11,294,199	12,499,138	11,294,199
Amounts recognized in OCI				
- Financial assets at FVOCI	(17,746,776)	(657,288)	(17,746,776)	(657,288)
- Effect on employee retirement benefit	(1,342,269)	(1,017,188)	(1,342,269)	(1,017,188)
Balance as at 31 December	72,266,110	78,856,017	72,266,110	78,856,017

**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

**Deferred tax asset as at 31 December 2021**

	Group		Company	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Property, plant and equipment	427,258,774	64,088,816	427,258,774	64,088,816
Provisions and impairments	115,471,169	17,320,675	115,471,169	17,320,675
Financial assets at FVOCI	(49,098,258)	(7,364,739)	(49,098,258)	(7,364,739)
Employee retirement benefit	32,075,102	4,811,265	32,075,102	4,811,265
	525,706,787	78,856,017	525,706,787	78,856,017

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**11 Contract assets, trade and other receivables**

	Group		Company	
	2022	2021	2022	2021
<b>Financial assets</b>				
Trade receivables	153,433,988	193,800,090	142,341,747	182,615,697
Retention receivable from contracts	9,445,981	7,186,434	9,445,981	7,186,434
Less: provision for impairment of trade receivables	(42,069,186)	(37,802,157)	(30,976,945)	(30,472,950)
Trade receivables, retention and contract assets	120,810,783	163,184,367	120,810,783	159,329,181
Deposits	16,625,257	14,564,847	16,625,257	14,564,847
Other receivables	384,789,572	298,411,514	384,789,572	297,918,835
Receivables from related parties [Note 28 (ii)]	626,901,221	551,434,203	629,651,860	554,039,384
Less: provision for impairment of related party receivables	(32,031,412)	(53,061,292)	(32,031,412)	(53,061,292)
Balance C/F	1,117,095,421	974,533,639	1,119,846,060	972,790,955
<b>Non-financial assets</b>				
Other receivables	43,669,172	49,995,912	43,669,172	49,995,912
Contract assets	334,814,048	331,167,352	334,814,048	331,167,352
Prepayments	109,635,634	105,149,284	109,635,634	105,149,284
Less : Provision for impairment of contract assets	(292,293)	(2,049,479)	(292,293)	(2,049,479)
Less : Provision for impairment of other receivables	(41,116,339)	(44,996,316)	(41,116,339)	(44,996,316)
	446,710,222	439,266,753	446,710,222	439,266,753
	1,563,805,643	1,413,800,392	1,566,556,282	1,412,057,708
<i>Classified as:</i>				
<b>Trade and other receivables</b>				
- Non-current	8,820,662	9,793,439	8,820,662	9,793,439
- Current	1,220,170,933	1,072,839,601	1,222,921,572	1,071,096,917
<b>Contract assets</b>	334,814,048	331,167,352	334,814,048	331,167,352
	1,563,805,643	1,413,800,392	1,566,556,282	1,412,057,708

Group's prepayments and deposits mainly consist of supplier prepayments of MVR 64,706,407 (2021: MVR 61,293,187), prepaid LC payments of MVR 29,003,251 (2021: MVR 32,351,898), prepaid insurance MVR 12,471,440 (2021: MVR 6,572,692) and refundable deposits of MVR 16,625,257 (2021: MVR 14,564,847).

Group's other receivables (financial assets) mainly consist of subsidy income of MVR 346,715,481 (2021: MVR 234,659,600), LC margin of MVR 35,254,157 (2021: MVR 62,563,716) and other receivables (non-financial assets) consist of input tax of MVR 6,043,310 (2021: MVR 538,799), advance paid to suppliers MVR 28,919,927 (2021: MVR 44,976,496) and cash advance of MVR 8,706,025 (2021: MVR 4,263,775).

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**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 69,515,633 (2021: MVR 86,810,430), contract assets amounting to MVR 292,294 (2021: MVR 2,049,479), retention receivables amounting to MVR 462,307 (2021: MVR 1,484,382), provision for tawmil taksit credit scheme amounting to MVR 4,122,657 (2021: MVR 2,568,637) and provision for other receivables and deposits amounting to MVR 41,116,339 (2021: MVR 44,996,316). 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	
	2022	2021	2022	2021
Opening balance	137,909,244	116,199,001	130,580,037	109,131,501
Amounts written-off during the year	-	(8,400,884)	-	(8,400,884)
Provisions (reversed) / made during the year	(22,400,015)	30,111,127	(26,163,049)	29,849,420
Closing balance	115,509,229	137,909,244	104,416,988	130,580,037

	Group		Company	
	2022	2021	2022	2021
Provision for impairment of trade receivables	37,946,528	35,233,520	26,854,287	27,904,313
Provision for impairment of related party receivables	32,031,412	53,061,292	32,031,412	53,061,292
Provision for impairment of contract assets	292,293	2,049,479	292,293	2,049,479
Provision for tawmil taksit credit scheme	4,122,657	2,568,637	4,122,657	2,568,637
Provision for other receivables and deposits	41,116,339	44,996,316	41,116,339	44,996,316
	115,509,229	137,909,244	104,416,988	130,580,037

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 31,414,640 (2021: MVR 37,624,142) net of deferred profit of MVR 3,763,780 (2021: MVR 5,465,314), the movement of the scheme is as follows:

