

ANNUAL **REPORT** 2021

ATTENTION

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2021 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 Rufiyaa (1 US Dollar is MVR 15.42).

MTCC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Reference to a 'year' in this report are, unless otherwise indicated, reference to the Company's financial year ending 31st December 2021.

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.



From the handover event upon the completion of the Reclamation and Shore Protection of Maafushi Picnic Island Project.

MTCC

ANNUAL REPORT

2021

REPORT

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



OUR VISION

To build a connected nation.

OUR MISSION

Proudly moving you forward.

VALUES

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

OUR COMPANY

Our Company came into being over forty-one years ago in December 1980, 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 the 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 was begun in the early 1970s. The islands needed basic infrastructure such as harbours, schools, health centres and island offices.

During the last forty-one years our focus has been on building the nation, supporting the efforts of the government by providing infrastructure for development, expanding the means for connectivity through transport networks and 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 evolved with the needs of the country. In construction and infrastructure development, we have expanded beyond harbour development to include airports, roads, modern construction projects and major dredging and reclamation works. We serve the marine sector 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. 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 economy and industry 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.

From CEO's site visit to inspect the progress on Design and Build of G.Dh Faresmaathoda Airport Project.





“We are recognized for our adaptability and our capacity to mobilize and execute major projects in the area of infrastructure development.”

Gdh. Faresmaathoda Airport Project



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 41 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 the Company's 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 a large number of 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. Today we can 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 the area of 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.

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

We also offer a range of value-added travel services with sea charter services, speed ferry and premium

ferry services on selected routes and contracted travel arrangements for hotels and resorts. 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.

In 2021 we have entered into a framework agreement with the government to provide nationwide marine transport services to the whole country under the newly established Raajje Transport Link (RTL). With this development, the first phase of which is planned to be rolled out during 2022, the country's connectivity will be greatly enhanced, and we will provide faster, more comfortable and reliable transport to the whole country.



LAND TRANSPORT

While our comprehensive transport network connects the dispersed island and atolls of the country, until 1st July 2021, our land transport routes consisted only of Hulhumale' internal routes, Hulhumale' to Velana International Airport route. 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 our 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 provided by the Company, the Land Transport Division was formed to ensure efficient and high quality of services to the travelling public.

At present the newly formed Land Transport Division provides land based public transport services in the Greater Male' Region which connects Male', Hulhumale' and Velana International Airport. During the year land transport services will be relaunched in Laamu Atoll, Addu City and in Fuvahmulah. The preliminary work on launching mini-bus services to offer convenient transport to residents of Male' has been completed and is expected to commence during 2022. We also offer chartered services in the Greater Male' Region.

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 are expected to use the Land Transport 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, vessels, and other facilities offer reliability, safety, and comfort for our customers.

MTCC bus operations in the Greater Male' Area.



TRADING

In 1981, we were entrusted with the task of mechanizing the nation's fishing fleet, a program begun 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 across the country for repair and maintenance of engines. 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. For boat owners in the transport, tourism and fisheries sectors we have also introduced convenient financing options for the purchase of marine engines.



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 providing 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 in order 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.



MTCC Boatyard at Thilafushi

A LOOK BACK AT OUR JOURNEY OF 41-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 Male' - Villingili
1st cutter dredger
introduced for reclamation
Team MTCC
Road and airport construction
Resurfacing work Hanimaadhoo Airport

2002 Work on 1st housing project in Hulhumale'
1st Road Project *Fuvahmulah*

2003 Public ferry services Male' - Hulhumale'

2004 Public ferry services Male' - Thilafushi

2005 3500-ton barge and tug
To import rock boulders for harbour construction
Hulhumale' 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 introd
Introduced to Maldives market
Alongside berth at Thilafushi MTCC site
Dedicated Cargo Ferry
Male'- Vilimale'
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

Hulhumale' Bus Services
North Central Region Ferry Service
Introduced under Comprehensive Pre-scheduled Transport Network

2010

High-speed Airport Express Male' - Airport

2011

High-speed
Hulhumale' Express Male' – Hulhumale'

2012

1st Airport Project –
Thimarafushi Airport Runway

2013

Volvo City Buses
Modernization of Hulhumale' bus service
Entered electrification works
M. Kolhufushi
Dhathuru Card

2014

Distributor Caterpillar Heavy Equipment

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

2015



2016

Scott Bader
Premium ferry
Male'- Hulhumale
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

Hoarafushi Airport Completed in 578 days
Dockyard of the year award 2019



A YEAR OF EXCEPTIONAL PERFORMANCE **HIGHLIGHTS 2021**

LAUNCHED
COMPANY'S
NEW VISION
AND
MISSION
STATEMENT

57 PROJECTS
AWARDED
27 PROJECTS
COMPLETED

AGREEMENT SIGNED WITH MINISTRY
OF NATIONAL PLANNING HOUSING
AND INFRASTRUCTURE TO INITIATE
**INTEGRATED NATIONAL PUBLIC FERRY
NETWORK**

**MALDIVES
PORT LIMITED'S
PUBLIC
TRANSPORT
SERVICES
TRANSFERRED
TO MTCC**

**GOLD AWARD
FOR BEST
ORGANIZATION
FOR WOMEN IN THE
WORKPLACE AT THE
PROFESSIONAL AND
CAREER WOMEN
AWARDS
MALDIVES 2021**

LISTED AMONGST
100 LEADING COMPANIES
IN THE MALDIVES FOR THE 5TH
CONSECUTIVE YEAR AT THE GOLD 100 GALA

COMPLETED RECLAMATION OF 3 ARTIFICIAL
ISLANDS AT VATTAFARU LAGOON FOR
CENTARA NEW RESORT MALDIVES:
**RECLAMATION OF THREE ISLANDS
PROJECT**

CELEBRATED
THE EXPANSION
OF THE
MANPOWER TO
3000
EMPLOYEES

304 CSR
ACTIVITIES
WERE CARRIED OUT
FOR VARIOUS ISLAND
COMMUNITIES
AND DIFFERENT
ORGANIZATIONS

**MTCC WAS AWARDED THE ALIFUSHI
LAND RECLAMATION AND AIRPORT
DEVELOPMENT PROJECT -
THE LARGEST INFRASTRUCTURE
DEVELOPMENT PROJECT
UNDERTAKEN BY THE COMPANY**

COMPLETED

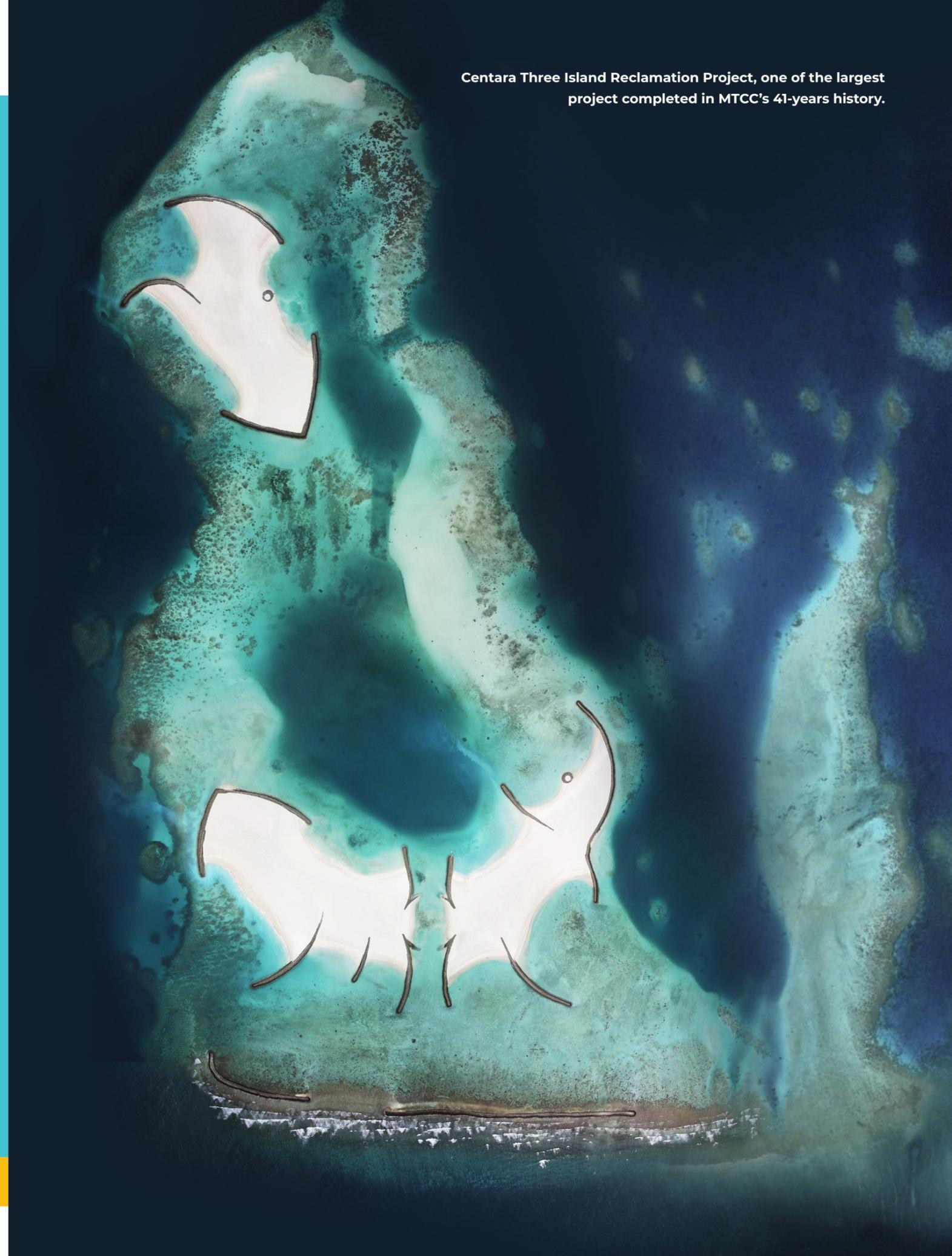
**K. MAAFUSHI LAND RECLAMATION AND
SHORE PROTECTION AND K. MAAFUSHI
PICNIC ISLAND RECLAMATION AND
SHORE PROTECTION PROJECT**

CONSTRUCTION OF ARTIFICIAL BEACH RAMP PROJECT:

**A CSR PROJECT
AIMED AT
CREATING ACCESS
FOR DIFFERENTLY
ABLED PERSONS,
TO PUBLIC
FACILITIES SUCH AS
THE BEACH**

**RELAUNCHED
HUNAVARU
SKILL
DEVELOPMENT
APPRENTICESHIP
PROGRAM
WITH OVER 100
OPPORTUNITIES**

Centara Three Island Reclamation Project, one of the largest project completed in MTCC's 41-years history.



CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

2021 yet again was a year of historical change for MTCC Plc. We remained focused and continued our transformation into a result-oriented company through strategic portfolio actions which improved our operating performance significantly. Despite the global post-covid recovery and supply chain challenges, we persevered and effectively served out customers and clients while continuing to invest in profitable growth with leading technology and innovation. I am extremely pleased with the resilience of our respective business segments, as we reported a revenue of MVR 1.97 billion and a profit before tax of 272 million, the highest revenue and profit in our history, while addressing the inherent supply chain challenges following post-covid pandemic recovery.

We demonstrated strength and agility working intensely together with all our stakeholders during the year, hence I would like to express my admiration and gratitude for the way in which the extended MTCC family – Board of Directors, Management Team, employees, our suppliers and partners pulled together to arrive at this stella record performance.

Strategic Progress – Performing While Transforming

We are making sustainable progress on our strategy to pivot from a construction and transport service provider to an Integrated Construction, Engineering and Transport Solution Provider. We are performing while transforming – delivering for our customers today while preparing MTCC Plc for tomorrow. We continued our reform initiatives during the year and implemented strict controls over our investment plans and cost of sales. But throughout the reform initiatives our goal had always been to improve our performance and steady organic growth we have shown since our transformation journey began in 2019.

Confidence in TEAM MTCC

Every single member of TEAM MTCC deserves credit for the record achievement of 2021, and on behalf of the Board of Directors I would also like to offer all my sincere thanks with gratitude to our employees for their engagement, perseverance and hard work over the past year. We believe our employees are essential to the success of our strategic plans, and we will continue to offer our employees industry leading opportunities and incentives to advance their careers.



We will continue to improve our operating results overall through unrelenting joint efforts to explore new markets, **optimize our operations, reduce costs and improve risk management.**

The confidence I have in TEAM MTCC extends fully to its leadership. We are fortunate to have experienced leaders in place, already at work to execute our transformation. For what is still a relatively new team, the current management team had achieved a lot – steadily leading MTCC through a period of transformation. I particularly would like to extend my admiration and gratitude to the Company's CEO Adam Azim for his commitment to MTCC and for his leadership.

Delivering Value

As an organization with momentum, we are positioned to succeed in the biggest transformation in our history. We have continued to strengthen our business, transforming MTCC to a leaner, effective and a more customer centric organization. We entered 2021 with "Lean" taking roots across the organization. In the simplest of terms, Lean is about focusing on the customer and eliminating waste to deliver more value to our customers. Our efforts during the past year drove impactful improvements in safety, quality, delivery, cost and cash management. Our lean strategy is helping MTCC rebuild our operational core. We are driving a lasting cultural change throughout the organization. Our operating system is standardized with monthly focus on key performance indicators and a quarterly look at the key priorities of talent, strategy and budgeting. Our new performance management system is driving greater responsibility at an individual level.

Strategy to Grow Shareholder Value

As we move forward, we are continuing to evolve and streamline our business structure to fully leverage our competitive advantage, in terms of scale, integration, technology, functional excellence and our highly skilled team. We see significant opportunities to further increase the value we deliver, by boosting growth in our existing core business segments while driving customer and operational excellence. We will continue to improve our operating results overall through unrelenting joint efforts to explore new markets, optimize our operations, reduce costs and improve risk management.

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 I would like to thank my fellow Board Directors for guiding and driving the transformational change which is evident at MTCC and your efforts in adopting good governance.

Looking Forward

As we look forward to 2022, I want to thank our customers once again for putting their trust in us and our employees for their extraordinary commitment to the organization. After a record year, we enter the next phase of our growth strategy in a strong position. Your Company remains focused on delivering consistent, competitive, responsible growth and value creation, through sustainable business models and leveraging new opportunities. MTCC will continue to make progress in all our business segments, growing stronger and deliver great value to our shareholders and our society.



**Chairman
Mohamed Faheem**

INTERVIEW WITH CEO ADAM AZIM



The last two years has seen record breaking performance by the Company in terms of the number of projects completed, the Company's total annual revenue and profitability. What was the Company's strategy during the last two years?

We are one of the most established companies in the country especially in the areas in which we operate, be it infrastructure development, dredging and reclamation, docking and engineering, transport or trading. We have the largest equipment fleets in the country when it comes to dredging, reclamation and infrastructure development. Since 2020 our focus has been to ensure maximum utilization of the Company's resources, reducing downtime of machinery and equipment, creating a unified strategy for the Company's divisions and departments, and ensuring that we work towards a singular goal, rather than to achieve divisional targets. And I believe that over the last two years we have been able to achieve that. In 2020 we completed the largest number of projects in the Company's forty-year history while achieving the highest annual revenue and profits ever recorded in the Company's history. In 2021, we have been able to surpass those records achieving total annual revenue of 1.97 billion and profit after tax of 232 million for the year.

Now that you are close to maximum utilization of resources, what are your plans and strategies for further growth and development in the future, and moving the Company to the next level?

If we take a close look at how we have achieved our record-breaking performances in the last two years, we can of course see that our resource utilization is more efficient, but we must also recognize that we are just doing more of the same thing. Our capacity has not improved in terms of the scale of projects we are able to undertake. MTCC has the potential to be bigger than what we are today. Now we are working towards setting a strong vision for the future of the Company. We are working to identify and address our shortcomings when it comes to our capacity

in short supply, not only in the country but around the world as well. The development of our own human resources would take time. Hence this will be our number one priority in laying the foundation of the Company's future growth.

As you have said, the development of professional in those highly specialised fields of engineering and in other disciplines would take time. How do you plan to move ahead to achieve your vision during the short and medium term?

To expedite our program of capacity building and to fill the gap in human resources, we are now hiring foreign expertise and knowledge for the short and medium term. We want to

assigned a key role not only to design and conduct our training programs, but also to transform our corporate culture, work ethics and discipline. Last year we have started a proper onboarding program. All new staff will now be made aware of the work of the Company and their specific roles and responsibilities before they commence work. While we lack adequate training facilities in the Company right now, we are also working towards building these facilities so that there will be dedicated spaces for inhouse training.

I also would like to add that our program of training for engineers will not come to end after five years. To address the shortage of such engineers in the country our aim is to build a pool of engineers in the Maldives. MTCC will be leading this, and we envision a



During 2021 we have also laid the foundation to transform our national transport network. Now we are bringing in a permanent solution for public land and sea transport, rather than address just the temporary requirements as and when they arise. The procurement of buses and speedboats required for the network was initiated during last year. **By the third quarter of 2022, the public will see the new buses in operation serving passengers in Addu City, Fuvahmulah, Laamu Atoll and in the Greater Male' Area.**

to handle mega projects such as roads, multi-storey buildings, airports and bridges, and build our capacity to compete with international companies undertaking such mega projects in the country.

We believe that the most important element that we must address to achieve this vision is the development of our human resources. We have now developed a five-year program and allocated MVR 50 million to develop a pool of professional engineers and other personnel at the best universities in the world. While machinery and equipment required may be purchased at any time or as and when required, engineers in various disciplines are

get into developing multistorey buildings, construction of bridges, and boat building at a large scale. If are to go into such significant infrastructure development, we need staff specialised in those areas right now. We have great talent in the Company too, and there are staff in our team who can work with such experts. And while we do this, there will be a significant transfer of knowledge to our local staff from the foreign experts we hire, which will also be a significant investment for the future of the Company.

We are also strengthening our inhouse training programs. Last year we hired a dedicated training manager, who has been

future in which there will be several engineers that have been trained through the Company. After the end of every five years, we will review the program and refine it to achieve the desired objectives.

You have outlined the Company's vision for the development of its infrastructure development segment. What developments can we expect to see in the other individual business segments of the Company?

We have also established a strong vision for the development of our docking and engineering service. During the last year

we made plans to build our capacity and establish the required international standards to serve international vessels at our dockyard in Thilafushi. Now we have brought in the expertise required for planning this development, to make sure the first phase of this transformation takes place by the end of 2022, upon which we will be able to serve vessels of up to 5000 tonnes. For the medium term and long term, our plan is to expand the boat yard and develop its capacity for docking, repair and maintenance, as well as boat building.

During 2021 we have also laid the foundation to transform our national transport network. Now we are bringing in a permanent solution for public land and sea transport, rather than address just the temporary requirements as and when they arise. The procurement of buses and speedboats required for the network was initiated during last year. By the third quarter of 2022, the public will see the new buses in operation serving passengers in Addu City, Fuvahmulah, Laamu Atoll and in the Greater Male' Area. During last year we have also begun building repair facilities and bus depots for the fleet of buses that will be in operation. Minibus services will also be launched in Male' in 2022 to offer a solution to the public for the issues faced in transport in the capital.

Looking at marine transport services, last year the Company entered into an agreement with the Government to implement the government's integrated national public ferry network. Now we are in the process of implementing the first phase of the project in Haa Alifu, Haa Dhaalu and Shaviyani Atoll which will be executed during 2022. By end of 2023 the whole country will be connected with the new ferry network, with ferry terminals that offer several conveniences to passengers in all the inhabited islands. With this revolutionary change in the scale of our operations, we have created two separate divisions dedicated for marine and land transport services.

In our trading segment we are working towards offering a comprehensive one-stop solution for the country's marine transport and fisheries sectors. We are building our product range to cover the whole range of products required for boat building, mechanization, navigation and all the accessories required by vessel operators. During the last couple of years, we have strengthened our aftersales services also to a large extent. Last year we have continued to work towards creating a more proactive, data-driven approach to meet customers' needs and minimise the time we take to process sales and deliver our services to customers. We are working towards creating systems for online trading, suited to our dispersed island geography. Platforms that can be easily accessed from anywhere in the country with ease. We are embedding modern revolutionary thinking into our trading practices along with modern showrooms and the use of modern technology with which customers will be able to see products, specs, and order the product or service they need with ease.

What other developments would you like to highlight?

During 2021 we have also continued to work towards strengthening our management. This will remain one of the most important elements of our development. This includes the middle management and supervisory staff as well. We are working towards building their professionalism, dedication, and motivation. This is essential to achieve the change we need in our work culture, accountability and work ethics.