	Group		Company	
	2022	2021	2022	2021
At the beginning of the year	43,089,456	42,973,864	43,089,456	42,973,864
- Sales made during the year	16,091,988	23,705,081	16,091,988	23,705,081
- Payments received during the year	(24,003,024)	(23,589,489)	(24,003,024)	(23,589,489)
At the end of the year	35,178,420	43,089,456	35,178,420	43,089,456
Less : deferred tawmil taksit profit	(3,763,780)	(5,465,314)	(3,763,780)	(5,465,314)
	31,414,640	37,624,142	31,414,640	37,624,142

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**11 Contract assets, trade and other receivables (continued)**

	Group		Company	
	2022	2021	2022	2021
Maturity of the tawmil taksit scheme:				
Below 1 year	22,593,978	27,830,703	22,593,978	27,830,703
Between 1 to 2 years	8,820,662	9,793,439	8,820,662	9,793,439
	31,414,640	37,624,142	31,414,640	37,624,142

**12 Inventories**

	Group		Company	
	2022	2021	2022	2021
Work in progress - projects	82,237,330	70,288,500	82,237,330	70,288,500
Materials - contracting department	444,015,835	168,321,127	444,015,835	168,321,127
Lubricants, paints and materials	41,603,596	36,708,616	41,603,596	36,708,616
Engines, generators and spare parts	132,626,772	107,203,467	132,626,772	107,203,467
Consumables	190,191,614	94,357,688	190,191,614	94,357,688
Provision for non moving items	(47,769,046)	(36,624,594)	(47,769,046)	(36,624,594)
	842,906,101	440,254,804	842,906,101	440,254,804

**13 Cash and cash equivalents**

	Group		Company	
	2022	2021	2022	2021
Cash in hand	78,871	119,993	70,702	111,824
Cash at bank	49,097,657	71,735,466	46,002,145	68,727,653
Cash at bank and in hand	49,176,528	71,855,459	46,072,847	68,839,477

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:

	2022	2021	2022	2021
Cash and cash equivalents	49,176,528	71,855,459	46,072,847	68,839,477
Bank overdrafts (Note 15)	(7,407,216)	(21,547,750)	(7,407,216)	(21,547,750)
	41,769,312	50,307,709	38,665,631	47,291,727

**14 Share capital and reserves**
**a) Share capital and share premium**

	Number of shares	Amount MVR
At 1 January 2021	8,037,749	40,188,745
At 31 December 2021	8,037,749	40,188,745
<b>At 31 December 2022</b>	<b>8,037,749</b>	<b>40,188,745</b>

The total authorized number of ordinary shares are 25,000,000 shares (2021: 25,000,000 shares) with a par value of MVR 5.00 per share (2021: MVR 5.00 per share). All the issued shares are fully paid.

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**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	
	2022	2021	2022	2021
<b>Non-current</b>				
Bank and other borrowings	376,833,026	173,354,886	376,833,026	173,354,886
<b>Current</b>				
Bank overdrafts (Note 13)	7,407,216	21,547,750	7,407,216	21,547,750
Bank and other borrowings	216,325,057	102,400,083	216,325,057	102,400,083
	<u>223,732,273</u>	<u>123,947,833</u>	<u>223,732,273</u>	<u>123,947,833</u>
<b>Total borrowings</b>	<u>600,565,299</u>	<u>297,302,719</u>	<u>600,565,299</u>	<u>297,302,719</u>

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), Jarraafa 4 (MVR 33,537,072) and Jarraafa 3 (19,654,714)) machineries (excavators (MVR 93,515,057), wheel loaders (MVR 11,046,708) bulldozers (MVR 12,184,331), crane (MVR 23,302,727) crane lorry (MVR 3,438,332), Dump Truck (MVR 30,008,187), mixer truck (MVR 4,423,400)) and vehicles ((Bus MVR 108,806,752), Pickup (MVR 5,800,719)), and others (MVR 5,271,018).

Maturity of non-current borrowings:	Group		Company	
	2022	2021	2022	2021
Between 1 to 2 years	284,490,336	86,037,433	284,490,336	86,037,433
Between 3 to 5 years	92,342,690	87,317,453	92,342,690	87,317,453
	<u>376,833,026</u>	<u>173,354,886</u>	<u>376,833,026</u>	<u>173,354,886</u>

The interest rate exposure of the borrowings of the Group / Company is as follows :

- at floating rate	162,344,564	179,475,671	162,344,564	179,475,671
- at fixed rates	438,220,735	117,827,048	438,220,735	117,827,048
	<u>600,565,299</u>	<u>297,302,719</u>	<u>600,565,299</u>	<u>297,302,719</u>

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

**16 Shareholder loan**

	Group		Company	
	2022	2021	2022	2021
Loans from a shareholder (Note 28 v)	277,344,335	277,344,335	277,344,335	277,344,335
<b>Classified as :</b>				
Non-current	92,259,901	129,094,335	92,259,901	129,094,335
Current	185,084,434	148,250,000	185,084,434	148,250,000
	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>

Terms and conditions of loans are set out in Note 28.

**17 Contract liabilities, trade and other payables**

	Group		Company	
	2022	2021	2022	2021
Trade payables	740,596,149	411,032,918	740,596,149	411,032,918
Accrued expenses	32,033,424	17,533,568	32,033,424	17,533,568
Payables to related parties (Note 28 iii)	546,609,121	347,397,930	546,609,121	347,397,930
Contract liabilities	121,048,638	40,432,306	121,048,638	40,432,306
Employee retirement benefit - Note 17(a)	33,481,400	33,456,728	33,481,400	33,456,728
Payable for acquisition of land	36,000,000	36,000,000	36,000,000	36,000,000
Payable for acquisition of MPL Assets	21,353,296	20,972,772	21,353,296	20,972,772
Other payables	160,178,871	144,477,400	160,172,395	143,881,488
	<u>1,691,300,899</u>	<u>1,051,303,622</u>	<u>1,691,294,423</u>	<u>1,050,707,710</u>
<b>Classified as:</b>				
<b>Non-current</b>				
Trade and other payables	114,858,676	90,248,352	114,858,676	90,248,352
Employee retirement benefit	33,481,400	33,456,728	33,481,400	33,456,728
	<u>148,340,076</u>	<u>123,705,080</u>	<u>148,340,076</u>	<u>123,705,080</u>
<b>Current</b>				
Trade and other payables	1,421,912,185	887,166,236	1,421,905,709	886,570,324
Contract liabilities	121,048,638	40,432,306	121,048,638	40,432,306
	<u>1,542,960,823</u>	<u>927,598,542</u>	<u>1,542,954,347</u>	<u>927,002,630</u>

Other payables of the Group consist of unpaid dividend amounting to MVR 57,926,383 (2021: MVR 73,089,973), GST payable amounting to MVR 51,991,364 (2021: MVR 16,393,534), advance received from customers amounting to MVR 29,050,596 (2021: MVR 34,903,541), retention payable MVR 2,428,928 (2021: MVR 2,171,184), refundable deposits MVR 6,675,161 (2021: MVR 6,267,861), provision for defects amounting to MVR 2,091,557 (2021: MVR 2,116,430) and miscellaneous payable amounting to MVR 10,014,882 (2021: MVR 9,534,878).

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.



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**Financial statements - 31 December 2022**

**Notes to the financial statements (continued)**

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**17 Contract liabilities, trade and other payables (continued)**

a) Employee retirement benefit	Group		Company	
	2022	2021	2022	2021
Opening balance	33,456,728	30,474,704	33,456,728	30,474,704
Current service cost	9,267,191	9,342,558	9,267,191	9,342,558
Transferred employees from Maldives Ports Ltd [Note 31]	-	563,965	-	563,965
Interest cost	1,539,009	1,401,836	1,539,009	1,401,836
Actuarial gain	(8,948,458)	(6,781,255)	(8,948,458)	(6,781,255)
	<u>35,314,470</u>	<u>35,001,808</u>	<u>35,314,470</u>	<u>35,001,808</u>
Less: payments during the year	(1,833,070)	(1,545,080)	(1,833,070)	(1,545,080)
Closing balance	<u>33,481,400</u>	<u>33,456,728</u>	<u>33,481,400</u>	<u>33,456,728</u>

Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of retirement benefit obligation:

	Group		Company	
	2022	2021	2022	2021
<b>Amount recognized in profit or loss (Note 20)</b>				
Current service cost	9,267,191	9,342,558	9,267,191	9,342,558
Interest cost	1,539,009	1,401,836	1,539,009	1,401,836
	<u>10,806,200</u>	<u>10,744,394</u>	<u>10,806,200</u>	<u>10,744,394</u>

**Amount recognized in other comprehensive income**

Actuarial loss due to changes in assumptions	(4,006,641)	(581,641)	(4,006,641)	(581,641)
Actuarial gain due to changes in experience	(4,941,817)	(6,199,614)	(4,941,817)	(6,199,614)
Actuarial gain	<u>(8,948,458)</u>	<u>(6,781,255)</u>	<u>(8,948,458)</u>	<u>(6,781,255)</u>

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2022 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

	Group		Company	
	2022	2021	2022	2021
Expected salary inflation	1% from 2023	1% from 2022	1% from 2023	1% from 2022
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	15% - 31% - Age 55	11% - 28% - Age 55	15% - 31% - Age 55	11% - 28% - Age 55
Disability / illness rate	10% - Age 67-70	10% - Age 67-70	10% - Age 67-70	10% - Age 67-70

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**Financial statements - 31 December 2022**

**Notes to the financial statements (continued)**

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**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			
	2022 Liability	Change	2021 Liability	Change
1% increase in salary inflation rate	34,156,536	675,136	34,379,276	922,548
1% decrease in salary inflation rate	32,886,010	(595,390)	32,660,747	(795,981)
1% increase in discount rate	31,463,649	(2,017,751)	30,880,718	(2,576,010)
1% decrease in discount rate	35,760,942	2,279,542	36,444,801	2,988,073
1% increase in staff turnover rate	32,869,158	(612,242)	32,627,274	(829,454)
1% decrease in staff turnover rate	34,145,755	664,355	34,351,279	894,551

**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 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	-	-	-
<b>Total</b>	<b>4,012</b>	<b>5.14</b>	<b>33,481,400</b>

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2022

**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 2021*

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	16	0.54	551,835
Between 1-2 years	9	1.46	180,763
Between 2-5 years	181	3.43	6,756,128
Between 5-10 years	2,924	6.90	25,968,002
Beyond 10 years	-	-	-
<b>Total</b>	<b>3,130</b>	<b>6.65</b>	<b>33,456,728</b>

**Analysis of duration of service**

The analysis was performed based on the duration of service by each individual employee.