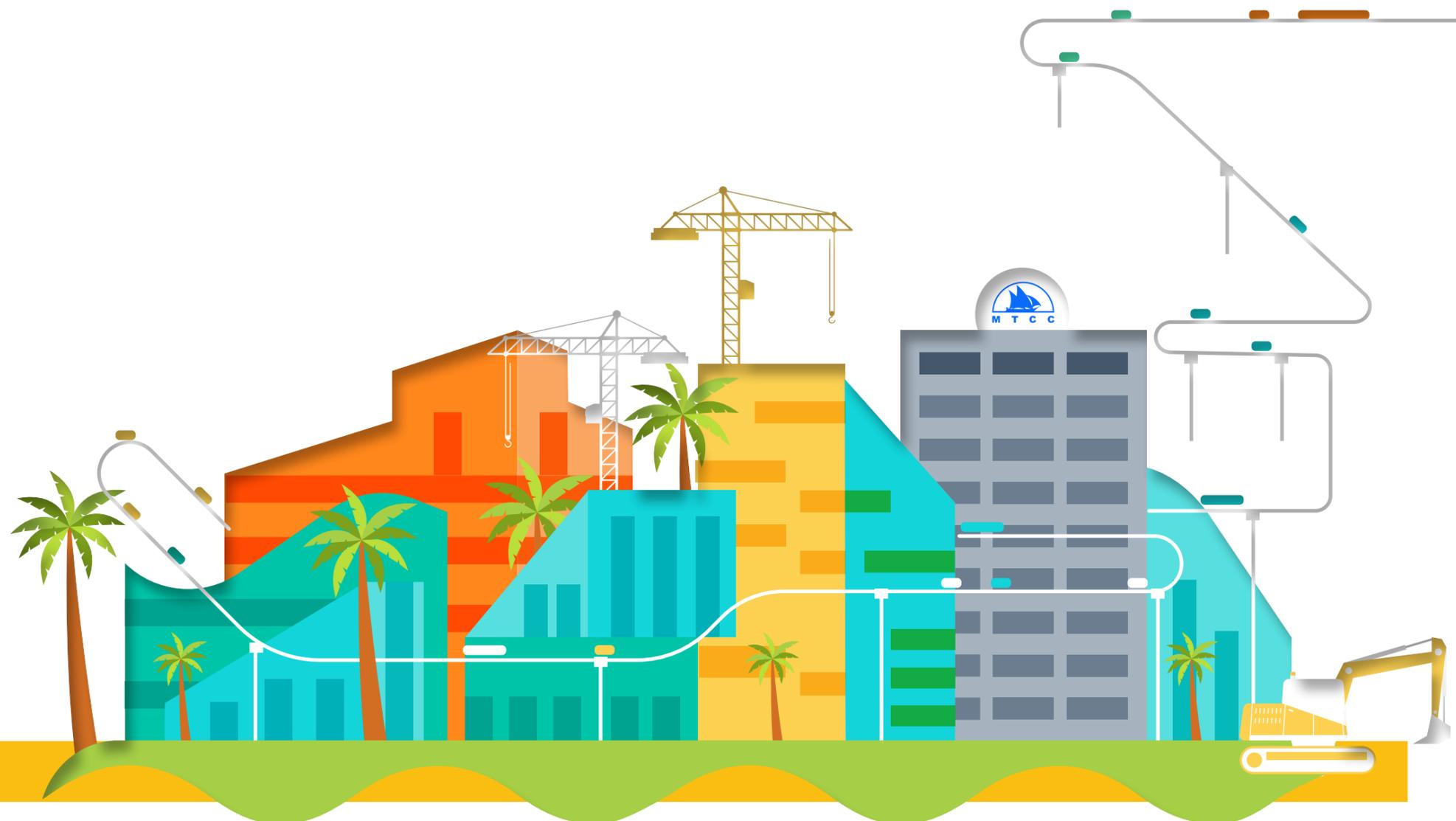
Last year we have also completed notable projects that the Company and its team can be proud of. This includes our mega dredging and reclamation project for Centara, one of the largest projects we have undertaken for an international client and the ADB waste management project we undertook for the government, that would revolutionise waste

management in the country with the use of modern technology.

In conclusion I would like to congratulate each and every member of our team for the success we have achieved during the year. I applaud their hard work and dedication even during the challenging times early on during the last 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 their support.



CEO
Adam Azim



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 in the Maldives and has helped expand businesses in the area of trade and retail.

Along with his business career, Mr. Faheem also has a strong background of public and social services both at the regional level and the national level. 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 holds a Certificate in Teaching from the Institute of Teacher Training, Maldives.



Mr. Adam Azim
Chief Executive Officer

Mr. Adam Azim was appointed to the post of Chief Executive Officer and Executive Director of the Board of Directors in January 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 the Managing Director of State Trading Organization (STO) from September 2013 to November 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 / Chairman 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 long 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 and a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK. He has also participated in 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. Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd. for two years 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, Executive Assistant Manager, Operations at Kuredu Island Resort and Spa, as well as Project Manager at Komandoo Island Resort 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 and public relations.



Mr. Nasrath Mohamed
Non-Executive
Independent Director

Mr. Nasrath Mohamed was appointed by the board elected by public shareholders on Annual General Meeting held on 27th September 2020. Mr. Nasrath also served as a member of the board from May 2013 to June 2019. Mr. Nasrath has more than 15 years of experience in sales, business management and client servicing in various state-owned enterprises and currently serves as a Manager at Allied Insurance Services.

He had also served as a Director of the Board of Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC during the period 2013 to 2016.

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.

BOARD OF DIRECTORS



Uz. Mohamed Fareed
Non-Executive Independent Director

Uz. Mohamed Fareed was appointed to the Board of Directors by the majority shareholder (Government) on 27th June 2020.

Uz. Mohamed Fareed is a lawyer and since May 2014 he has served as a Managing Partner at Prime Strategy LLP. 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 Uz. Fareed worked as an Associate Editor and Reporter at Adduvas Maldives, and in 2008 he worked as a reporter at Jazeera Daily News. He served as a member of the Maldives Media Council from 2010 to 2014. Uz. Fareed has also worked as a Coordinator at Elections Commission in the 2008 elections, coordinating the work of officers handling complains reported to the Commission and has also carried out volunteer legal work and conducted various forums to create awareness amongst the public regarding the state of the Judiciary of Maldives.

Uz. Fareed holds a Bachelor of Arts Degree in Sharia and Law from the Al- Azhar University in Cairo, Egypt.



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 in one of the largest media companies in the Maldives. He has also been a senior contributor and columnist for various publications. Mr. Sinaan Ali is a Senior Fellow Journalist of the Royal Institute of Journalism and received the National Award in Journalism in 2015. From 2016 to 2018 he served as a member of the Board of Directors of Island Aviation Limited. During his tenure of experience, he had Management posts in Sun Media Group and currently serving as the Chief Executive Officer of One Online and as a Board Director of One Media Group.

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. Furthermore, he has attained abundance of knowledge in the area of Corporate Governance and Board Management through overseas trainings.



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. Mr Mohamed Imran Adnan also served as a member of the board from May 2014 to June 2017.

Mr. Mohamed Imran Adnan joined the board with 17 years of experience serving at various posts 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 and in his current capacity as General Manager Debt Recovery during the last five years. 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.

MTCC Premium Ferry en route Hulhumale' Phase 1.



EXECUTIVE TEAM



Mr. Adam Azim
Chief Executive Officer

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Mr. Azim began his career at Coopers & Lybrand as an internal auditor. During his long 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 and a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK. He has also participated in a wide range of courses and training programs in the areas of accounting, finance and management.



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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 and public relations.



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).



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 in Business Development in International Management from the University of Wales and a Bachelor of Business Management from the University of Sunderland, UK.

EXECUTIVE TEAM



Ali Nashath
Chief Internal Auditor

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

Prior to joining MTCC, Mr. Nashath held the posts of Chief Financial Officer at Maldives Road Development Corporation Limited and also served as Head of 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. Ali Nashath is a Certified Chartered Accountant and is a member of the Association of Chartered Certified Accountants (ACCA-UK). Mr. Ali Nashath holds a Master of Business Administration degree from the Open University of Malaysia. He has completed several professional and technical courses in the field of auditing and investigation and is currently pursuing the Certified Internal Auditor qualification from the Institute of Internal Auditors (IIA Global).



Ahmed Latheef
Chief Risk Officer

Mr. Ahmed Latheef joined MTCC in 1999. Prior to his current post Mr. Ahmed Latheef served as Assistant General Manager in charge of the Construction and Dredging Division of the Company. During his 23 years of service at MTCC, Mr. Ahmed Latheef has served the Company in various technical and managerial capacities including the position of Engineer and Senior Engineer of Construction & Project Management Department.

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



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 in Business Administration from the Australian Institute of Business, South Australia.



Shifau Ali
General Manager –
Business Development &
Administration Division

Mr. Shifau Ali joined MTCC in 2007 and currently holds the position of General Manager Business Development and Administration Division of the Company. During his 15 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.



Uza. Fathimath Inasha
General Manager –
Legal Affairs Division

Uza. Fathimath 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 24 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.



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



Ahmed Iruhash
General Manager –
Trading Division

Mr. Ahmed Iruhash joined MTCC in 2009 and currently serves as the General Manager – Trading Division. During his 13 years of service at the Company, Mr. Ahmed Iruhash has held various technical and managerial posts, including the position of Technical Executive of Engineering Department and Unit Head of Engineering Workshop.

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



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 22 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



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 21 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.



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 26 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.



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.



Ahmed Salam
General Manager –
Information, Communication &
Technology Division

Mr. Ahmed Salaam joined MTCC in 1997, and currently holds the position of General Manager of the Information, Communication & Technology Division of the Company. During his 25 years of service at MTCC, Mr. Ahmed Salaam has also served the Company in various technical and managerial positions including the post of Software Programmer and Manager of Information Systems Department

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

EXECUTIVE TEAM



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 Practicing 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.



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 11 years from 2004 to 2015. During his tenure at MNDF, he served in the capacity of Junior Engineer and as Engineer Officer in the Maldives Coast Guard. He also served as Executive Officer of several training courses conducted at the Defence Institute for Training and Education and served as full time instructor at the Institute during which he was responsible for designing and conducting various training programs for personnel at MNDF, Maldives Police Service, Maldives Customs and Aviation Security.

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



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 and Quality Assurance Division. During his 23 years of service, Mr. Ibrahim Latheef has served the Company in the capacity of Department Head of several Departments which includes Human Resource and Administration Department, Business Development Department, Administration Department, Procurement Department and Building Security and Services Department. He has also served as the Division Head of Transport and Engineering & Docking Department.

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 Marketer of the Chartered Institute of Marketing and a member of the Society for Human Resource Management. He is a certified Balanced Scorecard Professional (BSP) and a certified KPI professional (KPIP).



BUSINESS REVIEW

2021

With multiple records established in 2020 in terms of operational and financial performance, year 2021 began with a renewed vigour to ensure that the changes brought about during the previous year would be sustained, improved upon, and fine-tuned to achieve further efficiencies in the Company's operations.

From CEO's site visit to inspect the progress on Design and Build of G.Dh Faresmaathoda Airport Project in November 2021.



STRUCTURAL CHANGES TO GAIN GREATER EFFICIENCIES

The key objective of the structural changes undertaken during the previous year was to ensure that all the divisions, departments, and individual members of the MTCC team worked towards a single unified goal that would achieve results for the Company. The structural and organizational changes were made to eliminate duplication of tasks, gain efficiencies in resource allocation and reduce internal bureaucracy for fast decision making and execution as well as establishing highly defined roles and responsibilities with measurable targets for individual departments.

In 2021 these efforts continued. Lessons learned from the changes made were continuously evaluated and analysed to further align the responsibilities of the divisions to achieve the desired goals of the Company. Under this ongoing process, the work of the former Logistics Operations Division tasked with the management of the Company's machinery and vessels fleet was brought into the Construction and Dredging division to gain further efficiencies in asset allocation for projects executed by the Constructing and Dredging Division. This change provides the Construction and Dredging Division additional flexibilities in scheduling their projects and removes a layer of internal bureaucracy.



DEVELOPING STRONG WORK ETHICS AMONG THE TEAM

The Company's output depends on the input of the individual members of its team. Hence improving employee behaviour and maximizing the time spent at work by individual team members and their input was a priority during the year. At the same time, measures were taken to ensure a high-standard work environment in terms of adequate space and ambience, at all locations of the Company's operations including the various divisions and departments of its main office and its remote work sites. This was complemented with increases in remunerations for employees and a concerted effort on training staff in their specific areas of work and in general life-skills to equip them with the knowledge and skills to manage the rapidly expanding operations of the Company.



GREATER UTILIZATION OF ERP

The previous year saw the commissioning and implementation of ERP across the Company, integrating the Company's core processes under a single system. The system has enabled the Company to streamline and automate core business processes to achieve more with fewer resources, accelerate reporting and gain efficiencies in operations. In order to maximize the efficiencies gained, training programs were conducted to increase its usage across all operations of the Company.



1650 - 24/7 CALL CENTRE

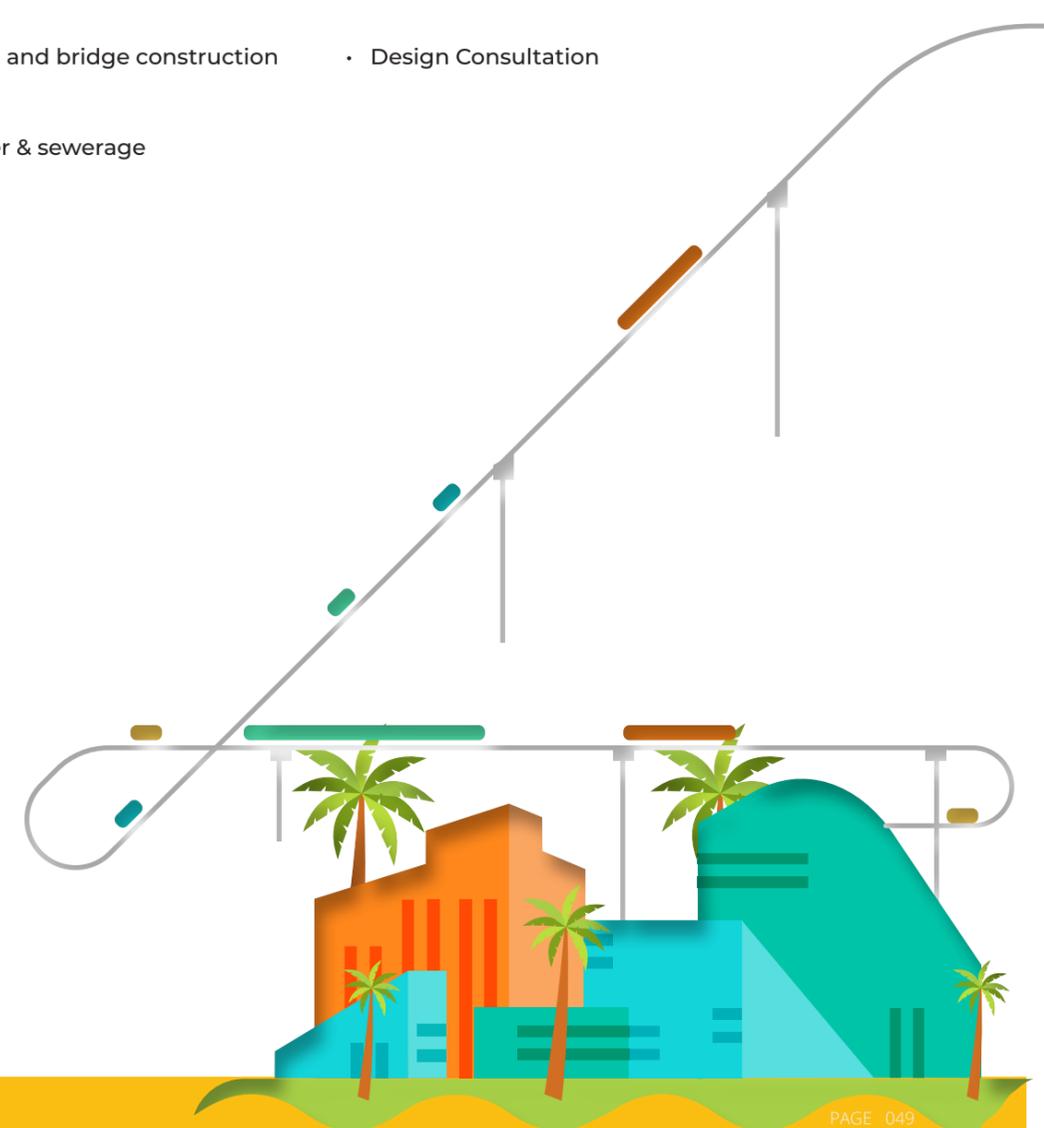
A call centre was established during the year to offer ease and convenience to the Company's customers, partners and stakeholders and to ensure that calls to the Company are answered and directed to the relevant department. The 1650 hotline is operational 24 hours of the day, seven days a week.

The Company continued to benefit from the changes made during the past two years to make its operation more profitable for its shareholders as well as to deliver its services with efficiencies and ease to customers, be it mega dredging and reclamation projects or the delivery of spare parts to a boat owner.

The Company achieved a record MVR 1.96 billion in terms of total revenue and MVR 272 million profit before tax for the year 2021.

CONSTRUCTION DREDGING & RECLAMATION 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

MAAFUSHI, KAAFU ATOLL

LAND RECLAMATION AND SHORE PROTECTION

RECLAMATION:
25 HECTARES
 ROCK BOULDER REVETMENT:
1,100 METERS

CENTARA NEW RESORT

RECLAMATION OF 3 ARTIFICIAL ISLANDS 7 HECTARES EACH, AT VATTAFARU LAGOON.

MAAFUSHI, KAAFU ATOLL

PICNIC ISLAND RECLAMATION AND SHORE PROTECTION

RECLAMATION:
64,000 / 2 HECTARES

GURAIIDHOO, KAAFU ATOLL

LAND RECLAMATION AND SHORE PROTECTION

DREDGING & RECLAMATION:
644,000 CUBIC METERS / 15 HECTARES
 ROCK BOULDER REVETMENT:
1,100 METERS

GURAIIDHOO, KAAFU ATOLL

PICNIC ISLAND RECLAMATION AND SHORE PROTECTION

RECLAMATION:
51,000 CUBIC METERS / 1.7 HECTARES
 ROCK BOULDER REVETMENT:
278 METERS
 ROCK BOULDER GROUYNE:
160 METERS

GULHIFALHU, KAAFU ATOLL

RECLAMATION – ADDITIONAL WORKS

RECLAMATION:
1.8 HECTARES
 SHORE PROTECTION:
183 METERS

FAINU, RAA ATOLL

SHORE PROTECTION

SAND BACKFILLING:
8,1000 CUBIC METERS
 GEO BAG REVETMENT:
250 METERS

HENBADHOO, NOONU ATOLL

SHORE PROTECTION

BACK FILLING AND LEVELLING:
5000 CUBIC METERS
 ROCK BOULDER REVETMENT:
235 METERS
 GROUYNE:
25 METERS

DHIDHDHOO, HAA ALIFU ATOLL

SHORE PROTECTION

SAND BACKFILLING:
7,750 CUBIC METERS
 GEO BAG REVETMENT:
310 METERS

MURAVANDHOO, RAA ATOLL

BEACH REPLENISHMENT

BEACH REPLENISHMENT:
10,000 CBM

MULAH, MEEMU ATOLL

SHORE PROTECTION

GEO BAG REVETMENT:
412 METERS

MEEDHOO, SEENU ATOLL

SHORE PROTECTION

GEO BAG REVETMENT:
210 METERS



HARBOURS & PORT DEVELOPMENT

VEYVAH, MEEMU ATOLL

HARBOUR UPGRADE

- DREDGING:
77,831 CUBIC METERS
- BREAKWATER:
227 METERS
- SAND FILLED BREAKWATER :
140 METERS
- REVTMENT:
130 METERS
- QUAY WALL:
193 METERS
- HARBOUR PAVEMENT :
1,880 SQUARE METERS
- INSTALLATION OF MOORING HOOKS,
NAVIGATIONAL AIDS AND HARBOUR LIGHTS
- CONSTRUCTION OF A WALKWAY BRIDGE

FEHENDHOO, BAA ATOLL

HARBOUR CONSTRUCTION

- DREDGING:
18,500 CUBIC METERS
- CHANNEL DREDGING
25,000 CUBIC METERS
- QUAY WALL:
214 METERS
- BREAKWATER:
130 METERS
- REVTMENT:
317 METERS
- CONCRETE PAVING:
908 METERS
- WALKWAY BRIDGE TO CONNECT HARBOUR & ISLAND:
812 SQUARE METERS
- CONSTRUCTION OF RAMP
- INSTALLATION STREETLIGHTS
- INSTALLATION OF MOORING BUOYS, NAVIGATIONAL AIDS
AND SETTLEMENT TANKS

RAKEEDHOO, VAAVU ATOLL

HARBOUR CONSTRUCTION

- DREDGING & EXCAVATION:
5,654 CUBIC METERS
- DREDGING OF BOAT BEACHING AREA:
11,306 CUBIC METERS
- BREAKWATER:
156 METERS
- REVTMENT:
44 METERS
- QUAY WALL:
198 METERS
- HARBOUR PAVEMENT :
594 SQUARE METERS

NELLAIDHOO, HAA DHAALU ATOLL

HARBOUR UPGRADE

- DREDGING:
61,613 CUBIC METERS
- QUAY WALL:
204 METERS
- BREAKWATER:
398 METERS
- GROYNE:
103 METERS
- HARBOUR PAVEMENT:
1,812 SQUARE METERS
- RAMP:
11 METERS X 11 METERS
- INSTALL OF STREETLIGHTS