*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	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
<b>Total</b>	<b>4,012</b>	<b>33,481,400</b>	<b>9,267,191</b>

*Group as at 31 December 2021*

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,269	-	-
Between 1-4 years	795	1,001,641	753,120
Between 5-9 years	592	2,595,946	1,228,704
Between 10-14 years	259	5,131,514	1,483,890
Between 15-19 years	203	21,354,093	5,847,993
20 years and above	12	3,373,535	592,816
<b>Total</b>	<b>3,130</b>	<b>33,456,728</b>	<b>9,906,522</b>

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2022

**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 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
<b>Total</b>	<b>4,012</b>	<b>33,481,400</b>	<b>9,267,191</b>

*Company as at 31 December 2021*

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,269	-	-
Between 1-4 years	795	1,001,641	753,120
Between 5-9 years	592	2,595,946	1,228,704
Between 10-14 years	259	5,131,514	1,483,890
Between 15-19 years	203	21,354,093	5,847,993
20 years and above	12	3,373,535	592,816
<b>Total</b>	<b>3,130</b>	<b>33,456,728</b>	<b>9,906,522</b>

**b) Assets and liabilities related to contracts with customers**

	Group		Company	
	2022	2021	2022	2021
Current contract assets relating to construction contracts	334,814,048	331,167,352	334,814,048	331,167,352
Less: loss allowance	(292,293)	(2,049,479)	(292,293)	(2,049,479)
<b>Total contract assets</b>	<b>334,521,755</b>	<b>329,117,873</b>	<b>334,521,755</b>	<b>329,117,873</b>
Current contract liabilities relating to construction contracts	121,048,638	40,432,306	121,048,638	40,432,306
<b>Total current contract liabilities</b>	<b>121,048,638</b>	<b>40,432,306</b>	<b>121,048,638</b>	<b>40,432,306</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period	37,956,765	85,414,683	37,956,765	85,414,683

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
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**Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**18 Other income**

	Group		Company	
	2022	2021	2022	2021
Other income	5,226,100	7,117,508	5,221,937	7,117,508
Dividend income	10,516,608	8,982,936	10,516,608	8,982,936
Rent income	17,175,604	17,470,039	17,175,604	17,470,039
Government subsidy	346,180,912	144,448,835	346,180,912	144,448,835
Tawmil taksit profit	3,949,458	3,868,634	3,949,458	3,868,634
Profit on sale of property, plant and equipment	346,167	1,280,665	346,167	1,280,665
Reversal of impairment loss on other receivables	116,943	-	3,879,977	-
Reversal of impairment loss on financial and contract assets	22,283,072	-	22,283,072	-
Reversal of provision for defects liability	24,873	-	24,873	-
	<u>405,819,737</u>	<u>183,168,617</u>	<u>409,578,608</u>	<u>183,168,617</u>

The Government of Maldives has granted a subsidy of MVR 346,180,912 (2021: MVR 144,448,835) 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	
	2022	2021	2022	2021
Depreciation - PPE (Note 6)	228,119,298	154,592,213	228,119,298	154,592,213
Depreciation - Investment property (Note 6.1)	2,307,812	2,708,552	2,686,332	3,087,072
Depreciation charge of right-of-use assets (Note 6.2)	28,661,055	27,418,609	28,661,055	27,418,609
Amortization of intangible assets (Note 7)	4,843,250	3,858,338	4,843,250	3,858,338
Employee benefit expense (Note 20)	605,771,711	430,020,302	605,771,711	430,020,302
Materials and consumables	1,268,906,887	891,768,862	1,268,906,887	891,768,862
Director fees	1,142,000	1,296,500	1,142,000	1,296,500
Lease rent and hiring expenses	125,500,035	94,094,576	125,500,035	94,094,576
Sub contract expenses	14,303,329	8,385,669	14,303,329	8,385,669
Repairs and maintenance	29,057,536	49,248,074	29,057,536	49,248,074
Transportation, travel and inspection	30,722,823	17,405,337	30,722,823	17,405,337
Utilities and communication expense	69,190,424	48,764,988	69,190,424	48,763,001
Accounting and professional charges	3,669,332	1,647,395	3,669,332	1,632,303
Consultation, legal and service charges	7,361,097	5,272,124	7,361,097	5,272,124
Bank charges	19,244,110	10,070,391	19,244,110	10,066,807
Advertising, promotion and marketing	12,328,836	9,763,164	12,328,836	9,763,164
Training expenses	13,298,677	6,755,205	13,298,677	6,755,205
License and registration fees	4,489,362	2,929,106	4,489,362	2,929,106
Printing and stationery	7,112,542	4,904,008	7,112,542	4,904,008
Security charges	410,390	151,885	410,390	151,885
Loss on sale of assets	484,987	7,298	484,987	7,298
Balance c/f	<u>2,476,925,493</u>	<u>1,771,062,596</u>	<u>2,477,304,013</u>	<u>1,771,420,453</u>

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
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**Notes to the financial statements (continued)**