ISDHOO, LAAMU ATOLL

HARBOUR UPGRADE

- DREDGING:
31,820 CUBIC METERS
- QUAY WALL:
380 METERS
- BREAKWATER:
208 METERS
- REVTMENT:
98 METERS
- HARBOUR PAVEMENT:
1,810 SQUARE METERS
- RAMP:
11 METERS X 11 METERS
- CONSTRUCTION OF BRIDGE
- INSTALLATION OF MOORING RINGS & MOORING BLOCKS
- INSTALLATION OF HARBOUR NAVIGATION &
HARBOUR LIGHTS

GAN, LAAMU ATOLL

MAINTENANCE DREDGING – MUKURIMAGU HARBOUR

- ACCESS CHANNEL:
5,454 CUBIC METERS
- HARBOUR BASIN:
1,938 CUBIC METERS

MEEDHOO, SEENU ATOLL

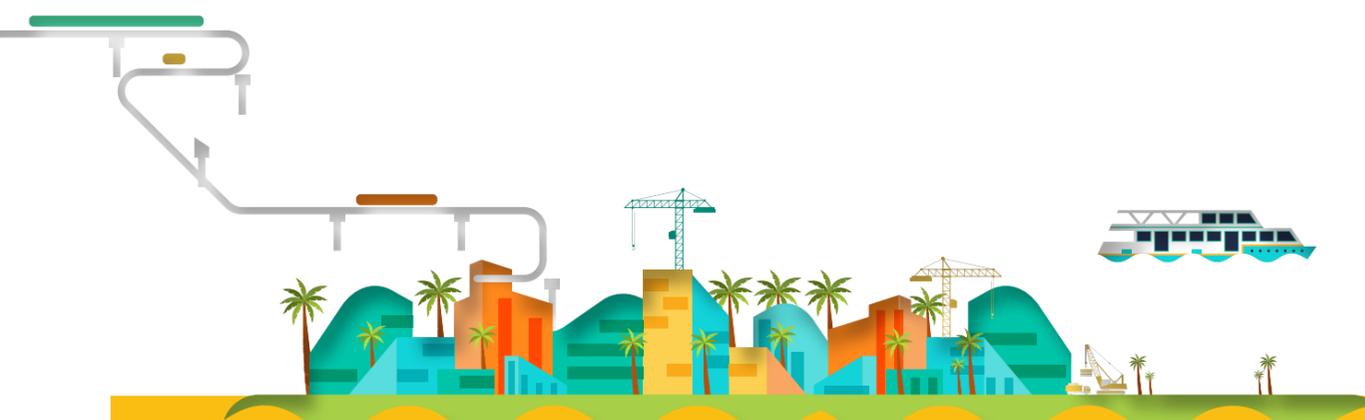
HARBOUR UPGRADE

- QUAY WALL:
621 METERS
- HARBOUR PAVEMENT:
3,125 SQUARE METERS
- RAMP:
11 METERS X 11 METERS
- INSTALLATION OF NAVIGATIONAL AND HARBOUR
STREETLIGHTS AND INSTALLATION OF BOLLARD

THINADHOO, GAAFU DHAALU ATOLL

REGIONAL PORT DEVELOPMENT

- THE SCOPE OF WORKS INCLUDES PAVEMENT WORKS, STORMWATER DRAINAGE, PERIMETER FENCING, METAL WORKS AND DREDGING WORKS.





ROADS

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

DHUVAAFARU, RAA ATOLL

CONSTRUCTION OF MAJOR ROADS

ASPHALT LAID ON 12 ROADS WITH THE TOTAL LENGTH OF 2.7 KILOMETRES

FONADHOO, LAAMU ATOLL

CONSTRUCTION OF MAJOR ROADS

CARRIAGEWAY (SUBBASE, SUBBASE & WEARING COURSE) 28,999 SQUARE METERS

EYDHAFUSHI, BAA ATOLL

CONSTRUCTION OF MAJOR ROADS

CARRIAGEWAY (SUBBASE, SUBBASE & WEARING COURSE) 21,942.87 SQUARE METERS

HULHUMEEDHOO, SEENU ATOLL

CONSTRUCTION OF BAHAUHDHEENMAGU

CARRIAGEWAY (SUBBASE, SUBBASE & WEARING COURSE) 19,796 QM ASPHALT LAID ON HULHUMEEDHOO BAHAAUDHEEN MAGU - 2.2 KILOMETRES X 8.8 METERS

CONSULTANCY & DESIGN

HIRILANDHOO, THAA ATOLL

DESIGN SERVICES AND ENVIRONMENTAL IMPACT ASSESSMENT (EIA) FOR THE PROPOSED RECLAMATION PROJECTS.

MAAVAH, LAAMU ATOLL

DESIGN SERVICES AND ENVIRONMENTAL IMPACT ASSESSMENT (EIA) FOR THE PROPOSED RECLAMATION PROJECTS.

BODUFULHADHOO, ALIFU ALIFU ATOLL

PREPARING TERMS OF REFERENCE, COLLECTION OF FIELD DATA, ENVIRONMENTAL IMPACT ASSESSMENT WORKS, PREPARATION OF DETAIL DESIGN INCLUDING RECLAMATION BOUNDARIES AND SHORE PROTECTION MEASURES.

UKULHAS, ALIFU ALIFU ATOLL

PREPARING TERMS OF REFERENCE, COLLECTION OF FIELD DATA, ENVIRONMENTAL IMPACT ASSESSMENT WORKS, PREPARATION OF DETAIL DESIGN INCLUDING RECLAMATION BOUNDARIES AND SHORE PROTECTION MEASURES.

FOOTBALL GROUNDS

KEYODHOO, VAAVU ATOLL



TRADING PRODUCT PORTFOLIO 2021

YANMAR

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

Introduced to Maldives in 1973.
First marine engine widely used in the country.
80% of market share.



MARKET LEADER IN THE MALDIVES

Formally introduced into product portfolio in 1994.
Market share of 80% in the marine sector
Market share of 90% in the power generation sector



**A GLOBAL MARKET LEADER
IN MARINE ENGINES**

Introduced to the Maldives by MTCC
in 2007

Quality, reliability and low fuel
consumption.

Suzuki's dual prop outboard engines
is a revolutionary innovation in
outboard engines.



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

Antifouling for marine vessels, tank coating, anti-corrosive
coatings for marine and industrial environments.

Trusted for their durability.

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



Introduced to the country's boat building sector in 2015.

**AN ADVANCED ENGINEERING
AND TECHNOLOGY BRAND**



Hydraulic and electronic controls for the marine
sector.

We have offered Marol steering systems for both
inboard and outboard engines since 2003.

NAKASHIMA

PROPELLERS AND THRUSTERS FOR MARINE VESSELS

Brand introduced to our portfolio in 2016.

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

INDUSTRIAL GAS:

Oxygen, acetylene and argon, carbon dioxide.

The service offers customers the opportunity to purchase industrial gas as and when required, without having to experience the complications in importing and storing gas for themselves.

OTHER PRODUCTS:

Donaldson Filters,

Boating accessories such as maintenance free batteries, electric bilge pumps, radars, flood lights and search lights

AFTERSALES SERVICING

Our service centre offers installation, configuration, maintenance, and repairs of the product we market.

We offer advise prior to purchase of our products and offer 360-degree solutions to all our customers.



KEY ACTIVITIES AND DEVELOPMENTS

MARKET VISITS

Market visits are an important part of our effort to keep in touch with our customer base and create greater awareness of our products. The visits are also an important tool to identify potential sales of products from our brand portfolio.

During the year our teams visited six atolls covering a total of 71 islands with the objective of promoting our marine product portfolio, create awareness of our product range as well as advise existing customers on the use and maintenance of our products. 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.



JANUARY 2021

HAA ALIFU ATOLL (14 ISLANDS)



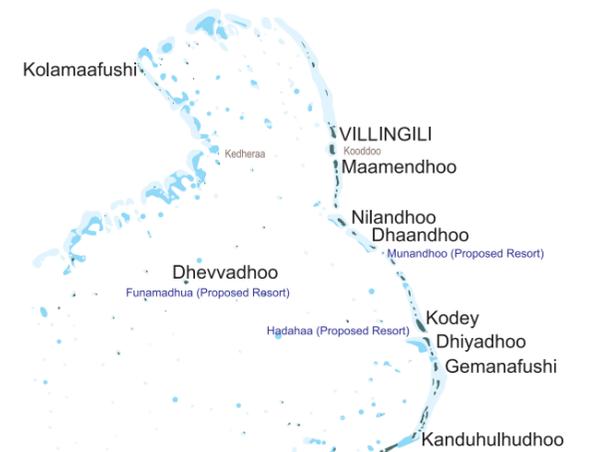
JANUARY 2021

HAA DHAALU ATOLL (14 ISLANDS)



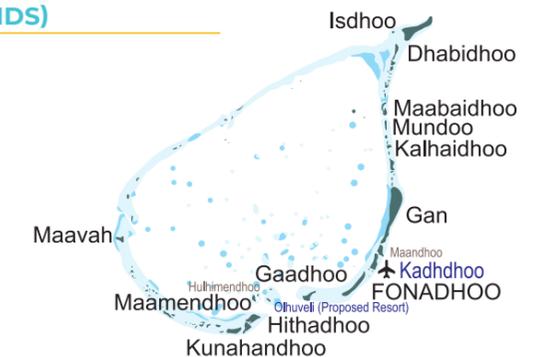
AUGUST 2021

GAAFU ALIFU ATOLL (9 ISLANDS)



AUGUST 2021

LAAMU ATOLL (10 ISLANDS)



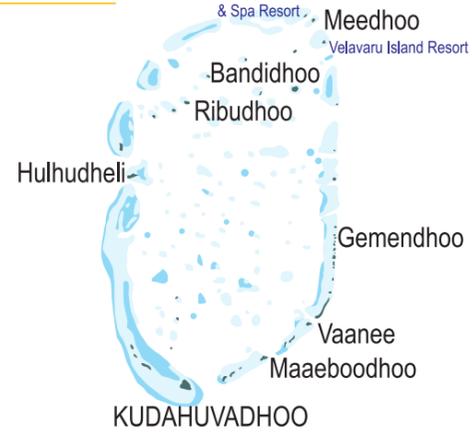
SEPTEMBER/OCTOBER 2021

FAAFU ATOLL (5 ISLANDS)



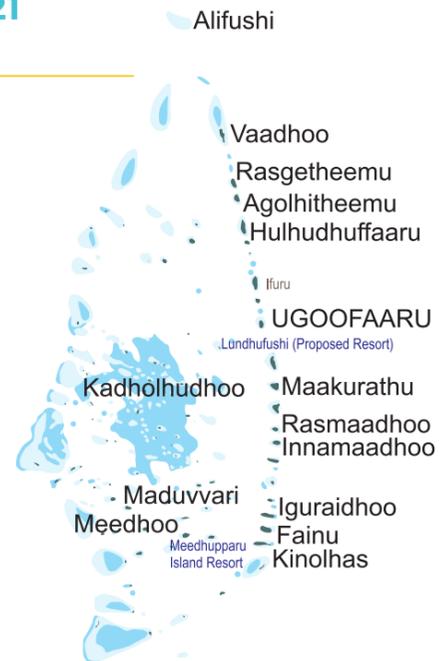
SEPTEMBER/OCTOBER 2021

DHAALU ATOLL (6 ISLANDS)



SEPTEMBER/OCTOBER 2021

RAA ATOLL (13 ISLANDS)



PRODUCT AWARENESS CAMPAIGNS

SUZUKI AWARENESS WEBINAR – SHAVIYANI ATOLL CUSTOMERS

March 2021

An online interactive webinar held for Shaviyani Atoll customers of Suzuki to educate customers on common issues and troubleshooting of Suzuki engines.

“ASLU SPARE” AWARENESS CAMPAIGN ON GENUINE PARTS - MEDIA

MARCH TO JUNE 2021

The campaign aimed to disseminate information on the importance of regular maintenance and the use of genuine spare parts for various products sold by the Company. The program was conducted on a variety of social media platforms and on conventional media. Animated videos and audio content was created and posted on Facebook, Instagram, Viber Community and on Twitter. Pre-campaign media shows were held in March on Dhivehi Raajjeyge Adu, Sangu TV and on TVM.

SUZUKI AWARENESS WEBINAR ON SUZUKI DF325A

JUNE 2021

The 45 minutes' interactive webinar focused on important engine parts, functions, systems, self-diagnostic measures, operating conditions and engine maintenance for our Suzuki DF325A customers in the Maldives.

PROMOTIONS

OFFER ON CASTROL CRB TURBOMAX TO RESORT SECTOR

JANUARY TO JUNE 2021

A special offer on Castrol CRB Turbomax 15W-40 to provide a cost-effective alternative for the resort power generation sector. The campaign promoted Castrol CRB Turbomax 15W-40 with a package for that included testing kits for used oil analysis, which was earlier offered only to STELCO AND FENAKA.

KASHAVARU PROMO

NOVEMBER 2021

Promotion of targeted products to boost total cash sales and reduce inventory of those products.



BRAND RELATIONS

During the year meetings were held with Castrol, Yanmar Asia (Middle East), Scott Bader and PPG to discuss ongoing business activities, introduction of new products and for discussions on future direction. Our team also participated in the annual Suzuki Marine Worldwide Distributors Meeting organized by Suzuki Marine Corporation.

PARTICIPATION AT MALDIVES MARINE EXPO 2021

Hulhumale' Central Park

December 2021

MTCC participated in the Maldives Marine Expo 2021, the most established event of its kind held in the Maldives. The objective was to gain exposure for our product portfolio and generate sales through direct contact with stakeholders.

ODIVERIYAA FORUM - FISHERMEN DAY 2021

K. Gaafaru

As part of the Fishermen's Day celebrations, we conducted "Odiveriyaa Forum", targeted to vessel owners. During the event information on best practices on engine routine maintenance were delivered to the participants.

CUSTOMER SERVICE IMPROVEMENT

Continuous improvement of customer service has always been a priority. In 2021 customer satisfaction surveys were conducted throughout the year. The objective was to understand issues and identify areas of improvement needed in customer service at Kashavaru showroom. In the surveys conducted in the first and second quarter 200 random customers were interviewed in each of the surveys. During the first two quarters of the year a telephone survey was also conducted to obtain and analyse customer feedback on the process of purchasing an engine from MTCC.

The surveys enabled the team to identify bottlenecks at various stages and make changes to rectify the process at the showroom.

ESTABLISHMENT OF PARTS SALES UNIT

A dedicated part sales unit was created during the year with a special focus on sale of Yanmar engine spare parts. The newly formed unit works with a proactive, relationship-based approach to offer original spare parts to Yanmar engine users. Using the database of Yanmar engine users around the country, the team works to help boat owners to change spares as required by the manufacturer. This also helps us to assess demand for spares and ensure that an adequate inventory of spare parts is maintained to cater to the requirements of boat owners.

THAMVIL TAKSIL EXTENDED TO COVER MORE PRODUCTS

With the objective of creating greater convenience and access to boat owners, we expanded the Thamvil Taksil program, which was only offered for the purchase of engines. With the expansion of the program customers can now use the scheme to purchase a range of products which includes Castrol, spare parts, PPG products, generators and other durable products.

CHANGES IN PROCESS FLOW AND IMPLEMENTATION OF A QUEUE MANAGEMENT SYSTEM

Based on the feedback received through the surveys, changes were made to the process flow, the arrangement in the showroom was changed and changes were also made to staffing at various points in the flow. Additionally, the Ant Queue management system implemented to improve the process, now allows us to handle customer queues smartly and monitor data related to queues in real time and collect customer feedback. This cloud-based software can then assess this data to speed up the performance of our services.

Customer satisfaction improved due to the changes made. Now customers can also book appointments before they visit so that they will be attended to at the appointed time. The changes also increased the number of jobs attended to by the team and speeded up the process of resolving customer queries. Further improvements are planned for 2022.

MEDIA EXPOSURE

EXCLUSIVE MEDIA INTERVIEW AT KASHAVARU SHOWROOM

February 2021

An exclusive interview was given to Raaje TV with the objective of increasing the awareness of customers regarding the products available in MTCC Kashavaru

THE NEW SUZUKI DF325A TVC & DOCUMENTARY VIDEO

May 2021

The objective of the video was to create brand awareness, visibility and enhance the image of Suzuki 325A engines. The TVC was aired on commercial slots and clips of the video were released on social media platforms.

STAFF TRAINING

INHOUSE PRODUCT AND TECHNICAL TRAINING FOR STAFF

Yanmar and Castrol product training: Training sessions to increase product and technical knowledge of the staff on Castrol and Yanmar products were held in June 2021.

Yanmar engine practical training: The program held for staff working in the Engineering and Docking Division held in August, provided training on identification of the parts names and function, on the process of disassembling and assembling Yanmar engines

Suzuki general trading: The program conducted in August 2021, for staff working in the Trading Division, provided information about Suzuki engine and other Suzuki products.

Yanmar aftersales service training: Held in August 2021, the program covered all major areas involved during installation of Yanmar 3G panel boards, engine commissioning and the processes involved in sea trials.



BUSINESS AND LIFESKILLS TRAINING FOR STAFF

Several training programs were held throughout the year, for staff to improve their business and office skills and general life skills. Training programs were conducted in the following areas.

- Professional negotiation and influencing skills training
- Leadership and team building
- Workplace conflict management
- First aid and CPR training
- Call centre training
- Basic fire and safety training
- Change management
- Data analysis and data driven decision making
- Quality management systems



Hunavaru trainees

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 phase 1 of the project which will see the service launched in HA Atoll, HDh Atoll and Shaviyani Atoll.

During the year the land transport services provided by the Company also saw a massive expansion with the transfer of land transport services which was earlier provide by Maldives Ports Limited in the Greater Male' Region, Addu City and in Laamu Atoll.

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

MTCC bus operations to Hulhumale' Phase 2.



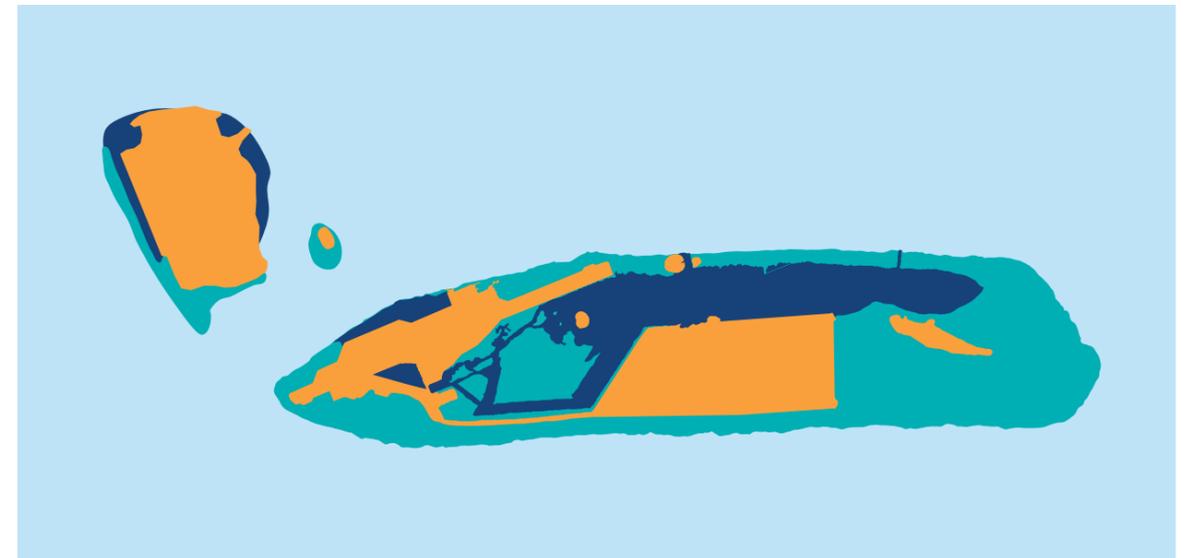
MARINE TRANSPORT

SERVICE PORTFOLIO



HULHUMALE' FERRY AND BUS SERVICES

PREMIUM LINK
OUR PREMIUM FERRY SERVICE IN THE MALE'-HULHUMALE' SECTOR.



Serves Hulhumale' along its main transport routes and between Hulhumale' and Velana International Airport (VIA).

VILLINGILI FERRY SERVICE

FERRY LINK WEST

FERRY SERVICE BETWEEN MALE' AND VILLINGILI, MALE' AND THILAFUSHI & MALE' AND GULHIFALHU.