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**19 Expenses (continued)**

	Group		Company	
	2022	2021	2022	2021
Balance b/f	2,476,925,493	1,771,062,596	2,477,304,013	1,771,420,453
Provision for defects liability	-	642,200	-	642,200
Provision for obsolete inventory	11,144,452	3,249,594	11,144,452	3,249,594
Provision for impairment of investments in subsidiary (Note 8.1)	-	-	3,881,884	920,391
Provision for impairment of investments in associate (Note 8.2)	16,275,500	-	16,275,500	-
Impairment loss on financial and contract assets	-	4,498,500	-	4,236,793
Impairment loss on other receivables	-	25,612,627	-	25,612,627
Other expenses	47,822,548	25,833,876	47,699,534	25,195,855
Total	<u>2,552,167,993</u>	<u>1,830,899,393</u>	<u>2,556,305,383</u>	<u>1,831,277,913</u>
<b>Classified as:</b>				
- cost of sales	2,177,682,581	1,570,004,197	2,177,682,581	1,570,004,197
- selling and marketing expenses	12,328,836	9,763,164	12,328,836	9,763,164
- administrative expenses	323,702,684	212,595,472	324,081,204	212,973,992
- other operating expenses	38,453,892	34,038,060	42,212,762	34,299,767
- Impairment loss on financial and contract assets	-	4,498,500	-	4,236,793
	<u>2,552,167,993</u>	<u>1,830,899,393</u>	<u>2,556,305,383</u>	<u>1,831,277,913</u>

**20 Employee benefit expense**

	Group		Company	
	2022	2021	2022	2021
Wage and salaries	358,964,966	248,855,385	358,964,966	248,855,385
Other allowance	189,224,279	139,260,551	189,224,279	139,260,551
Pension contribution	12,594,261	8,896,962	12,594,261	8,896,962
Staff food allowance	18,303,483	14,230,020	18,303,483	14,230,020
Staff medical expenses	1,022,740	504,880	1,022,740	504,880
Retirement benefit (Note 17)	10,806,200	10,744,394	10,806,200	10,744,394
Visa fees	8,831,009	6,103,749	8,831,009	6,103,749
Staff welfare	6,024,773	1,424,361	6,024,773	1,424,361
	<u>605,771,711</u>	<u>430,020,302</u>	<u>605,771,711</u>	<u>430,020,302</u>

**21 Finance costs (net)**

	Group		Company	
	2022	2021	2022	2021
Finance cost				
- Interest expense on leases	9,785,013	11,363,744	9,785,013	11,363,744
- Interest expense on other payables	7,396,825	2,843,524	7,396,825	2,843,524
- Interest expense on borrowings	60,091,807	34,462,437	60,091,807	34,462,437
- Interest expense on bank overdraft	2,525,653	1,118,657	2,525,653	1,118,657
- Net foreign exchange loss / (gain)	25,741,423	(1,188,324)	25,741,423	(1,188,324)
	<u>105,540,721</u>	<u>48,600,038</u>	<u>105,540,721</u>	<u>48,600,038</u>

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
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**21 Finance costs (net) - continued**

	Group		Company	
	2022	2021	2022	2021
Finance income				
- Interest income from projects under financing	(10,462,833)	(169,828)	(10,462,833)	(169,828)
- Interest income	(447,222)	(1,000,000)	(447,222)	(1,000,000)
	<u>(10,910,055)</u>	<u>(1,169,828)</u>	<u>(10,910,055)</u>	<u>(1,169,828)</u>
Net finance costs	<u>94,630,666</u>	<u>47,430,210</u>	<u>94,630,666</u>	<u>47,430,210</u>

**22 Tax expense**

	Group		Company	
	2022	2021	2022	2021
Current tax expense	45,931,718	51,431,397	45,931,718	51,431,397
Deferred tax (Note 10)	(12,499,138)	(11,294,199)	(12,499,138)	(11,294,199)
	<u>33,432,580</u>	<u>40,137,198</u>	<u>33,432,580</u>	<u>40,137,198</u>

Reconciliations between income tax expenses and the accounting profit :

	Group		Company	
	2022	2021	2022	2021
<b>Profit before tax</b>	229,531,957	271,822,281	229,153,438	271,443,761
Tax calculated at the rate of 15%	34,429,794	40,773,342	34,373,016	40,716,564
Add: tax on non-deductible expenses	758,289	854,797	815,067	854,797
	<u>35,188,083</u>	<u>41,628,139</u>	<u>35,188,083</u>	<u>41,571,361</u>
Less: tax on deductible expenses	(1,755,503)	(1,490,941)	(1,755,503)	(1,434,163)
Income tax expense	<u>33,432,580</u>	<u>40,137,198</u>	<u>33,432,580</u>	<u>40,137,198</u>
<b>Tax charge during the year</b>	<u>33,432,580</u>	<u>40,137,198</u>	<u>33,432,580</u>	<u>40,137,198</u>

	Group		Company	
	2022	2021	2022	2021
<b>Income tax payable:</b>				
At the beginning of the year	65,891,226	32,498,832	65,956,923	32,512,549
Current tax expense	45,931,718	51,431,397	45,931,718	51,431,397
Tax paid during the year	(54,536,717)	(18,039,003)	(54,602,414)	(17,987,023)
At the end of the year	<u>57,286,227</u>	<u>65,891,226</u>	<u>57,286,227</u>	<u>65,956,923</u>