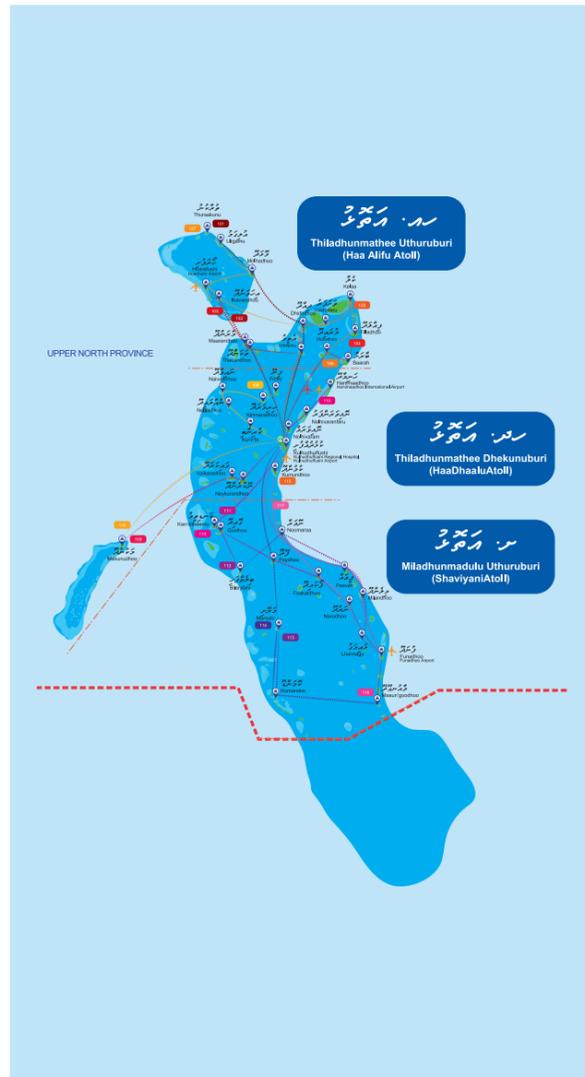
CARGO SERVICE

CARGO DELIVERY SERVICE TO AND FROM MALE', VILLINGILI, GULHIFALHU & THILAFUSHI.

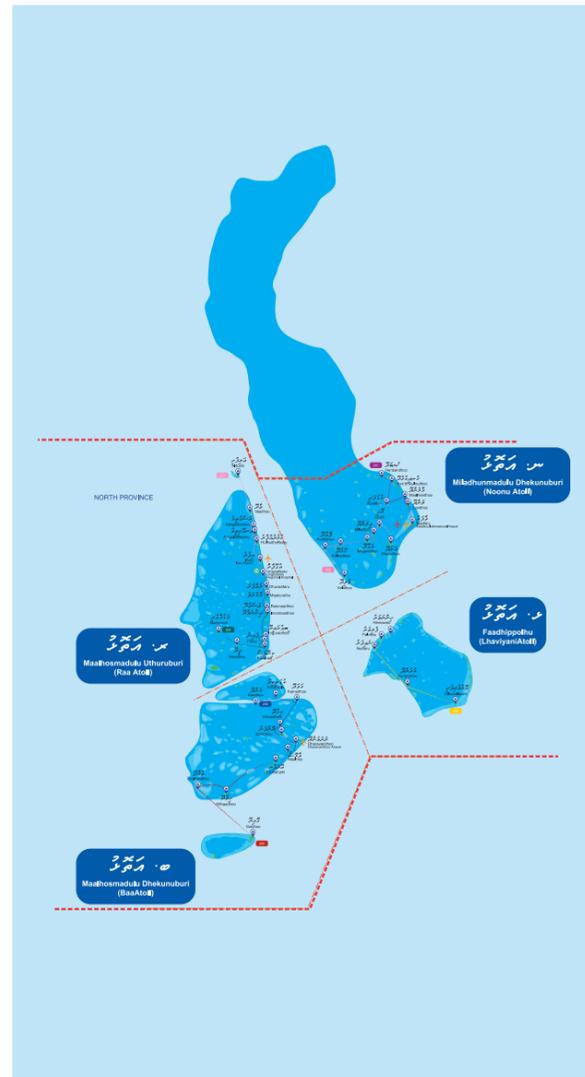
INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 1

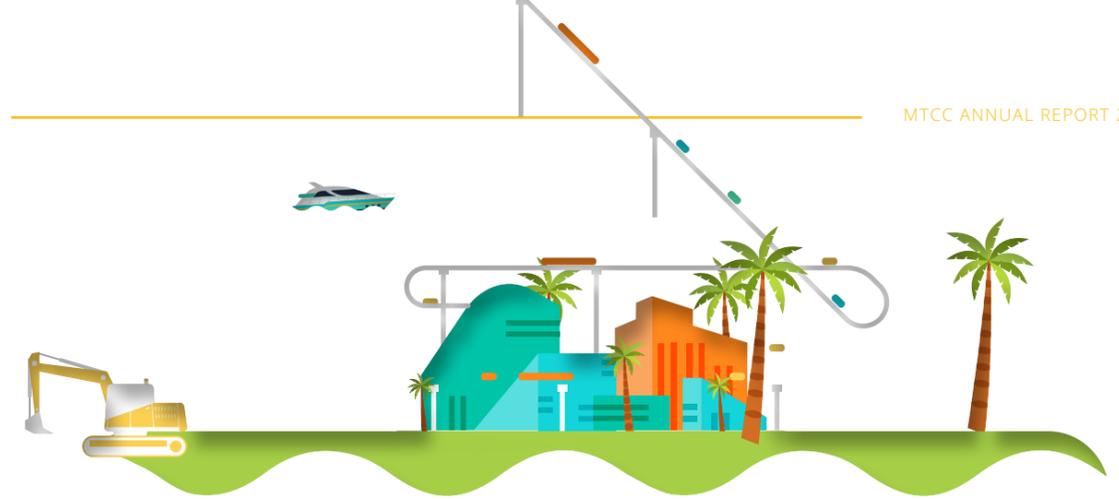
Zone 2



Haa Alifu, Haa Dhaalu & Shaviyani Atoll



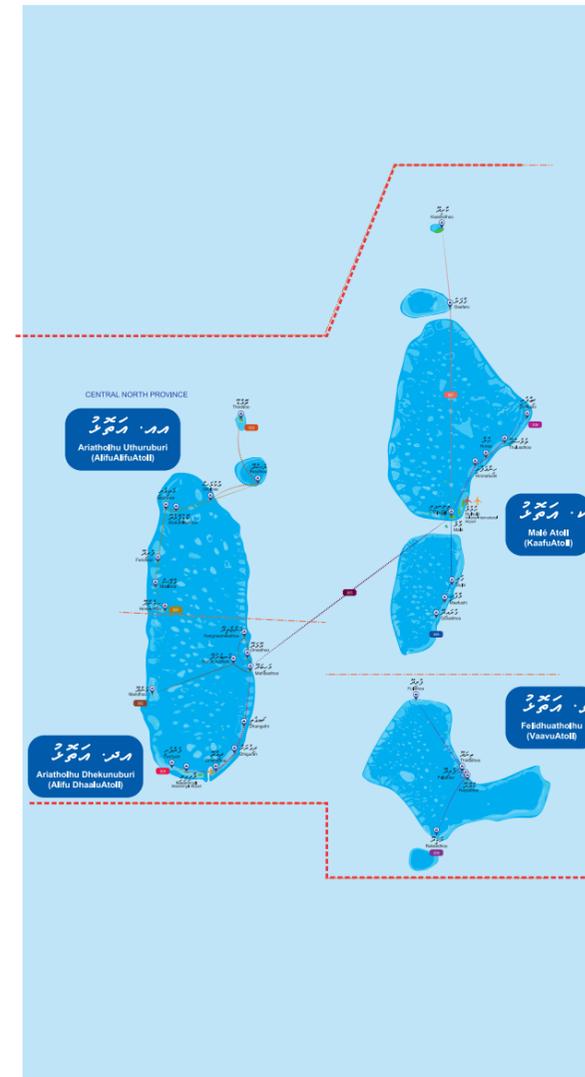
Noonu, Raa & Baa Atoll



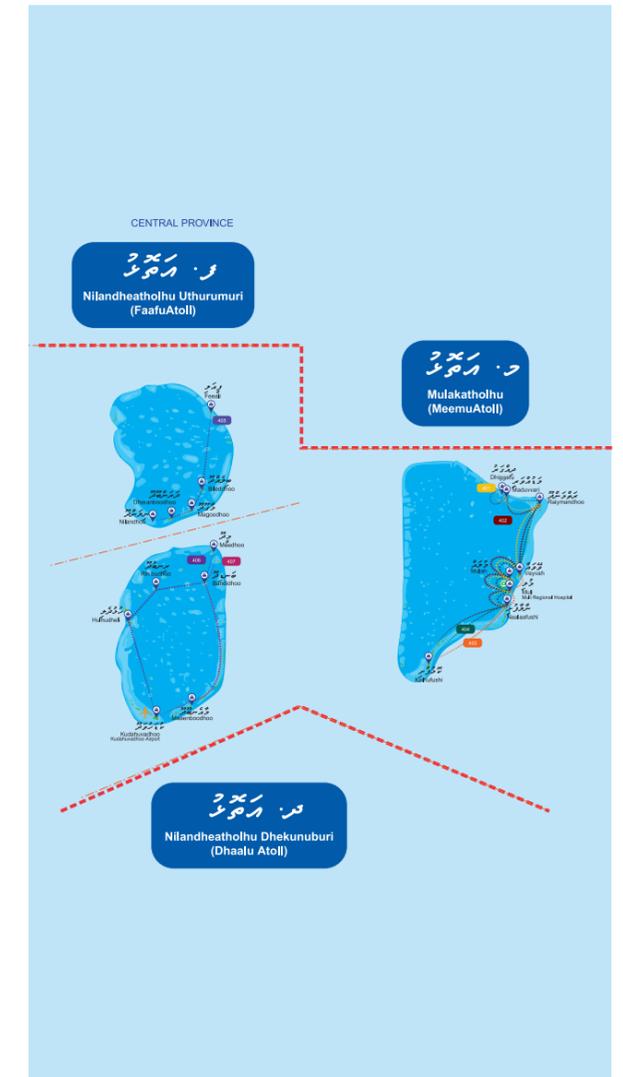
INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 3

Zone 4



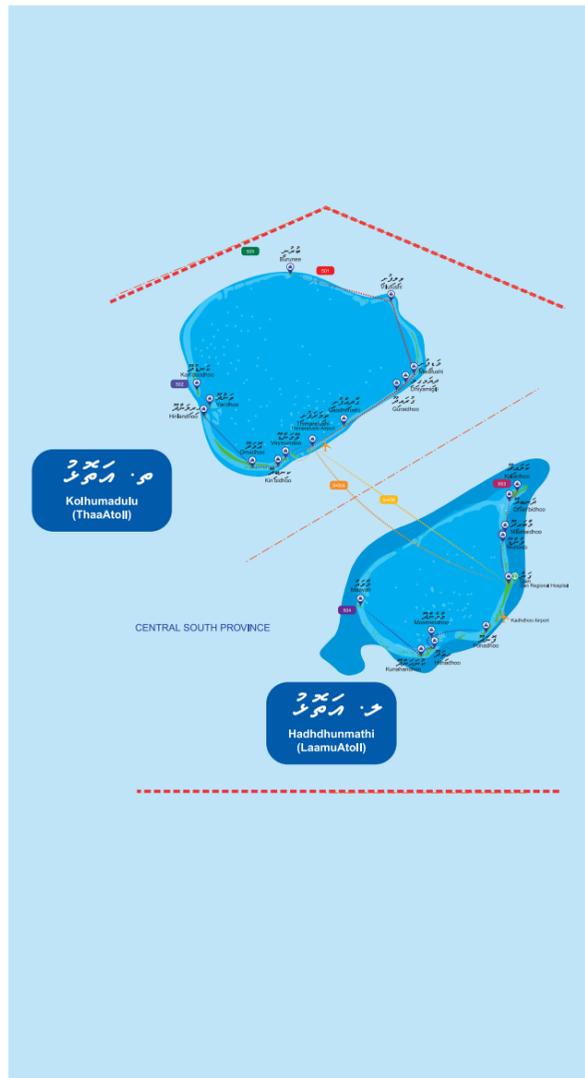
Kaafu, Alifufu, Alifudhaaloo & Vaavu Atoll



Meemu, Faafu & Dhaalu Atoll

INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 5



Thaa & Laamu Atoll

Zone 6



Gaafu Alifu & Gaafu Dhaalu Atoll

RTL HIGHSPEED FERRY SERVICE

ZONE 1

HAA ALIFU, HAA DHAALU & SHAVIYANI ATOLL (TO COMMENCE DURING 2022)

OTHER SERVICES

CHARTERS

SPEEDBOAT AND DHONI CHARTER TRIPS TO ANYWHERE IN THE MALDIVES

IZZUDEEN JETTY

EMBARKING SERVICES AT IZZUDEEN JETTY



KEY ACTIVITIES AND DEVELOPMENTS

INTEGRATED NATIONAL PUBLIC FERRY NETWORK

The Marine Transport Division was formed during the second quarter of 2021, with the expansion of marine transport services undertaken by the Company. With the signing of the Service Agreement between the Company and the Ministry of National Planning Housing and Infrastructure in February 2021, planning and preparations for the launch of the first phase of the project commenced. Ferry services in HA, Atoll, HDh, Atoll and Shaviyani Atoll will be rolled out during the first phase of the project.

CONSTRUCTION OF FERRY TERMINALS

In preparation for the launch of the first phase of the Integrated National Public Ferry Network in 2022, the construction of ferry terminals required for the ferry network began in the following islands during the year. The terminals at the islands are designed to offer comfort and convenience to passengers.

- Hanimaadhoo, HDh. Atoll
- Nellaidhoo, HDh. Atoll
- Dhidhdhoo, HA. Atoll
- Harafushi, HA Atoll
- Ihavandhoo, HA Atoll
- Kulhudhuffushi, HDh. Atoll (developed as a Regional Terminal)

PROCUREMENT OF VESSELS FOR THE FLEET

Work on the procurement of 17 speedboats required for Phase I began in the second quarter 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.

AUTOMATION OF CUSTOMER SERVICES

Work on the development of an online platform that includes a mobile app and a web portal through which customers can purchase tickets online, book seats, track vessels and receive updated information on routes and schedules of the service, commenced in 2021 in preparation for the launch of the Integrated National Public Ferry Network.





“Public land transport services provided by the Company saw a revolutionary expansion during the year, **with the transfer of public land transport services provided by Maldives Ports Limited in the Greater Male’ Region, Laamu Atoll, Fuvahmulah and in Addu City, to the Company.**”



LAND TRANSPORT SERVICE PORTFOLIO

GREATER MALE’ REGION

BUS SERVICES

MALE’ - HULHUMALE’

MALE’ – VELANA INTERNATIONAL AIRPORT

HULHUMALE’ PHASE I – HULHUMALE’ PHASE II

PRIVATE HIRE

BUS AND CAR HIRE SERVICE WITHIN HULHUMALE’ AND BETWEEN HULHUMALE’, VIA AND MALE’

ADDU CITY BUS SERVICES

BUS SERVICES

SCHOOL SERVICE

HITHADHOO – GAN

(PREPARATORY WORK UNDERWAY TO BEGIN OPERATIONS)

HULHUMEEDHOO

(PREPARATORY WORK UNDERWAY TO BEGIN OPERATIONS)

LAAMU ATOLL BUS SERVICES

BUS SERVICES

(PREPARATORY WORK UNDERWAY TO BEGIN OPERATIONS)

FONADHOO – GAN THUN’DI

ISDHOO -KALAIIDHO

KEY ACTIVITIES AND DEVELOPMENTS

ESTABLISHMENT OF THE LAND TRANSPORT DIVISION

The Board of Directors of the Company approved to split the Transport Services Division into two separate divisions, in the first quarter of the year with the expansion of public marine and land transportation services provided by the Company. Work of the new Land Transport Division officially commenced at the beginning of the second quarter.

TRANSFER OF LAND TRANSPORT SERVICES PROVIDED BY MPL

Public land transport services provided by the Company saw a revolutionary expansion during the year, with the transfer of public land transport services provided by Maldives Ports Limited in the Greater Male' Region, Laamu Atoll, Fuvahmulah and in Addu City, to the Company. The process of transfer began during first quarter of the year, while the agreement for the transfer between the Company and the Ministry of Finance was finalised during the second quarter. The services were officially transferred to the Company on 1st July 2021.

DEVELOPMENT OF SERVICES IN ADDU CITY, LAAMU ATOLL AND FUVAHMULAH

At the time of handover of bus services provided by MPL, 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. Preliminary works required to restart the services, including route planning in all three regions, were completed during the third quarter of the year. Orders for the procurement of the 34 minibuses required for the services were also placed in the third quarter of the year.

EXPANSION OF SERVICES IN HULHUMALE' AND BETWEEN MALE' AND HULHUMALE'

With the commencement of people moving into the newly developed Hiya Flats in Hulhumale' Phase II, the Company introduced bus services to connect the new community with the rest of the land transport network in the Greater Male' Region. Two buses were introduced to serve Phase II. At the same time, frequency of services in the neighborhood routes in Phase I was increased to serve the Hulhumale' population more effectively.

The process of procurement of 15 double decker buses to serve the routes commenced in 2021. The new buses are expected to be in service in 2022 and is expected to significantly enhance the services currently provided in Hulhumale' and between Hulhumale' and Male'.

MALE' MINIBUS SERVICES

Negotiations were held between the Ministry of Transport and Civil Aviation and the Company, on the provision of minibus services in Male' during the year. A Memorandum of Understanding for the provision of minibus services in Male', was signed between the Ministry of Transport and Civil Aviation, Ministry of Finance and the Company in December 2021.

Route planning was completed in the third quarter of the year and the service is expected to commence during 2022. The procurement of the required electrical minibuses, the construction of charging stations and other preparations also began during the year.

ENGINEERING & DOCKING SERVICES

The Engineering & Docking Division is tasked with the responsibility of repair and maintenance and engineering works for all the vessels owned by the Company. At the same time the division provides world-class modern engineering and docking solutions services to external customers through its dockyard located in Thilafushi.

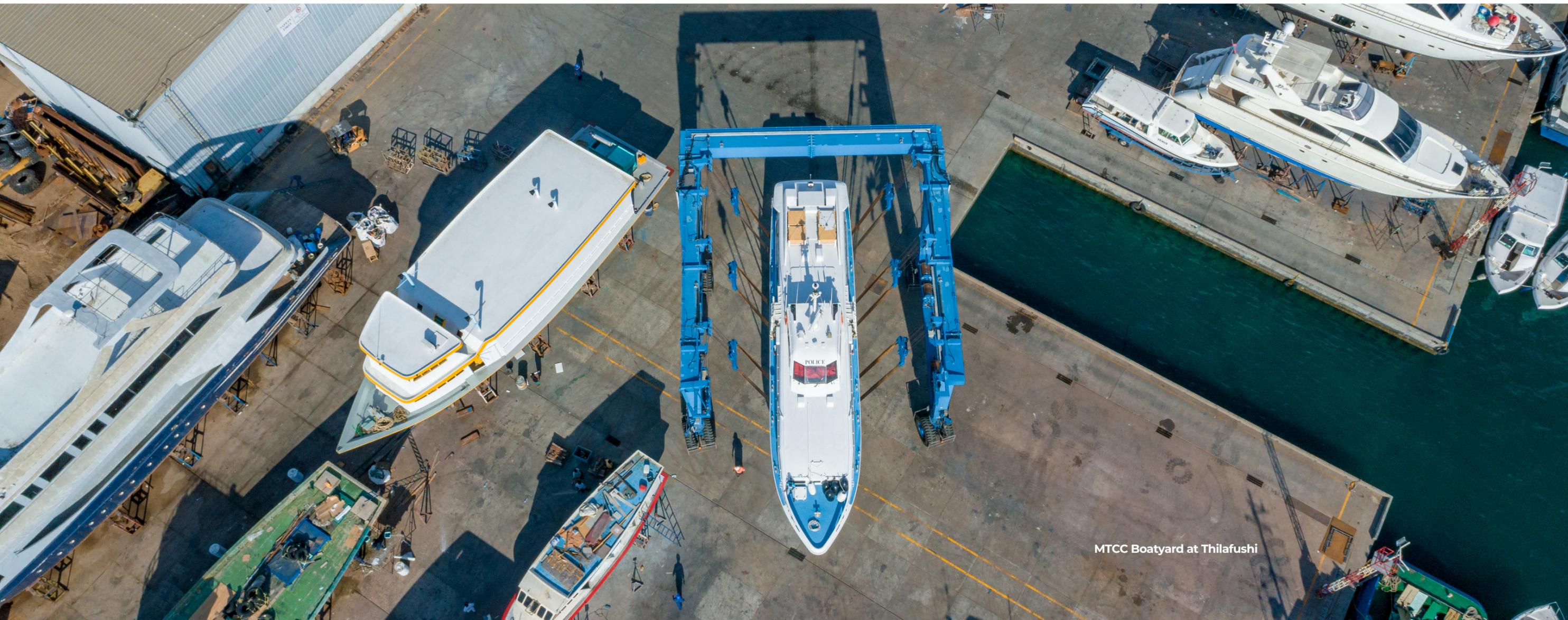
The Engineering and Docking Service was restructured in 2020 to ensure its assets and resources are focused on maximizing the productivity of the Company by providing timely docking, engineering and ancillary services required by various internal divisions of the Company.

SPECIALISED UNIT

The Division was restructured to create ten specialized units in order to create efficiencies through specialized focus on specific areas of work assigned for each unit.

Handling & Docking	Dry-docking, loading & unloading and ancillary service 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.

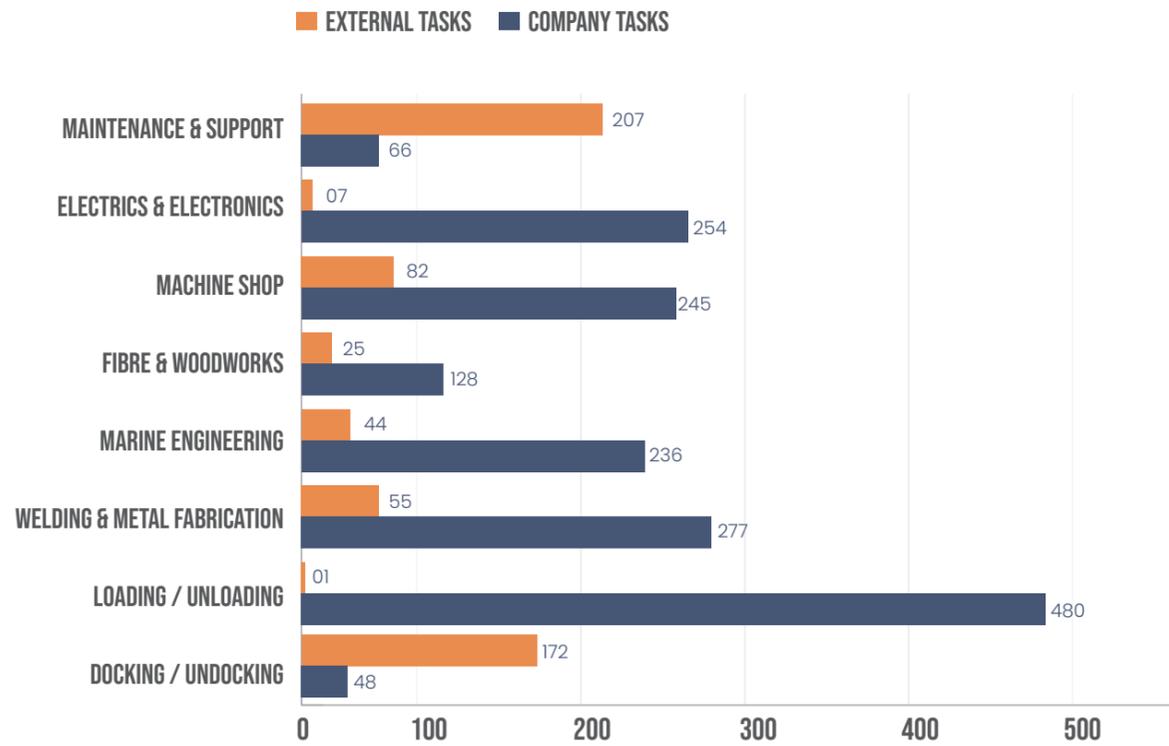
The general administration unit of the Division manages the administrative and documentation of the Division as well as staff safety and site security.



MTCC Boatyard at Thilafushi

WORK CONDUCTED DURING THE YEAR

A total of 2,327 jobs were completed during the year, of which 75% were for Company's internal divisions while 25% were for external customers.



DEVELOPMENT OF THE BOATYARD TO INTERNATIONAL STANDARDS

MTCC Boatyards is a key support service that ensures the success of all infrastructure projects undertaken by the Company while it also offers its services to external customers. Work is underway to develop the MTCC boatyard to international standards. Plans were made during the year to upgrade its welding services and to improve its docking facilities to service vessels up to 60 meters in length in 2022.



HUMAN RESOURCES

In 2021, the Company underwent substantial changes in its salary structure and in its organizational and functional structures. Manpower requirements were adjusted to meet the staffing needs of newly created divisions and with the transfer of transportation services provided by the Maldives Ports Limited, to the Company. Additionally, staff strength was increased to improve efficiency and output as well as to cater to the record number of projects undertaken by the Company in 2021.

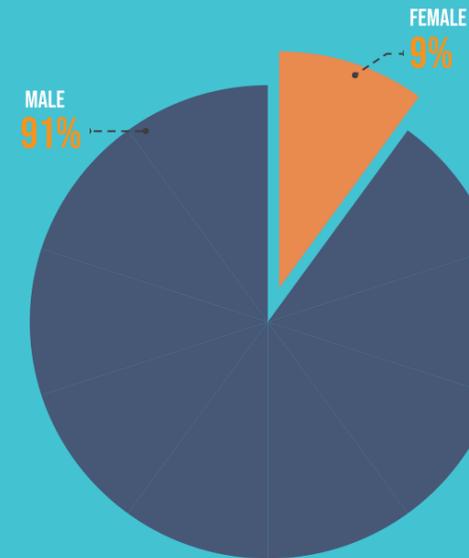


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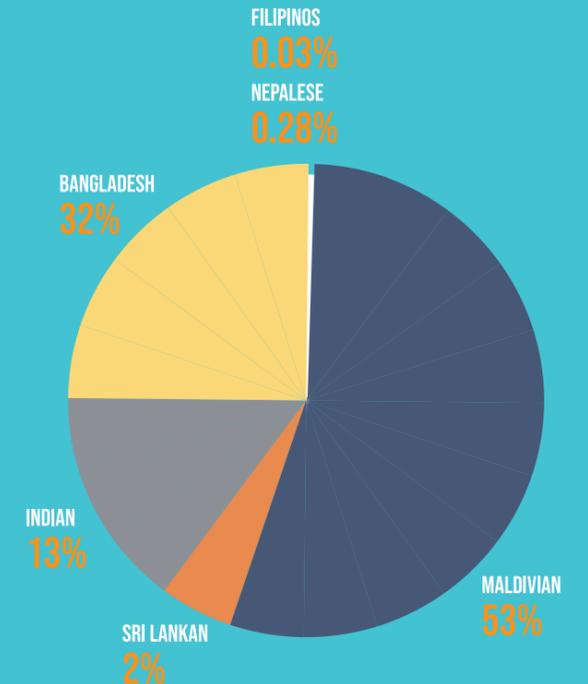
AS OF 31 DECEMBER 2021



DIVERSITY



Percentage of employees by gender



Percentage of employees by nationality

* Based on the number of fulltime employees only

CERTIFIED TECHNICAL AND PROFESSIONAL STAFF



05



25



76



13



130



104



49



440

STAFF TRAINING

In 2021 emphasis was placed on employee development as a key to increasing the productivity of employees. Online training programs were conducted in the first two quarter of the year due to the restrictions placed to control the Covid-19 pandemic. However, in the third quarter, Instructor Lead Training (ILT) was held to train instructors to deliver short-term trainings. with precaution in place. Employee development sessions held during the year included traditional learning at classroom sessions, on-the-job learning through coaching and mentoring and experimental learning in seminars and workshops.

TRAINING PROGRAMS CONDUCTED DURING THE YEAR



NUMBER OF STAFF TRAINED DURING THE YEAR



Long Service Award recipient at the MTCC Anniversary Night 2021.

HUNAVARU PROGRAM

The Hunavaru Program is aimed at building qualified Maldivians, specifically in the construction sector. 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 job market.

Through the Hunavaru Program, successful candidates will 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 13 candidates completed Hunavaru Licensing Program and are currently employed in the Construction and Dredging Division as Excavator Operators.

STAFF AWARDS AT 41ST ANNIVERSARY EVENT

A grand meeting was held in December 2021 on the occasion of the Company's 41st anniversary. During the meeting a member of the staff who has completed 40 years of service in the Company was awarded a prestigious Platinum Long Service award by His Excellency President Ibrahim Mohamed Solih. Five staff members who had served for more than 30 years were awarded with Gold Long Service awards. At the event scholarships were also awarded to 11 members of the staff under the 2021 Human Resource Development Program.

CLUB MTCC

The objective of Club MTCC, is to promote unity amongst the members of our team and to offer a platform to develop team spirit, friendship and unity among the team. Club MTCC is the core of social interaction within the Company. The Club conducts several activities each year among the staff. It also represents the Company in external tournaments and gatherings to increase motivation and strengthen the winning spirit among the team.

During the first two quarters of the year there were a limited number of activities of the Club due to Covid-19 restrictions imposed during that time.



CLUB MTCC MASRACE

Club MTCC Masrace was held in January 2021, with the objective of creating an opportunity for staff to relieve the stress faced due to the Covid-19 pandemic. The event enabled employees from different divisions to compete in a fun atmosphere, with proper social distancing and following HPA guidelines. Twenty-three teams comprising of 270 employees took part in the event. The awards ceremony was held at the Company's Thilafushi site.

WOMEN'S DAY CELEBRATIONS

Celebrations were held to celebrate the International Women's Day 2021 under the theme "Hevaagi Kanbalun". Club MTCC arranged a virtual cake cutting in all the division to celebrate event. In addition to the internal celebrations MTCC also gifted a cake to the volunteers working in HEOC to appreciate their hard work in keeping us safe during the pandemic. Photos and videos of female employees were also shared on social media.

CLUB MTCC MAAHEFUN

Club MTCC Maahefun was held in April 2021. In order to abide by the social distancing rules during that time, a "Dhivehi Keun" pack was given to each division so that each division could celebrate the event individually. Despite the pandemic, this event allowed employees to engage with each other and share in the joy of the event.

RAMADAN CRICKET CARNIVAL

Two teams from MTCC participated in the Ramadan Cricket Carnival 2021. After a successful start for MTCC, the tournament was postponed due to Covid-19 restrictions imposed during the time.

CLUB MTCC MINI OLYMPICS 2021

Club MTCC organized the Club MTCC mini-Olympics 2021 in cooperation with Sifainge Club in K.Girifushi in September 2021. Over 15 teams participated with more than 200 employees. Employees took part in multiple team sports activities.

CLUB MTCC FUTAL TOURNAMENT

Club MTCC Futsal Tournament was an internal Company event open for all employees. Eighteen men's teams and five women's teams that included 200 staff, participated in the tournament.

INTER-OFFICE CHESS TOURNAMENT

MTCC took part in the 3rd Inter-office chess championship in the country with a team of four players.

CLUB MALDIVES CUP 2021

Club MTCC took part in the Club Maldives Cup 2021 during November. The team took part in practice and preparations for the tournament in addition to practice matches in R. Dhuvaafaru, K. Maafushi and K. Dhiffushi. The team made played three matches in the group and made it the round of sixteen.

MEN'S DAY 2021

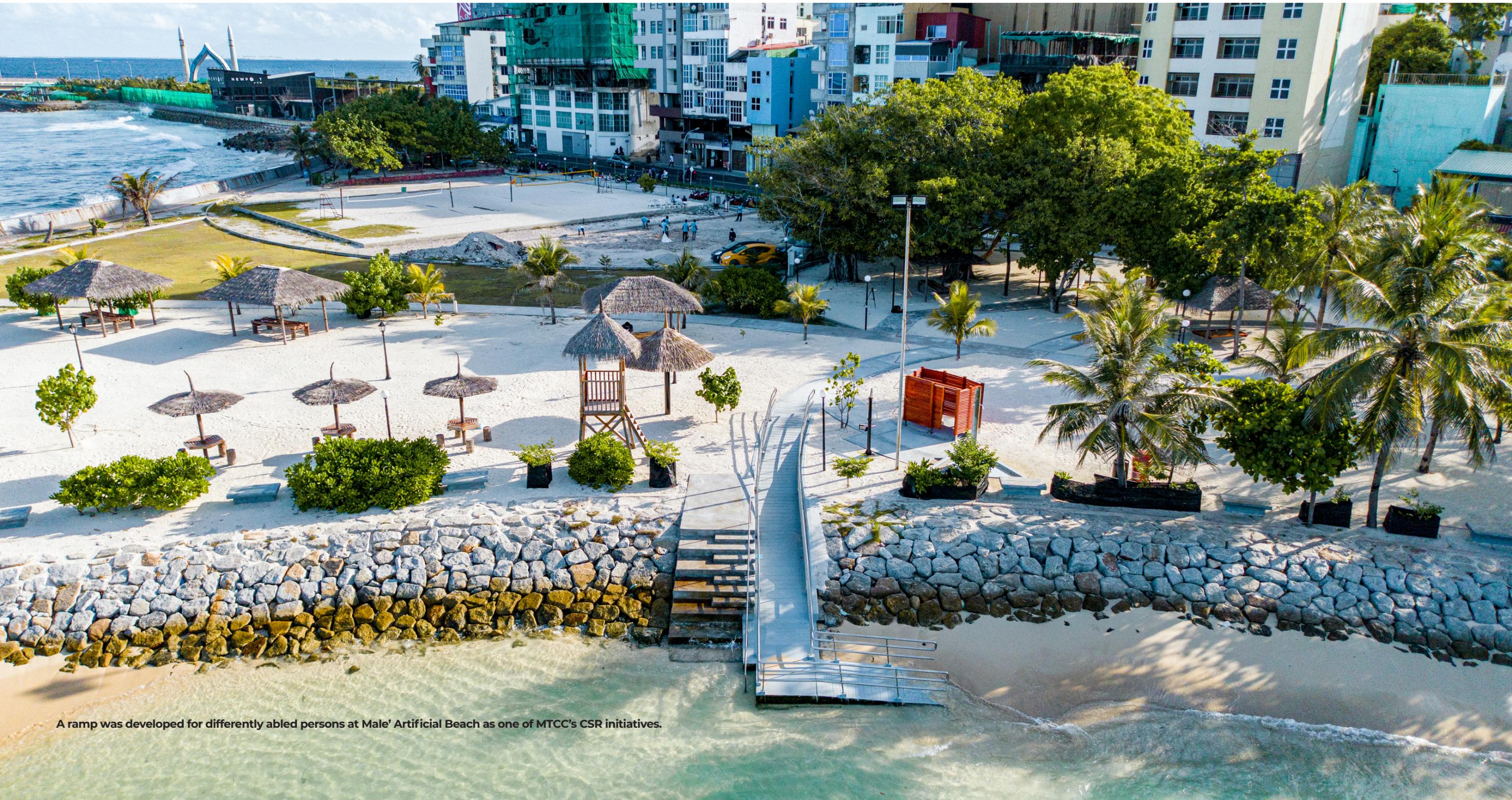
Club MTCC celebrated International Men's Day with cakes provided to all divisions. The day was also marked at different project sites and the transport offices located within the atolls.



CORPORATE SOCIAL RESPONSIBILITY

“

During the year 2021 we carried out a total of 304 CSR initiatives with a combined market value of MVR 18.41 million, establishing a milestone, **as the year we contributed the most to our community during a fiscal year in our long history.**”



A ramp was developed for differently abled persons at Male' Artificial Beach as one of MTCC's CSR initiatives.

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 know-how 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.

With the disruptions in movement due to Covid-19 during the year in review, our focus was on assisting the national effort to control Covid-19 and assist communities overcome the challenges faced due to the crisis. At the same time, 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 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 2021 we carried out a total of 304 CSR initiatives with a combined value of MVR 18.41 million, establishing a milestone, as the year we contributed the most to our community during a fiscal year in our long history. A breakdown of the CSR initiative we conducted for various island communities including Male city during the year 2021 is shown below.

Details	2021	2020
Number of CSR initiatives carried out for our community	304	99
Number of Atolls in which we carried our CSR initiatives	20	17
Number of Islands in which we carried our CSR initiatives	58	38
Market value of CSR initiative carried out in MVR	18,412,614.03	3,600,731.52

During the year we carried out two special CSR initiatives which is noteworthy with a combined value of MVR 6 million towards realizing our CSR objective for the year. We have always been an avid advocate in promoting inclusivity, to providing equal access to opportunities and resources for people who might otherwise be excluded or marginalized, such as those having physical or intellectual disabilities. As such we developed a wheelchair accessible ramp and a changing room for the differently abled community to enjoy the beach for their recreational and medical use.

Additionally, we also believe each member of our community should have a second chance to return back to the society even if they have chosen a wrong path in life. As such we completely renovated the Greater Male' Halfway House at Hulhumale, to help recovering addicts in their journey from their life of substance abuse to living in society as a contributing, responsible member.

DEVELOPING A SAFE ENVIRONMENT FOR ALL

A video, "Magey Zinmaa" was created to promote the measures taken to mitigate Covid-19 focusing on the preventive measures taken the Company on the transport sector, emphasizing the Company's priority on the safety of the customers.

"Amaankan Enmmenah" is an ongoing campaign to create awareness on road safety. Two TVCs, were produced during the year, which focused on the dangers of speeding and using mobile phones while driving.



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.

During the year the Company continued the recruitment of temporary project staff from the localities in which our projects are executed. More than 108 temporary staff were in our payroll working in various projects at the end of the year.

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.

YOUTH EDUCATION AND EMPOWERMENT

The Hunavaru program was launched in 2019 to develop technical skills required for the Company. During the year in review, we continued the Hunavaru Licencing Program we launched in 2020, to train licenced Maldivian operators for vessels and vehicles used in our operations. Additionally, we also sponsored the course fee for two local students to achieve their first degree in therapeutic studies, a profession, in which there is an acute shortage of local professionals.

RESPECTING THE IDEAL OF NORMALIZATION

Respecting the ideal of normalization advocated by the United Nations, we continued our program of proactively employing differently abled persons, a program which began in 2015.

A SUSTAINABLE ENVIRONMENT FOR A SUSTAINABLE BUSINESS

We consider a sustainable environment to be the basis for a sustainable business. In previous years we have worked with NGOs in various clean-up activities and awareness campaigns. With movement restricted during the year such activities were suspended temporarily.



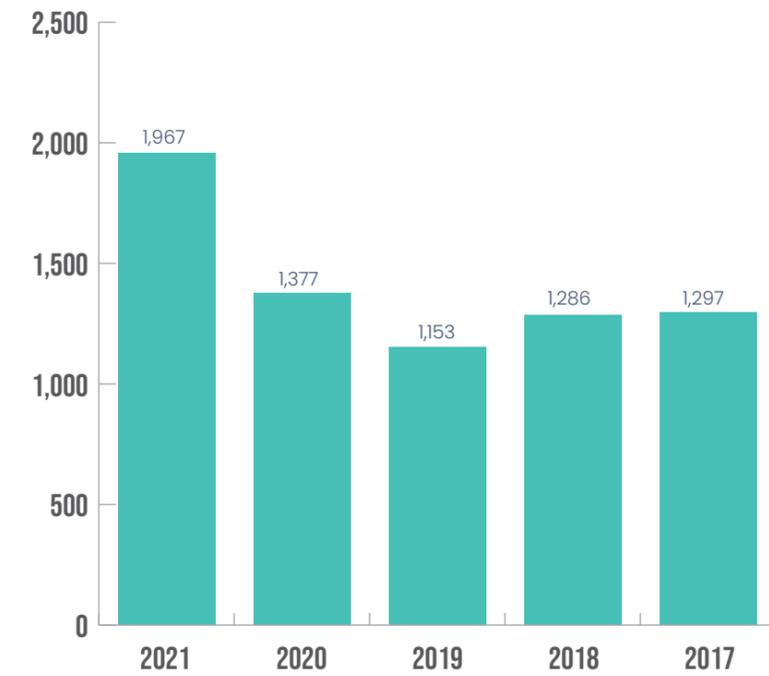
FINANCIAL REVIEW



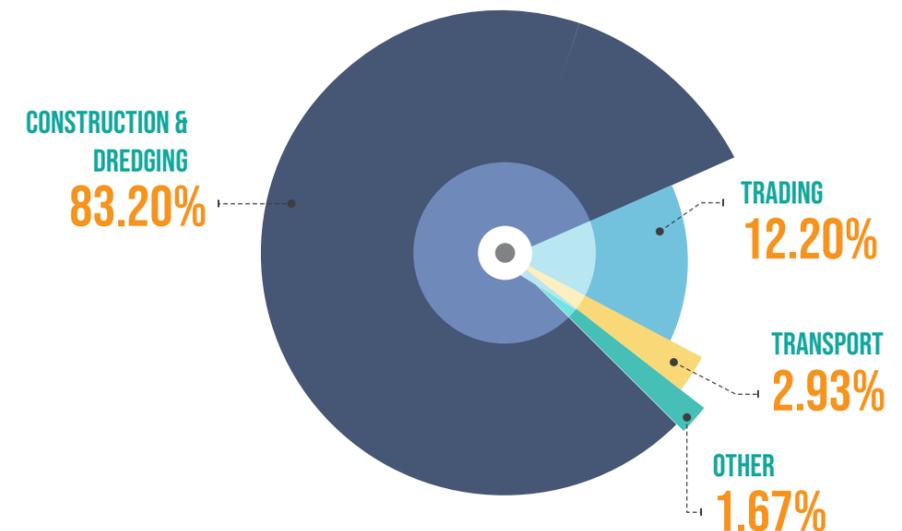
REVENUE

The Group has generated a total revenue of MVR 1.96 billion, an increase by 43% compared to the previous year, mainly due to increase in construction projects during the year.

REVENUE (MVR IN MILLIONS)



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 and Dredging, Transport and Real Estate.