**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	
	2022	2021	2022	2021
Profit attributable to equity holders	196,099,377	231,685,083	195,720,858	231,306,563
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)	<u>24.40</u>	<u>28.82</u>	<u>24.35</u>	<u>28.78</u>

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
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**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	
	2022	2021	2022	2021
Profit before tax for the year	229,531,957	271,822,281	229,153,438	271,443,761
Adjustments for:				
-Depreciation - (Note 6 and 6.1)	230,427,110	157,300,765	230,805,630	157,679,285
-Depreciation of right-of-use assets - (Note 6.2)	28,661,055	27,418,609	28,661,055	27,418,609
-Amortization of intangible assets (Note 7)	4,843,250	3,858,338	4,843,250	3,858,338
-Loss on sale of property, plant and equipment	484,987	7,298	484,987	7,298
-Profit on sale of property, plant and equipment	(346,167)	(1,280,665)	(346,167)	(1,280,665)
- Provision / (reversal of provision) for receivables	-	30,111,127	(26,163,049)	29,849,420
-Provision for slow/non moving inventories	11,144,452	3,249,594	11,144,452	3,249,594
-Provision for investments in subsidiary (Note 8.1)	-	-	3,881,884	920,391
-Provision for investments in associate (Note 8.2)	16,275,500	-	16,275,500	-
-Provision for retirement benefit (Note 17)	10,806,200	10,744,394	10,806,200	10,744,394
-Provision for defects liability (Note 19)	(24,873)	642,200	(24,873)	642,200
-Interest expenses on borrowings and overdrafts	62,617,460	35,581,094	62,617,460	35,581,094
-Interest expenses on other payables	7,396,825	2,843,524	7,396,825	2,843,524
-Interest expenses on leases	9,785,013	11,363,744	9,785,013	11,363,744
-Government subsidy (Note 18)	(346,180,912)	(144,448,835)	(346,180,912)	(144,448,835)
-Dividend income (Note 18)	(10,516,608)	(8,982,936)	(10,516,608)	(8,982,936)
-Interest income (Note 21)	(10,910,055)	(1,169,828)	(10,910,055)	(1,169,828)
<b>Changes in working capital:</b>				
- trade and other receivables	196,175,661	(276,349,276)	217,845,387	(281,749,575)
- inventories	(413,795,749)	(118,559,319)	(413,795,749)	(118,559,319)
- trade and other payables	646,965,752	341,063,301	647,555,188	343,684,909
Cash generated from operations	<u>673,340,858</u>	<u>345,215,410</u>	<u>673,318,856</u>	<u>343,095,403</u>

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

Net book amount (Note 6)	486,275	7,546	486,275	7,546
(Loss) / profit on sale of property, plant and equipment	<u>(138,820)</u>	<u>1,273,367</u>	<u>(138,820)</u>	<u>1,273,367</u>
Proceeds from sale of property, plant and equipment	<u>347,455</u>	<u>1,280,913</u>	<u>347,455</u>	<u>1,280,913</u>

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**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

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**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 (2021: MVR 3.00 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 (2021: MVR 24,113,247).

**26 Contingencies**

**Contingent liabilities**

The Company enjoyed a letter of credit, bank guarantee and trust receipts facilities of MVR 164,884,350 (2021: MVR 101,789,448) 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 170,337,750 was outstanding as at 31 December 2022 (2021: MVR 105,548,875).

Lease commitments where right-of-use assets and lease liability not recognised:

	Group		Company	
	2022	2021	2022	2021
	Less than one year MVR	Less than one year MVR	Less than one year MVR	Less than one year MVR
<b>Lease rentals falling:</b>				
Houses	1,266,685	1,266,685	2,227,383	1,266,685
Vessels	10,277,886	10,277,886	8,508,600	10,277,886
Male' land plots	4,389,794	4,389,794	4,389,794	4,389,794
	<b>15,934,365</b>	<b>15,934,365</b>	<b>15,125,777</b>	<b>15,934,365</b>

**Financial commitments**

There were no material financial commitments outstanding at the reporting date.

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2022**

**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% (2021: 64.20%) of the voting rights of the Company as at 31 December 2022 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 2022, 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	
	2022	2021	2022	2021
Construction revenue	2,279,598,647	1,403,924,935	2,279,598,647	1,403,924,935
Trading revenue	30,887,022	33,122,647	30,887,022	33,122,647
Others sales and services	67,761,329	43,094,928	67,761,329	43,094,928
Government subsidy	346,180,912	144,448,835	346,180,912	144,448,835
Construction materials purchased	907,818,996	380,846,875	907,818,996	380,846,875
Dividends paid	19,369,980	16,602,840	19,369,980	16,602,840

**(ii) Receivables from related parties (Note 11)**

	Group		Company	
	2022	2021	2022	2021
Construction revenue	406,744,128	381,187,814	409,494,767	383,792,995
Trading revenue	7,988,404	11,473,016	7,988,404	11,473,016
Others sales and services	64,131,930	64,063,832	64,131,930	64,063,832
Retention receivables	148,036,759	94,709,541	148,036,759	94,709,541
	<b>626,901,221</b>	<b>551,434,203</b>	<b>629,651,860</b>	<b>554,039,384</b>