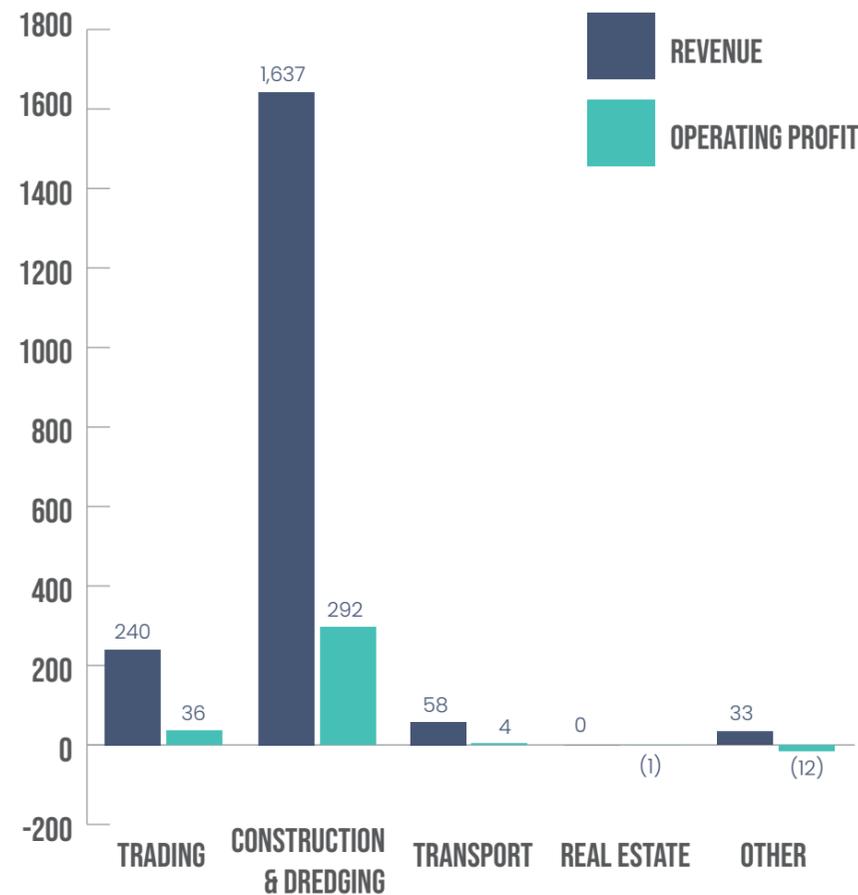


Out of all these segments, the revenue to the Group is primarily generated from Trading, Transport and Construction and Dredging, while most of the profit of the Company for year ended 31 December 2021 was generated mainly from Trading and Construction and Dredging.

During the year ended to 31 December 2021, out of the total Group revenue of MVR 1,967 million, Trading contributed MVR 240 million (2020: MVR 180 million), Construction and Dredging MVR 1,637 million (2020: MVR 1,116 million), Transport MVR 58 million (2020: MVR 51 million), and no revenue activity for Real Estate for the financial year 2021 (2020: MVR 17 million).

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

SEGMENT REVENUE & PROFITS (MVR IN MILLION)



Revenue generated from Construction and Dredging has grown by 47% compared to previous year due to increase in new infrastructure and construction projects. The total revenue generated from trading segment was adversely affected in 2020 due to the covid restrictions. However, with ease in the pandemic, the supply of engines and other trading products has increased, resulting to 33% growth in revenue in 2021. Further, Transport segment of the company has expanded during the year with the acquisition of MPL transport operations to MTCC in July 2021 and extension of Hulhumale' bus operation to Phase 2 in October 2021 showing a growth of 12% in revenue compared to previous year.

NET PROFITS

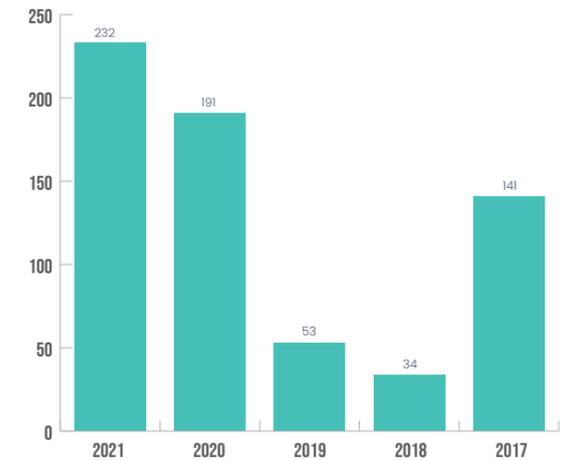
The Group profit after tax (PAT) for the year ended 31 December 2021 has increased by 21% compared to the previous year driven by a notable contribution from construction and dredging activities.

Regardless of the substantial improvement in revenue, the gross profit margin of the company has fallen to 20% (2020: 23%) and net profit to 12% in 2021 (2020: 14%). One of the main reasons is the increased material prices given that the logistics and freight charges has increased due to the pandemic situation across the globe. Furthermore, increase in revenue from transport segment does not contribute to profits of the company as transport segment losses were subsidized by the Government by MVR 144 million for the financial year 2021.

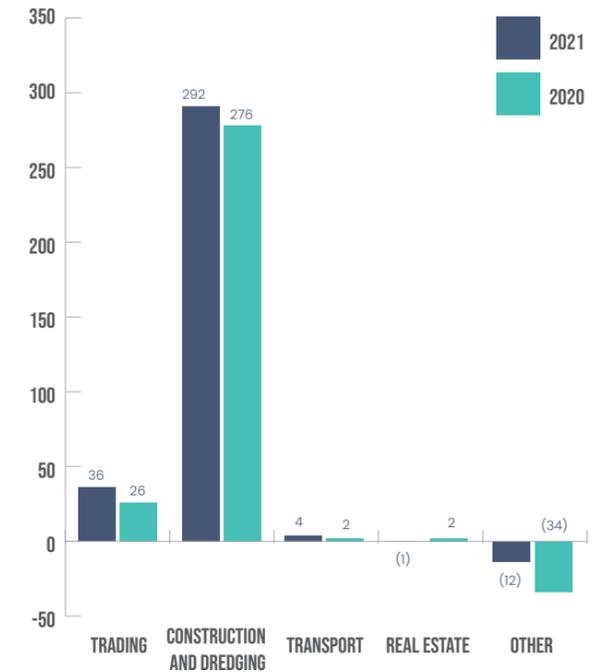
Out of the total operating profit of MVR 319 million posted by the Group for the year ended 31 December 2021; MVR 36 million (2020: MVR 26 million) is attributable to Trading, Construction and Dredging MVR 292 million (2020: MVR 276 million), Transport MVR 4 million [2020: MVR 2 million], no profit from Real Estate [2020: MVR 2 million] and others a loss of MVR 12 million (2020: MVR 34 million)

Comparison of segmental earnings indicates that revenue from Construction and Dredging segment rose by 47% while the operating profit has increased by 6%. This is due to increased material cost and increase in staff and related expenses in 2021. Operating profit from trading and transport shows improvements with the increased revenue for the year 2021.

PAT - (MILLIONS)

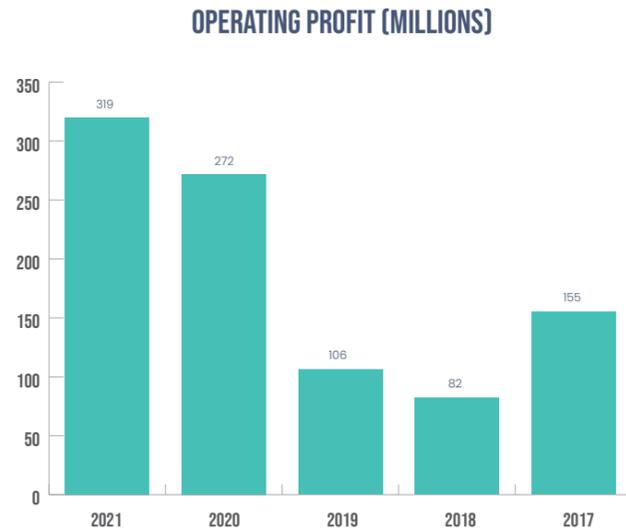


SEGMENT PROFIT / (LOSS) - (MILLIONS)



OPERATING INCOME AND EXPENSES

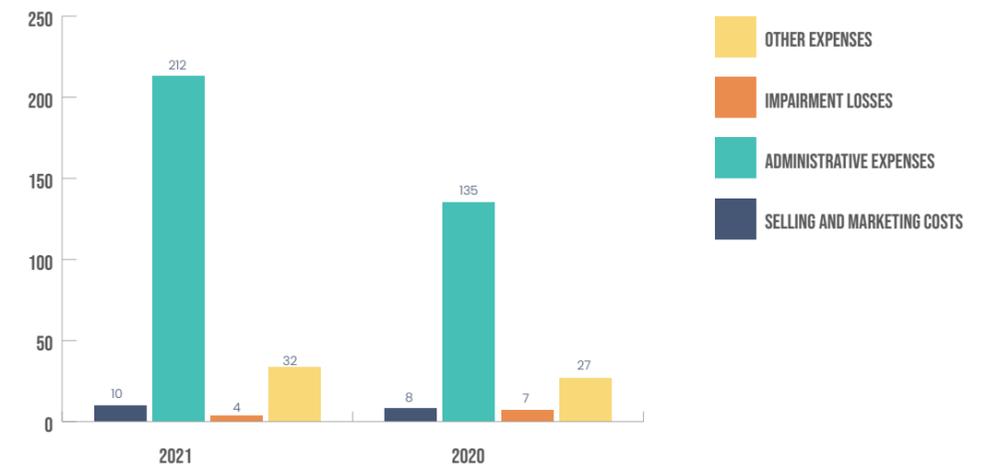
The operating profit of the Group has increased by 17% compared to the previous year primarily due to the improved margin from projects.



Other income has increased mainly due to increase in government subsidy of MVR 144 million and dividend income of MVR 9 million.

Administrative expenses incurred has increased by 57% with expansion in the scale of operation of the company in 2021. 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 company has contributed to the community by various CSR related works which has further increased the administrative expenses in 2021.

OPERATING EXPENSES (MILLIONS)



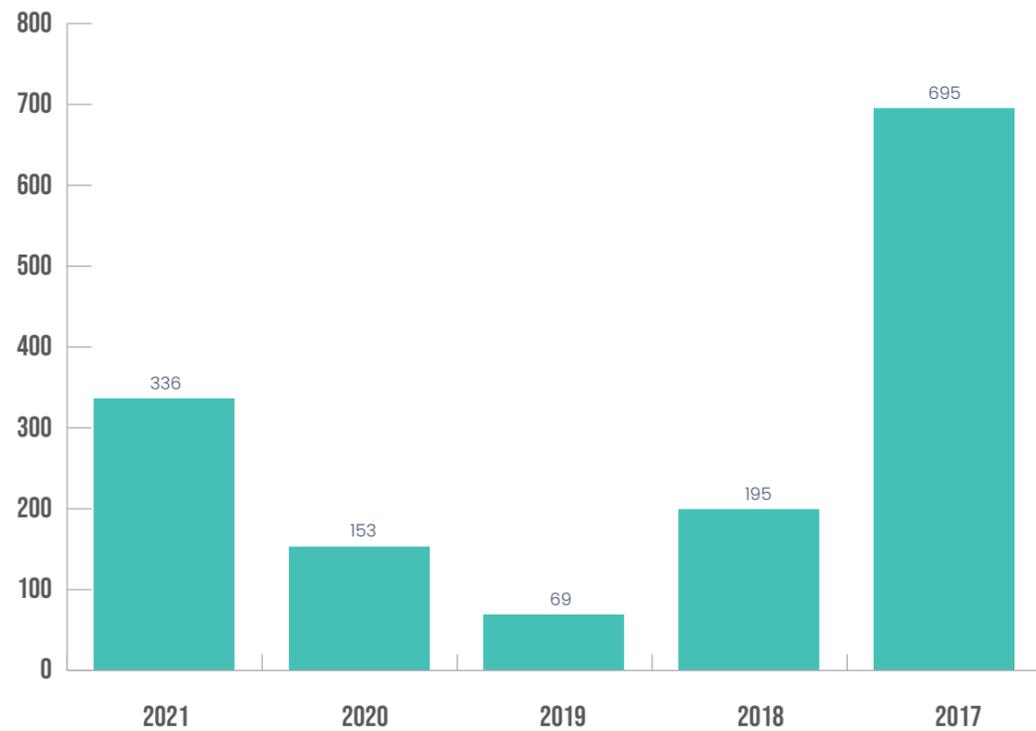
The selling and marketing expenses shows an increase of 25% due to increased Public relation and advertisement expenses by MVR 1.5 million compared to the financial year 2021.

Other Operating expense has increased by 18% due to increased provision of other receivables considering the changes in estimates over future defaults on other receivables.

LONG TERM INVESTMENTS

The Group has made investments in capital assets during the year amounting to MVR 335.6 million (2020: MVR 153 million) through term loans, finance leases and operating cash flows. Investments in capital assets for the financial year 2021 mainly include machineries and equipment for the infrastructure development and construction projects, enhancement of vessels for the logistics & transport operations.

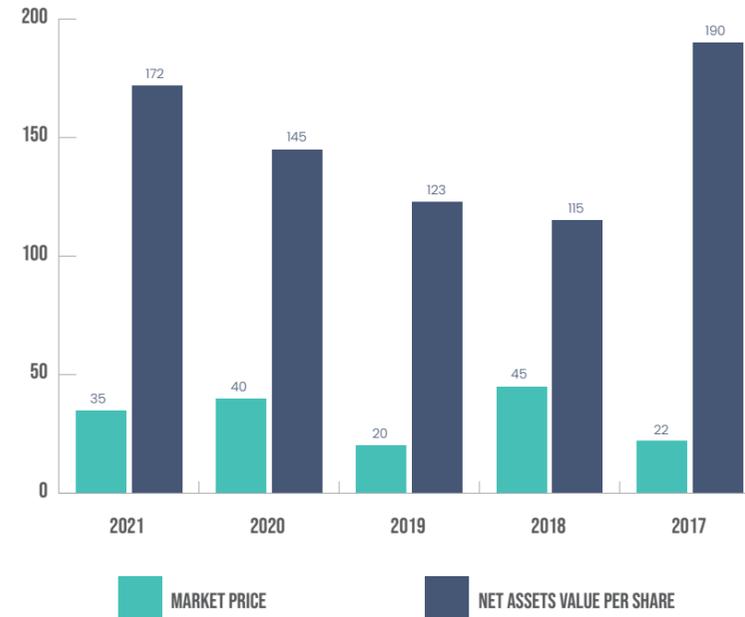
CAPITAL INVESTMENTS (MVR IN MILLIONS)



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 235 (2020: MVR 215) per share and the highest traded price during the year was recorded as MVR 245. MTCC has received dividend of MVR 8,982,936 from the investment in shares of Bank of Maldives Plc. during the year ended 31 December 2021 (2020: Nil). A provision was made for impairment amounting to MVR 920,391 (2020: MVR 1,953,660) over the investments considering the cessation of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2021. 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.

SHAREHOLDERS RETURN

MARKET PRICE AND NET ASSETS VALUE PER SHARE



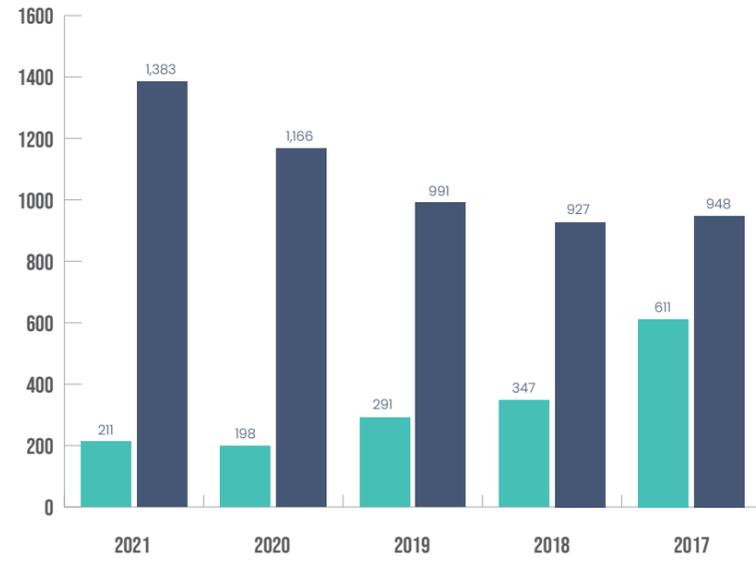
RETURN ON EQUITY AND DIVIDEND YIELD



The Group has accumulated a return of 16.76% to the equity holders for the year ended 31 December 2021. The net asset value per share has increased by MVR 27.01 per share during the year ended 31 December 2021. The Company has declared a dividend of MVR 3.50 (2020: MVR 3.00) per share from the net profits of 2021.

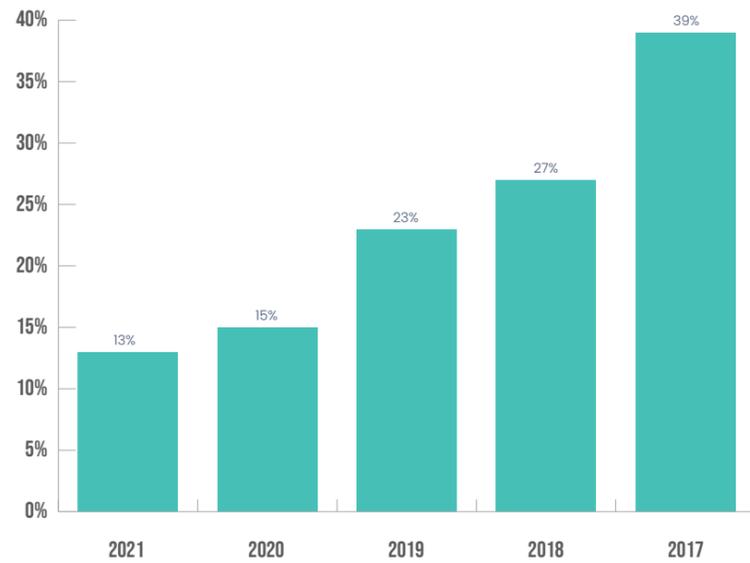
DEBT FINANCE

NET DEBT TO EQUITY (MVR IN MILLIONS)



New borrowings of MVR 91.61 were geared for investments due to the financing requirements for machineries and equipment purchased along with the increasing number of projects. Meantime, during the year, loan principals amounting to MVR 96.70 million was repaid from operating cashflows.

TOTAL GEARING RATIO (%)

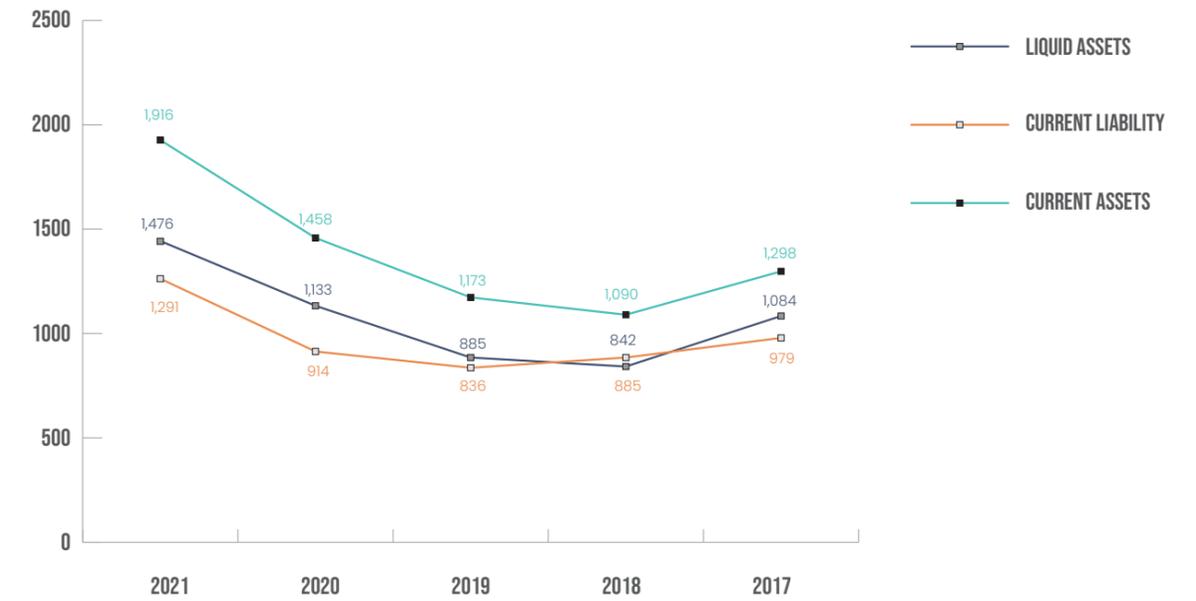


The gearing ratio has come down by 2% due to the repayments during the year.

WORKING CAPITAL

The current ratio has decreased to 1.48x in 2021 compared to 2020 (1.6x) along with the drop in quick assets ratio to 1.14x as well in 2021 compared to 2020 (1.24x).