**(iii) Payables to related parties (Note 17)**

	Group		Company	
	2022	2021	2022	2021
Construction materials purchased	39,918,607	45,402,562	39,918,607	45,402,562
Dividends	19,369,980	16,602,840	19,369,980	16,602,840
Project advances	381,280,858	198,713,232	381,280,858	198,713,232
Others goods and services purchased	106,039,676	86,679,296	106,039,676	86,679,296
	<b>546,609,121</b>	<b>347,397,930</b>	<b>546,609,121</b>	<b>347,397,930</b>

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
**Financial statements - 31 December 2022**
**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	
		2022	2021	2022	2021
Maldives Real Estate Investments Corporation Private Limited (Fully owned subsidiary)	Purchase of goods and services	-	-		
	Payments made	145,458	2,410,899	(2,750,639)	(2,605,181)

**(v) Loans from a shareholder**

Ministry of Finance and Treasury (Note 16)

	Group		Company	
	2022	2021	2022	2021
Trade loan	16,500,000	16,500,000	16,500,000	16,500,000
Five year subsidy loan	90,000,000	90,000,000	90,000,000	90,000,000
Ten year subsidy loan	50,844,335	50,844,335	50,844,335	50,844,335
Mudarabah equity finance	120,000,000	120,000,000	120,000,000	120,000,000
	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>

	Group		Company	
	2022	2021	2022	2021
The movement in the year can be analysed as follows;				

Beginning of the year	277,344,335	226,500,000	277,344,335	226,500,000
Loans received during the year	-	50,844,335	-	50,844,335
End of the year	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>	<u>277,344,335</u>

Trade loan received from Ministry of Finance and Treasury amounting to MVR 16,500,000 (2021: 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 amounting to MVR 90,000,000 (2021: MVR 90,000,000), which is 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 (2021: 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.

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**
**Financial statements - 31 December 2022**
**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 acquisition of assets**

	Group		Company	
	2022	2021	2022	2021
Beginning balance	20,972,772	-	20,972,772	-
Net assets acquired during the year	2,868,382	22,083,083	2,868,382	22,083,083
Amounts paid	(2,487,858)	(1,110,311)	(2,487,858)	(1,110,311)
Closing balance	<u>21,353,296</u>	<u>20,972,772</u>	<u>21,353,296</u>	<u>20,972,772</u>

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		Company	
	2022	2021	2022	2021
Within 1 year	2,512,152	2,207,664	2,512,152	2,207,664
Between 2 to 5 years	10,048,608	8,830,656	10,048,608	8,830,656
Between 6 to 10 years	8,792,536	9,934,452	8,792,536	9,934,452
	<u>21,353,296</u>	<u>20,972,772</u>	<u>21,353,296</u>	<u>20,972,772</u>

**(viii) Key management remuneration**

	Group		Company	
	2022	2021	2022	2021
Directors' remuneration	1,142,000	1,296,500	1,142,000	1,296,500
Key management remuneration	12,186,351	11,520,101	12,186,351	11,520,101
	<u>13,328,351</u>	<u>12,816,601</u>	<u>13,328,351</u>	<u>12,816,601</u>

Key management personnel include Company Secretary, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, General Managers and Assistant General Managers.

# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2022

### 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:

	2022	2021
Property, plant and equipment (Note 6)	2,868,382	68,947,159
Intangible assets (Note 7)	-	1,597,321
Inventories	-	2,946,903
Subsidiary Loan [Note 28 (v)]	-	(50,844,335)
Employee retirement benefit (Note 17)	-	(563,965)
<b>Net assets acquired</b>	<b>2,868,382</b>	<b>22,083,083</b>

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 acquired during the year 2022 and payable balance after accounting for new acquisition and adjustment for the repayment of MVR 2,487,858 (2021 : MVR 1,110,311) is shown under Note 28 (vii).

### 31 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.

## MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC Financial statements - 31 December 2022

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 29 Segment information - Group

At 31 December 2022, 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 surveys) and based on the information which regularly reviewed by the management and board of directors.

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	3,466,762,188
Less: Inter-segment revenue	(575,170)	(394,240,907)	(21,609,755)	-	(185,584,570)	(996,251,309)
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)
<b>Profit / (loss) before tax</b>	<b>58,570,080</b>	<b>160,398,382</b>	<b>(2,123,972)</b>	<b>(3,881,883)</b>	<b>16,569,350</b>	<b>229,531,957</b>
Income tax	(8,545,143)	(23,401,489)	309,879	-	(1,795,827)	(33,432,580)
<b>Profit / (loss) after tax</b>	<b>50,024,937</b>	<b>136,996,893</b>	<b>(1,814,093)</b>	<b>(3,881,883)</b>	<b>14,773,523</b>	<b>196,099,377</b>

The segment results of the Group for the year ended 31 December 2021 are as follows:

	Trading	Construction and Dredging	Transport	Real Estate	Others	Total
Total revenue	240,709,484	1,978,358,840	78,630,718	-	117,779,667	2,415,478,709
Less: Inter-segment revenue	(808,387)	(341,781,333)	(21,051,306)	-	(84,854,416)	(448,495,442)
Revenue	239,901,097	1,636,577,507	57,579,412	-	32,925,251	1,966,983,267
Other income	5,132,937	6,181,833	151,714,075	-	20,139,772	183,168,617
Operating profit / (loss)	36,298,016	291,881,472	3,923,751	(920,391)	(11,930,357)	319,252,491
Finance costs - net (Note 21)	(4,081,098)	(34,796,227)	(7,656,312)	-	(896,573)	(47,430,210)
<b>Profit / (loss) before tax</b>	<b>32,216,918</b>	<b>257,085,245</b>	<b>(3,732,561)</b>	<b>(920,391)</b>	<b>(12,826,930)</b>	<b>271,822,281</b>
Income tax	(4,763,774)	(38,014,067)	551,917	-	2,088,726	(40,137,198)
<b>Profit / (loss) after tax</b>	<b>27,453,144</b>	<b>219,071,178</b>	<b>(3,180,644)</b>	<b>(920,391)</b>	<b>(10,738,204)</b>	<b>231,685,083</b>

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**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
<b>Year ended 31 December 2022</b>						
Depreciation (Note 6)	2,471,216	163,128,245	43,823,887	-	18,695,949	228,119,298
Reversal of impairment for trade receivables (Note 1)	(2,439,705)	(14,496,607)	(233,951)	-	(5,112,809)	(22,283,072)
Reversal of impairment loss on other receivables (Note 1)	-	-	-	-	(116,943)	(116,943)
Impairment for inventories (Note 12)	-	-	-	-	11,144,452	11,144,452
Amortization (Note 7)	101,227	31,396	-	-	4,710,627	4,843,250
<b>Year ended 31 December 2021</b>						
Depreciation (Note 6)	1,680,675	115,289,348	24,644,702	-	12,977,488	154,592,213
Impairment for trade receivables (Note 11)	463,873	2,756,313	44,482	-	1,233,831	4,498,500
Impairment loss on other receivables (Note 11)	-	-	-	-	25,612,627	25,612,627
Impairment for inventories (Note 12)	4,162,732	2,834,652	(120,462)	-	(3,627,328)	3,249,594
Amortization (Note 7)	80,642	25,011	-	-	3,752,685	3,858,338

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
Assets	289,370,630	2,068,006,920	454,268,813	-	356,202,421	3,167,848,784
Liabilities	180,980,731	1,198,087,652	154,406,746	-	251,792,644	1,785,267,773
Capital expenditure (Note 6 and 7)	2,954,350	232,639,217	80,820,909	-	19,183,098	335,597,574

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**Notes to the financial statements (continued)**

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**29 Segment information - Company**

At 31 December 2022, 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 surveyors) and based on the information which regularly reviewed by the management and board of directors.

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	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)
<b>Profit / (loss) before tax</b>	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)
<b>Profit / (loss) after tax</b>	50,024,937	136,996,893	(1,814,093)	10,513,121	195,720,858

The segment results of the Company for the year ended 31 December 2021 are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Total revenue	240,709,484	1,978,358,840	78,630,718	117,779,667	2,415,478,709
Less: Inter-segment revenue	(808,387)	(341,781,333)	(21,051,306)	(84,854,416)	(448,495,442)
Revenue	239,901,097	1,636,577,507	57,579,412	32,925,251	1,966,983,267
Other income	5,132,937	6,181,833	151,714,075	20,139,772	183,168,617
Operating profit / (loss)	36,298,016	291,881,472	3,923,751	(13,229,268)	318,873,971
Finance costs - net (Note 21)	(4,081,098)	(34,796,227)	(7,656,312)	(896,573)	(47,430,210)
<b>Profit / (loss) before tax</b>	32,216,918	257,085,245	(3,732,561)	(14,125,841)	271,443,761
Income tax	(4,763,774)	(38,014,067)	551,917	2,088,726	(40,137,198)
<b>Profit / (loss) after tax</b>	27,453,144	219,071,178	(3,180,644)	(12,037,115)	231,306,563

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**29 Segment information - Company (continued)**

Other segment items included in the Company income statement are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
<b>Year ended 31 December 2022</b>					
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	(2,439,705)	(14,496,607)	(233,951)	(5,112,809)	(22,283,072)
Provision for 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
Amortization (Note 7)	101,227	31,396	-	4,710,627	4,843,250
<b>Year ended 31 December 2021</b>					
Depreciation (Note 6)	1,680,675	115,289,348	24,644,702	12,977,488	154,592,213
Impairment loss on financial and contract assets (Note 11)	463,873	2,756,313	44,482	972,124	4,236,793
Provision for impairment of investments (Note 08)	-	-	-	920,391	920,391
Impairment loss on other receivables (Note 11)	-	-	-	25,612,627	25,612,627
Impairment for inventories (Note 12)	4,162,732	2,834,652	(120,462)	(3,627,328)	3,249,594
Amortization (Note 7)	80,642	25,011	-	3,752,685	3,858,338

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

The segment assets and liabilities of the Company at 31 December 2021 and capital expenditure for the year then ended are as follows:

	Trading	Construction and Dredging	Transport	Others	Total
Assets	289,370,630	2,068,006,920	454,268,813	358,637,278	3,170,283,641
Liabilities	180,980,731	1,198,087,652	154,406,746	251,262,429	1,784,737,558
Capital expenditure (Note 6 and 7)	2,954,350	232,639,217	80,820,909	19,183,098	335,597,574

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