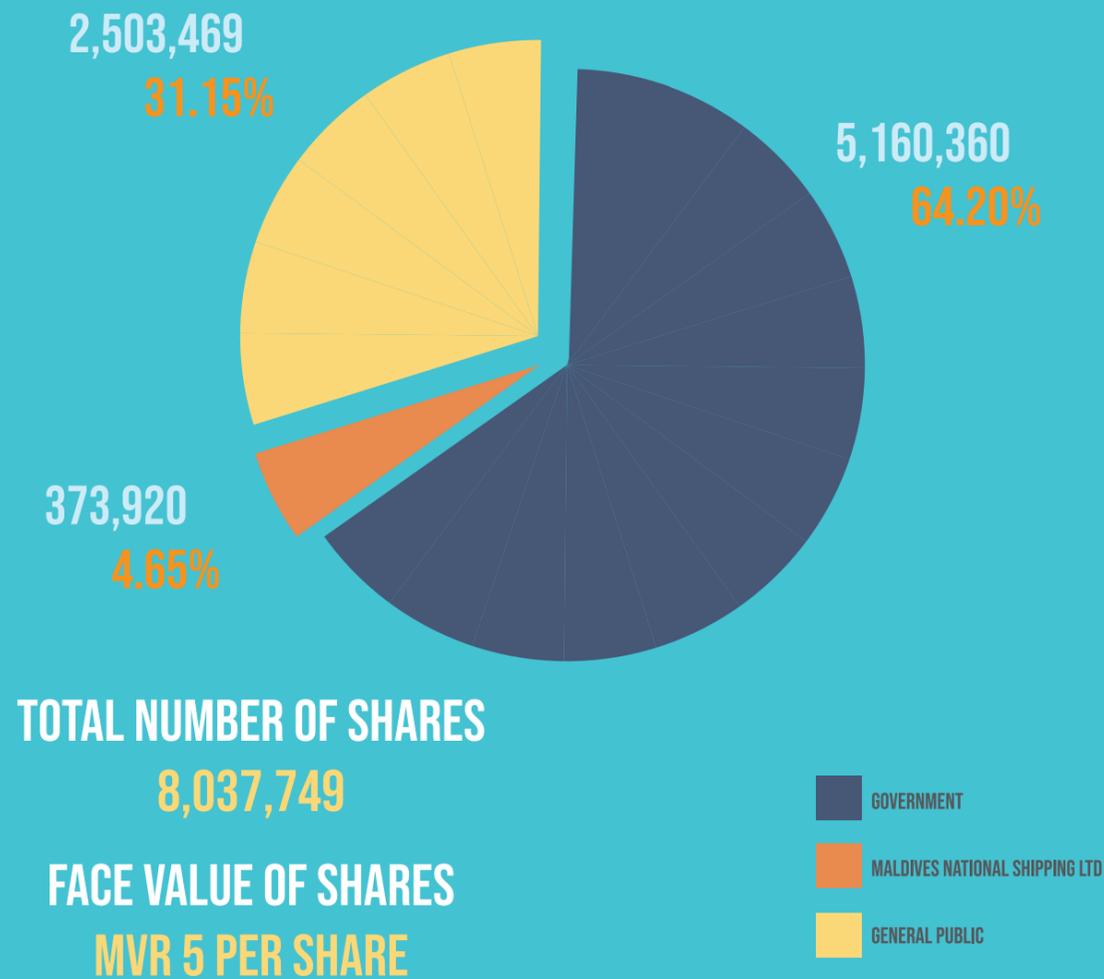
WORKING CAPITAL (MVR IN MILLIONS)



Cash & cash equivalents as at 31 December 2021 shows a significant fall due to investments on capital expenditure.

SHARE PERFORMANCE

IN 2021, THERE WERE NO CHANGES IN THE SHARE STRUCTURE OF THE COMPANY



THE GOVERNMENT OF MALDIVES IS THE ONLY SINGLE PARTY THAT HOLD MORE THAN 5% OF THE SHARES OF THE COMPANY.

PROPOSED DIVIDEND PER SHARE
2021: MVR 3.50

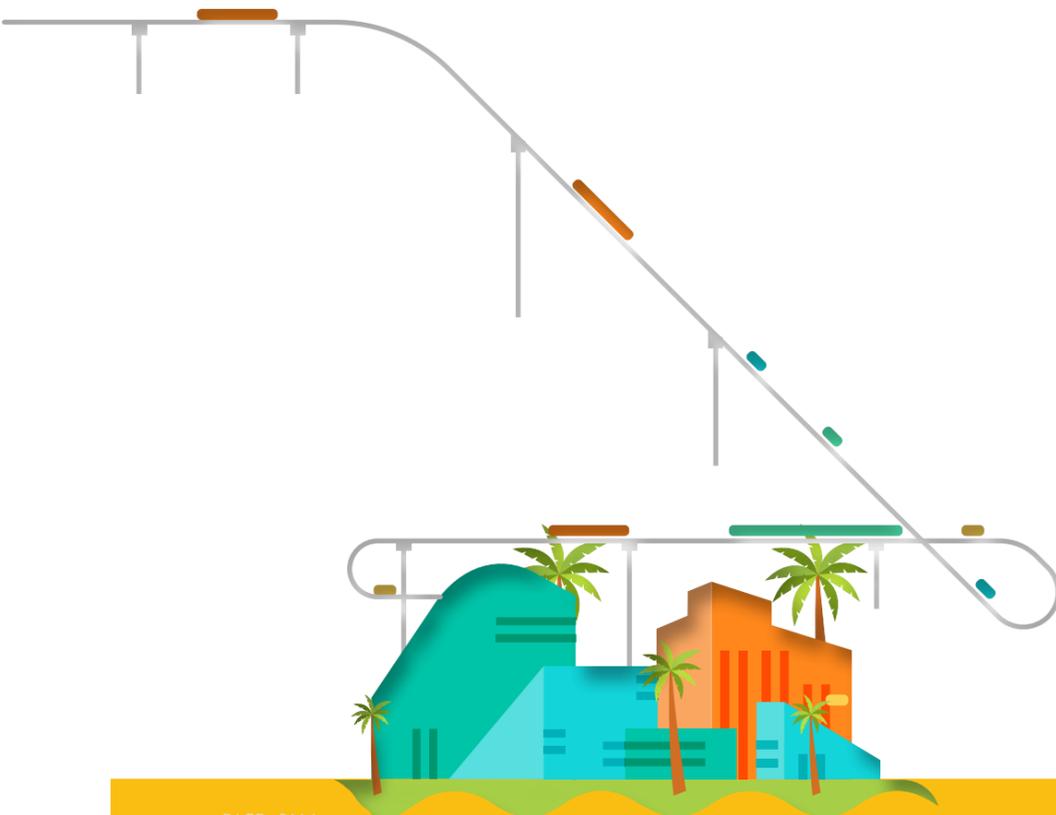
SHARE TRADE

	2021	2020	2019
Lowest traded price (MVR)	30	23	16
Highest traded price (MVR)	40	40	45
Last traded price (MVR)	35	40	20
Last traded date	08/09/2021	22/12/2020	26/12/2019
Weighted average traded price (MVR)	31.32	36.16	21.66
No. of Trades	08	58	33
No. of shares traded	266	1,914	18,318
Value of Shares	8,332	69,216	396,840
Market capitalization (MVR millions)	281.32	321.51	160.76

CORPORATE GOVERNANCE REPORT

As a Public Limited Company, MTCC is governed in accordance with the principles set forth in the Company's Act (10/96), Corporate Governance Code of the Capital Market Development Authority, Listing Rules of the Maldives Stock Exchange, Continuing Disclosure Obligations of Issuers Regulation (2019/R-1050), Securities Act (02/2006) and the Articles of Association of the Company.

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



BOARD CHARTER

The Board Charter of the Company was approved and adopted by the Board of Directors in 2018. The Charter details the Directors' authorities, Directors terms, general roles and responsibilities of the Board, Directors, Chairman, CEO, and the Board's ethical standards.

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, 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 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, from which 02 directors are to be elected by the public shareholders at the Annual General Meeting (AGM), while the remaining 05 directors are nominated by the major shareholder (Government of Maldives) and elected by the shareholders. 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. Board ensures the company's success by adopting and developing efficient corporate governance structures.

The composition of the Board of Directors as of 31st December 2021 was as follows:

No.	Name of Directors	Initial Appointed Date
01.	Mohamed Faheem	11th February 2019
02.	Adam Azim	21st January 2020
03.	Shahid Hussain Moosa	25th March 2019
04.	Sinaan Ali	06th February 2019
05.	Uz. Mohamed Fareed	27th June 2020
06.	Nasrath Mohamed	27th September 2020
07.	Mohamed Imran Adnan	15th November 2020

BOARD MEETINGS

The Board of Directors held 43 Board meetings during the year. The Board facilitates financial, physical, and human resources for business requirements while establishing, assessing, and monitoring internal controls to identify and manage 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.

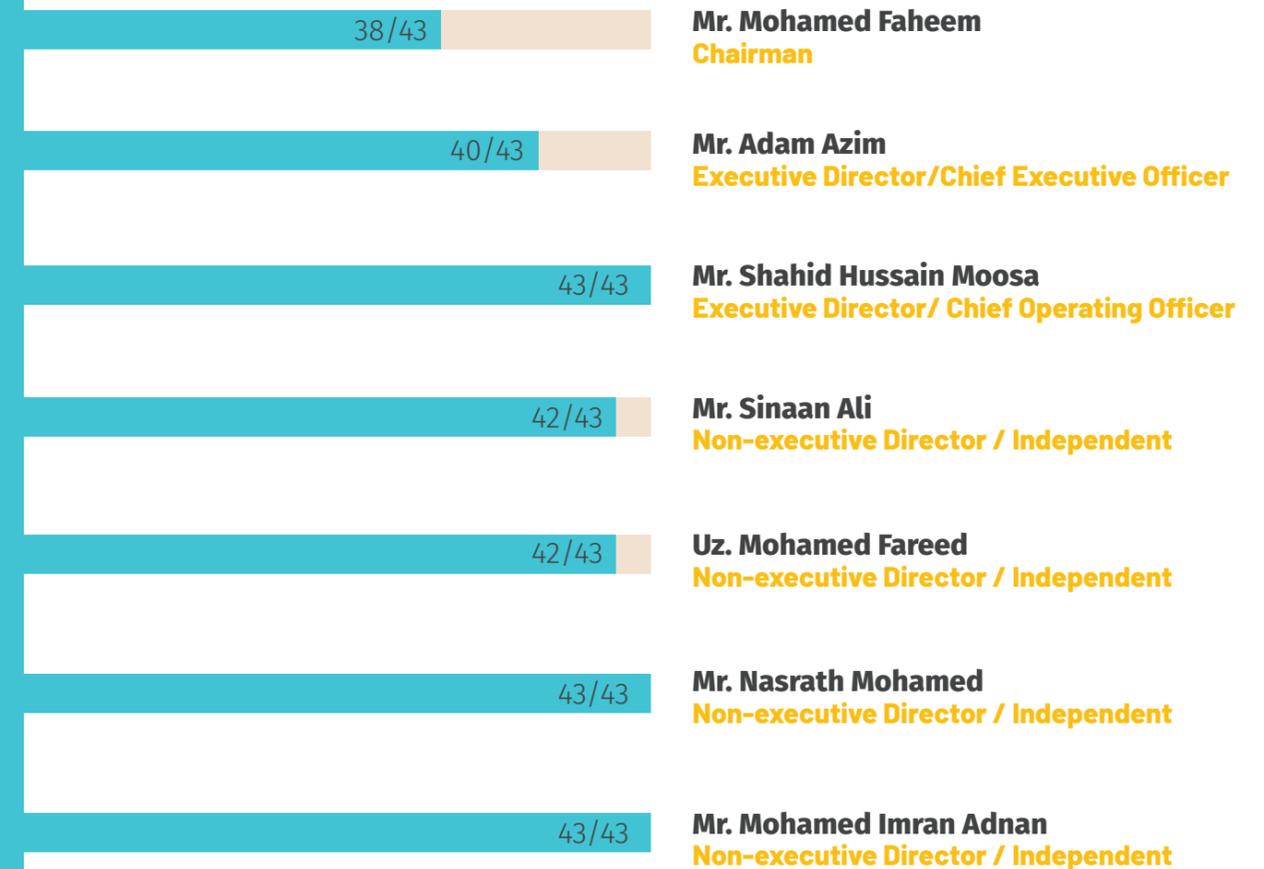
During the year 2021 board discussions focused on the following issues.

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

ATTENDANCE AT BOARD OF DIRECTORS MEETINGS IN THE YEAR 2021

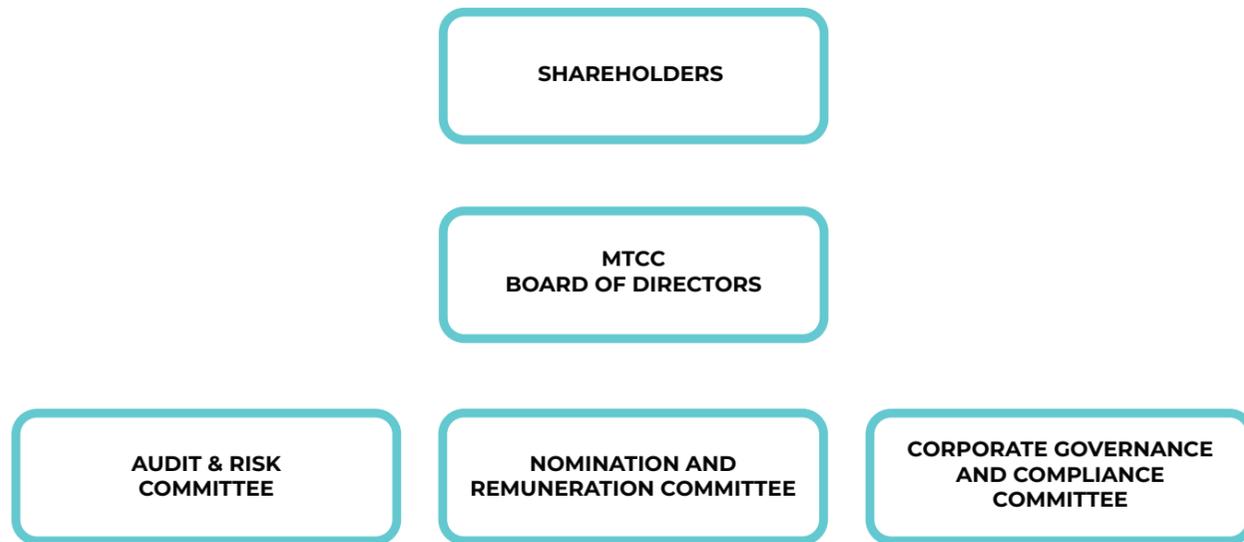
KEY BOARD DECISIONS OF 2021

- Approved Business Plan & Budget for the year 2022
- Reviewed Board Director Charter
- Reviewed and approved Risk Management Framework of the Company
- Reviewed and approved Salary and Allowance Policy
- Reviewed and approved amendments to Leave Policy
- Reviewed and approved Enforcement Policy
- Reviewed and approved a revision to the 'Tamwil Taksit' Policy
- Amended and approved Procurement Policy
- Amended and approved to submit MTCC Articles of Association for Shareholders Voting
- Approved changes to organization structure
- Approved to initiate integrated national public ferry network of Zone 01
- Approved to initiate, K.Thilafushi shore protection & K. Dhiyaneru Falhu reclamation project
- Approved Disposal of Assets



BOARD COMMITTEES

The Board of Directors has established three committees, including Audit and Risk Committee, a Nomination and Remuneration Committee, and 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. The Audit and Risk committee held 75 Meetings, the Nomination and Remuneration Committee held 20 meetings and the Corporate Governance and Compliance Committee held 23 meetings.



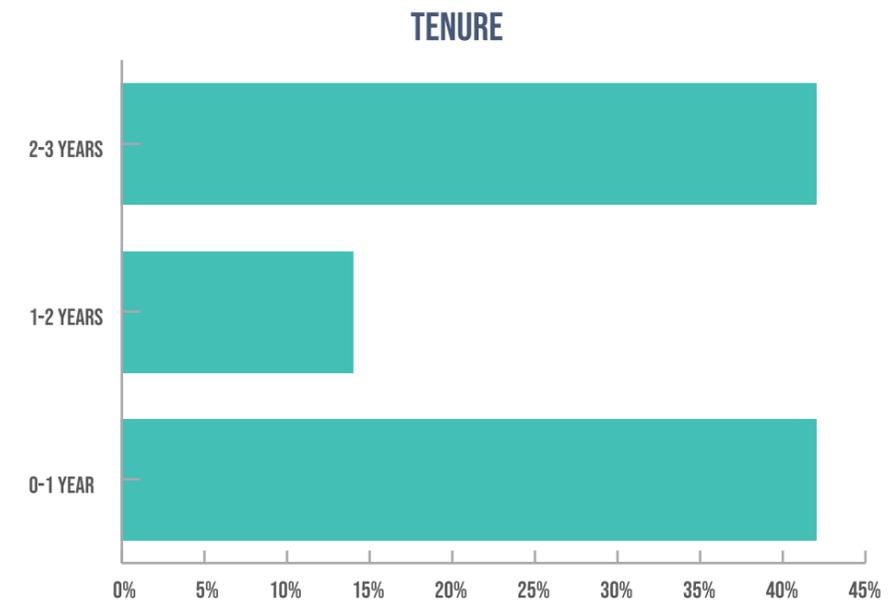
BOARD DEVELOPMENT

Effective from 2019, the Board Induction Program has been designed by the Company Secretariat as per the Board Training and Induction Policy of the Company. A full-day program was conducted to familiarize directors with the Company's governance, policies, and functions. As part of this program, all the Directors was invited to key sites of the Company to understand the Company's operations better. The Directors attended 3 various training programs during the year and covered key areas such as Audit Management, financial strategy, Project Management, and Leadership.

INDEPENDENCE

The Company requires Directors to disclose any conflicts of interest. As such the Directors have resolved to abstain from participating in discussions or voting on occasions where potential conflicts of interest arise. There are no potential or perceived conflicts of interest of any member of the Board directly related to the work of the Company.

TENURE



Board Directors are appointed or elected at an Annual General meeting, and their term of service remain until the second year from the annual general meeting where they were appointed. 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.

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 effective from October 2018. With this policy in place, the Company ensures restriction of any purchase or sale of company securities using non-public and strategic information of the Company. Insider trading is an illegal practice involving the use of price-sensitive information that is crucial for investment decisions, for buying and selling Company securities. Any member of the Company with access to non-public information regarding the Company's securities may not be involved in any kind of trading of Company securities.

RELATIONSHIP WITH SHAREHOLDERS

MTCC seeks effective channels to communicate with shareholders and strives to maintain the relationship with shareholders through various means. The financial and strategic achievements of the Company are disclosed to the shareholders through its quarterly reports. Regular updates on projects are undertaken and business segments of the Company are provided to the shareholders on a timely basis throughout the year through various media and the Company website. The Company also shares information about significant business developments with shareholders through announcements, press releases, and posts on the Company website.

The Board and management took an active measure in response to the pandemic and quickly adapted by enabling shareholders to access their services on the online platform. All the application forms of shareholders have been made available on our website, www.mtcc.com.mv effective 03rd March 2021. An online portal was implemented on 24th June 2021, enabling shareholders to access and request services anywhere anytime.

2020 ANNUAL GENERAL MEETING

The Annual General Meeting provides the opportunity for all shareholders to exercise their powers and rights in important matters relating to the Company. Each shareholder is entitled to be present (or be represented by proxy) and exercise the right to vote according to the number of shares they hold. At the annual general meeting, all shareholders are provided with the opportunity to share their views and question the Board of Directors and the Management team on matters related to the Company. The platform used for AGM and EGM was "FahiVote", an Electronic General Meeting Management System implemented by the Maldives Securities Depository (MSD).

Due to the Covid-19 pandemic, Capital Market Development Authority granted an extension to publish annual accounts and to hold the Annual General Meeting. Hence the 2020 Annual General Meeting was held via "FahiVote" on 20th June 2021.

Extraordinary General Meeting (EGM) was held on 16th May 2021 as a virtual meeting, considering the safety of shareholders and other stakeholders, due to the Covid-19 pandemic. The EGM was held via "FahiVote".

Major decisions made at the Annual General Meeting 2020;

The major decision of this meeting was to approve the amended Articles of Association.

- Approved the minutes of the 2019 Annual General Meeting.
- Approved the Director's Report for 2020.
- Approved the Company's Audited Balance Sheet and Profit and Loss Statements for 2020.
- Approved the proposal made by the Board of Directors on the distribution of dividends to shareholders for the year 2020.
- Approved PricewaterhouseCoopers (PwC) as the external auditors of the Company for 2021.
- Announced Directors for the year until the next Annual General Meeting.

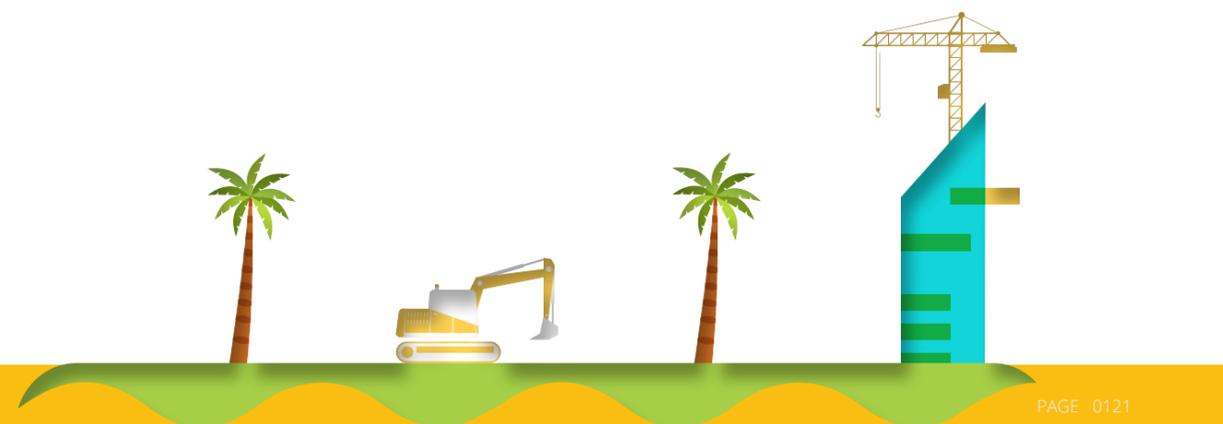
FINANCIAL STATEMENTS

The Board confirms that the financial statements have been prepared with comprehensive disclosures as required by the Companies Act, Corporate Governance Code, Continuing Disclosure Obligations of Issuers, and the Listing Rules of Maldives Stock Exchange to provide shareholders with a clear and fair assessment of the Company's position and performance.

The Chairman of the Audit and Risk Committee, Chief Executive Officer, and the Chief Financial Officer have put their signatures to affirm that the financial statements of the Company and the Group are true and accurate, and these statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

DECLARATION OF DIVIDEND FOR 2021

In accordance with the Company's Dividend Policy, the board of Directors resolved to declare a final dividend of MVR 29,132,121.50 which equates to MVR 3.50 per share for the year 2021



DECLARATION AND FUTURE OUTLOOK

The Board of Directors declares that the information presented in this Annual Report is true and accurate and that the Board of Directors with Top Management of MTCC has put in all the efforts to ensure that the Company is governed and managed in a fair and transparent manner.

The Board of Directors declares that the Annual Report is prepared in accordance with the Corporate Governance Code of 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 Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with all applicable laws and regulations as mentioned above, to fulfill 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. The strategic objective of the Company is to shape and transform the Company's businesses for long-term competitiveness and profitability.

Further, 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.



Mohamed Faheem
Chairman



Adam Azim
Chief Executive Officer



S.Feydhoo Artificial Beach Shore Protection Project completed under MTCC CSR Initiative.



AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee was established in 2009 under the requirements of the Corporate Governance Code issued by the Capital Market Development Authority of Maldives and in accordance with the Articles of Association (AOA) of the Company.

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 Group:

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

KEY DECISIONS

- Reviewed budget for the financial year 2021 and submitted to the Board for Approval
- Reviewed MTCC's business plan for the year 2021 and submitted it to the Board for Approval
- Reviewed the Audited Financial Statements for the year 2020 and submitted for Board approval.
- Reviewed Management Papers related to Investments and projects and submitted for Board approval.
- Submitted the Committees' recommendation to the Board, regarding the dividend for the year 2020.
- Reviewed quarterly and monthly financial performance and submitted for Board approval along with committees' recommendations.
- Discussed Risk Management Strategy and Action Plan.
- Approved the Internal Audit Plan for the year 2021.
- 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 2021.

COMPOSITION AND ATTENDANCE

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

During the year 2021, the Audit and Risk Committee held 75 meetings. The Chief Internal Auditor, Chief Risk Officer, Chief Executive Officer, Chief Financial Officer, and other key personnel of the management attended meetings as and when required by the Committee.

75/75	Mr. Mohamed Imran Adnan Non-executive Director / Independent
67/75	Uz. Mohamed Fareed Non-executive Director / Independent
75/75	Mr. Sinaan Ali Non-executive Director / Independent
75/75	Mr. Nasrath Mohamed Non-executive Director / Independent

INTERNAL CONTROL

The Audit and Risk Committee (ARC) constantly reviews the measures established for financial and operational controls, strategies, and policies of risk management and compliance of the Company. The internal Audit function helps the company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes. During the year, process audits, special audits, and surprise audits were conducted to identify and take steps to mitigate risks and improve the internal controls established in the Company.

To safeguard the assets, resources, and the interest of the shareholders of the Company, the Audit and Risk Committee has been entrusted with the responsibility of risk management. The Internal Audit Division acts on behalf of the Committee in ensuring the overall effectiveness of internal controls.

During the year 2021, the Internal Audit function reported to the ARC, the findings from various assurance engagements performed during the year. These findings were also communicated to the management to take appropriate corrective actions to improve the governance, risk management, and control processes.

The audits are executed in line with an approved audit manual, which serves as a guide to carrying out the specific audit processes.

Audit reports prepared by the Internal Audit Department are reviewed at the Audit and Risk Committee meetings, which include Auditors' findings and recommendations. After the review, the Committees' recommendations are then submitted to the Board of Directors for final deliberations. Based on the decisions by the Board of Directors, necessary actions are taken by the management of the Company for highlighted issues, whereas further evaluation is carried out by Internal Audit Division in the form of follow-up audits. The Audit and Risk Committee together with the Internal Audit Division continue to discharge its duty to strengthen the internal controls of the Company.

To maintain an effective and efficient audit process, the Internal Audit function enhanced the use of Information and Communication Technology (ICT) in the management of the audit assignments by implementing an internally developed audit management and documentation software (Audit Management Tool). In addition to cost-saving in conducting the audits, the implementation of the Audit Management Tool has further contributed to the quality of audits via robust review and coaching process in performing the audits.

In order to align the Internal Audit function's work with the professional standards, the function partly carried out an internal quality assessment during the year 2021 to assess compliance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (the IIA).

To contribute to the development of the workforce, the Internal Audit function initiated and assisted the company to obtain the "Approved Employer Status" for the "Professional Development" stream of the Association of Chartered Certified Accounts (ACCA).

EXTERNAL AUDIT

PricewaterhouseCoopers was confirmed as the company's External Auditors with the approval of shareholders in the Annual General Meeting held on 20th June 2021.

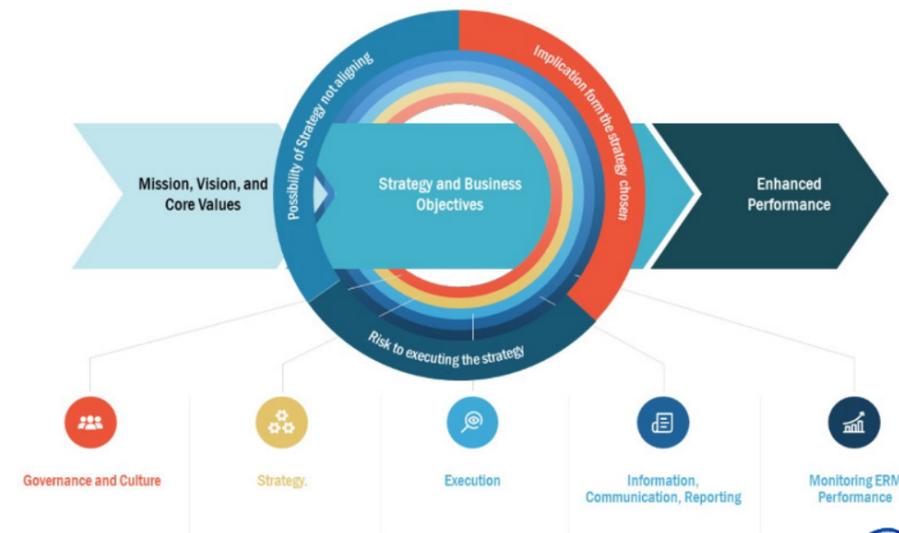
RISK MANAGEMENT IN 2021

To address strategic, financial, and operational risks the company formed Risk Management Division in 2020, mandating the division to implement an Enterprise Risk Management system, to prepare business continuity plans and disaster recovery plans.

Under the ERM system a risk management framework and an ERM system implementation plan were prepared, Under the consultancy ERM system was developed and necessary training was conducted for management, and the ERM framework was completed in the year 2021. It was crucial to implement an ERM system in Construction and Dredging Division hence this system was implemented, and necessary training were conducted as well. The same year risk registers and new risk registers for all the divisions were completed. Simultaneously, a detailed Risk management policy was developed in 2021.

BUSINESS CONTINUITY & DISASTER RECOVERY PLANS

Under the business continuity and disaster recovery management systems works are underway and draft papers have been completed for both business continuity plan and disaster recovery plans. CRO division has been working with HR to acquire assistance and support from external experts for establishing Business Continuity Plan and Disaster Recovery Plan within MTCC. The progress is ongoing and is expected to be completed by end of 2022. Additionally, with the government's ease on Covid-19 restrictions in June 2020, a new normal guideline was developed by the CRO division for MTCC staff.



On behalf of Audit and Risk Committee :

Mohamed Imran Adnan
Chairman
Audit and Risk Committee

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE REPORT

The Corporate Governance and Compliance Committee was established in 2015 under the requirements of the Corporate Governance Code issued by the Capital Market Development Authority of Maldives and in Accordance with the Articles of Association (AOA) of the Company.

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.

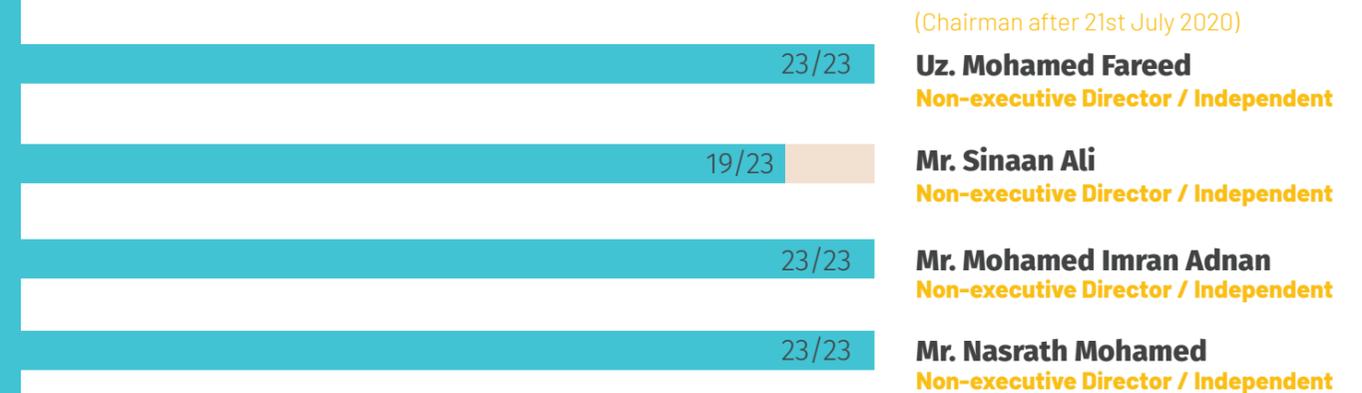
- Develop and monitor the Company's overall approach to corporate governance and implement, administer, and continue to develop a system of corporate governance within the Company.
- Undertake an annual review of corporate governance policies and practices of the Company and make recommendations for improvements where necessary.

- Advise the Board and its committees on corporate governance issues.
- Develop and implement an orientation and education program for newly appointed members of the Board.
- Develop a process for assessing the effectiveness of the Company, Board, individual Directors, and Board committees and ensure that the Board conducts these evaluations, annually.
- Ensure that charters of the Board and its committees are reviewed annually.
- Develop the Dividend Policy of the Company and review it regularly.
- Establish a business code of ethics for the Company and review it as and when required.
- Ensure that appropriate methods are established for stakeholders to submit their recommendations and inquiries to the relevant agencies established in the Company.

COMPOSITION AND ATTENDANCE

The Corporate Governance and Compliance Committee consists of four Non-Executive Directors, the majority of which are Independent Directors.

During the year, the Committee held a total of 23 meetings



KEY DECISIONS

- The Committee reviewed the following policies during the year, amendments were recommended to the Board and approved by the Board of Directors
 - Salary and Allowance Policy
 - Procurement Policy
 - Leave Policy
 - Enforcement Policy
 - Tamwil Taksit' Policy
- The Committee reviewed MTCC Board Directors Charters, amendments were recommended to the Board and approved by the Board of Directors.
- Reviewed and deliberated on the amendments proposed to the Articles of Association (AOA) of MTCC.

The Committee recognizes that a significant amount of work is needed to strengthen the governance of the Company. The Board of Directors and the Management review the Company's businesses, the laws and regulations pertaining to the governance of the Company, and work 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



NOMINATION AND REMUNERATION COMMITTEE REPORT

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

- 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.

KEY ROLES AND RESPONSIBILITIES

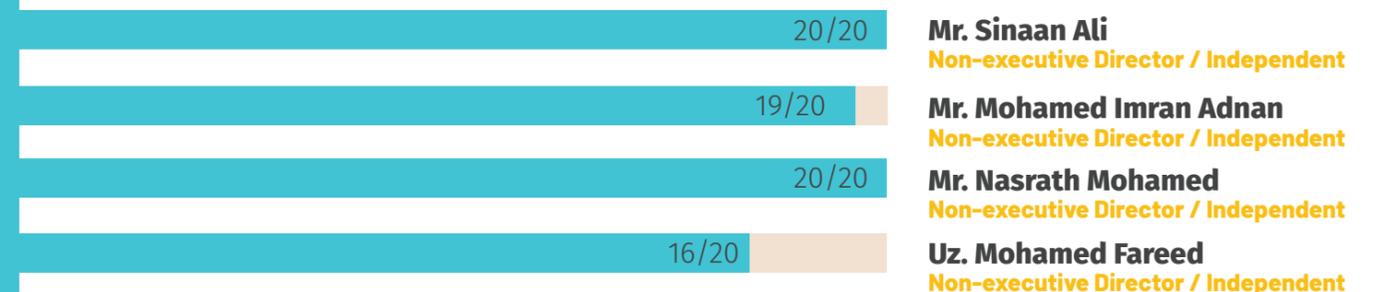
- Developing policies on employee remuneration and determining the structure and the number of remuneration packages of individual Directors and general employees of the Company.
- In determining such policy, no Director or manager shall be involved in any decisions relating to their own remuneration.
- In determining such policy, the committee shall consider relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Development Authority's Governance Code, and guidance related to such matters.
- Review the pertinence and relevance of the existing remuneration policy.
- 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.
- Establish the Pension Policy of the Company and organize matters related to pensions in compliance with the law.

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 two committees 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 four Non-Executive Directors.

The committee held 20 meetings in the year 2021



DECISIONS

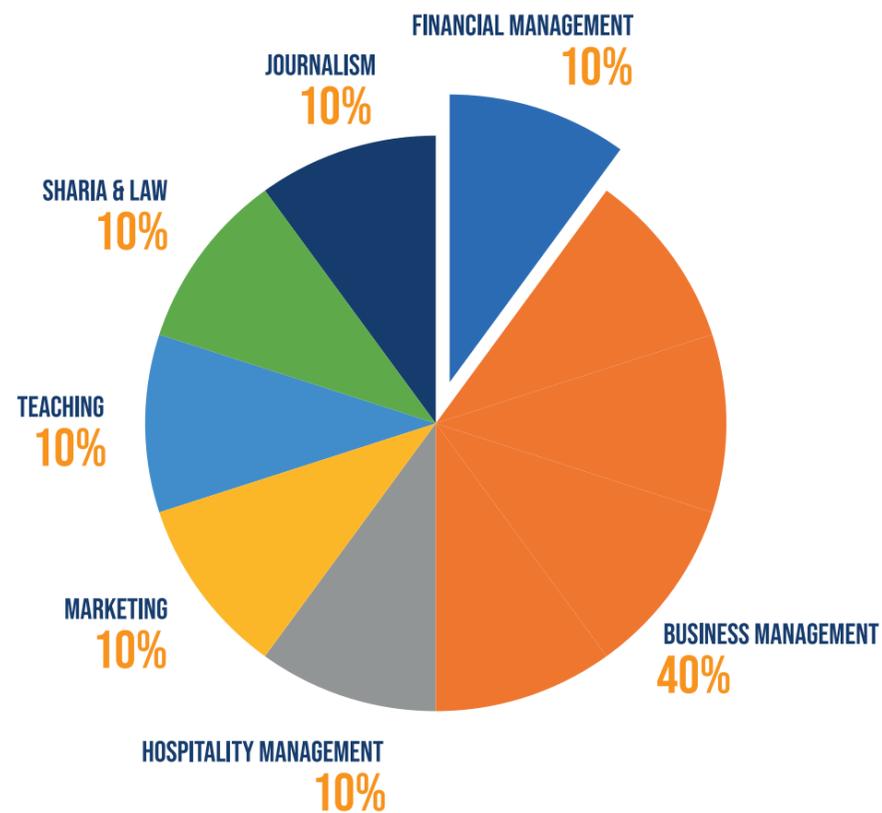
- Reviewed the Company's Organizational Structure, and submitted the Committee's recommendations to the Board.
- Reviewed Top Management Appointments
- Reviewed TOR of Chief Internal Auditor and Chief Risk Officer
- Reviewed and Proposed Chief Operating Officer's Contract
- Discussed and reviewed Directors and Staffs Training Areas.
- Discussed the drafts on establishing Directors Benefit Policy.

BOARD DIVERSITY

The Company's Board of Directors are qualified professionals and acquires a diverse set of expertise and experience while contributing their knowledge from different professional and academic backgrounds.

As of today, the board has 7 male Directors.

SPECIFIC QUALIFICATIONS



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 in 2021, recommendations were presented to the board, and discussed future action plans.

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 endeavors 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. The Board of Directors receives medical insurance under the Medical Insurance Scheme of the Company.

Remunerations paid to Executive Directors of the Board are paid over and above the remunerations, they receive from their employment at the Company.

The Chief Executive Officer/ Executive Director of the Company also serves as the Chairman of the Board of Maldives Real Estate Investment Corporation Private Limited, a subsidiary in which the Company owns 100% of its shares. The Chief Executive Officer/ Executive Director is entitled to the remunerations paid to the Chairman and Directors of the Board of Maldives Real Estate Investment Corporation Private Limited.

The Chief Executive Officer / Executive Director is also a member of the Board of Directors of Airport Investment Pvt. Ltd., a Company in which MTCC owns 33.33 percent of the shares. However, no additional remuneration is paid for this position.

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

Total remunerations paid to Directors of the Board in 2021 is MVR 1,296,500.00

DETAILS OF REMUNERATIONS PAID TO DIRECTORS OF THE BOARD IN 2021

Name	Position of the Board	Total (MVR)
Mr. Mohamed Faheem	Chairman	224,000.00
Mr. Adam Azim	CEO/Executive Director	140,500.00
Mr. Shahid Hussain Moosa	COO/Executive Director	142,000.00
Mr. Sinaan Ali	Non-Executive Director	197,500.00
Uz. Mohamed Fareed	Non-Executive Director	193,500.00
Mr. Nasrath Mohamed	Non-Executive Director	199,500.00
Mr. Mohamed Imran Adnan	Non-Executive Director	199,500.00

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 Benefits Policy. The remuneration package of the members of the top management is reviewed by the Nominating 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 2021 the aggregate remuneration paid to members of the top management amounts to MVR 11,520,101

FUTURE OUTLOOK



Construction of major roads in R. Dhuvaafaru well underway.

“

The focus for the year will be on improving the operations of all existing business segments and achieve further growth through better coordination and financial controls, **while responding effectively to market challenges and to market opportunities through further investment.**”

Due to the nature of our work, the state of the country's economy contributes strongly to our financial performance. The country's economic growth is expected to be 15% in 2022. The recovery achieved in 2021 and the expected economic growth for 2022 are positive signs for the Company's businesses. Out of the national budget of MVR 36.925 billion for 2022, MVR 6.273 billion is set aside for public sector investments which includes infrastructure development, the development of transport, and the fisheries industry, which in turn will directly have a favourable effect on our main business segments. It is also important to note that MVR 254 million has been budgeted for transport subsidy and an additional MVR 31 million budgeted for the government's high-speed ferry network project.

The focus for the year will be on improving the operations of all existing business segments and achieve further growth through better coordination and financial controls, while responding effectively to market challenges and to market opportunities through further investment. The general direction for the year would include the improvement of internal management systems and the expansion of the construction, docking and trading portfolios. We will also continue our ongoing efforts to decrease the Company's dependency on government projects by expanding our reach into the private sector.

To expand and strengthen our capacity and pave way for greater diversification, we plan to invest MVR 732.87 million on capital asset during 2022. For the year 2022, our projected revenue is MVR 2.96 billion with a targeted profit before tax of MVR 305.25 million.

CONSTRUCTION & DREDGING

While major dredging and reclamation projects have been executed for the private sector during the recent years, a large part of dredging and reclamation as well as work in projects related to the rest of its construction and dredging portfolio has been public sector infrastructure development projects.

PSIP budget allocations by type of project (in MVR millions)

Airport Development	MVR 663.25
Land Reclamation and Road Development	MVR 617.00
Bridge Construction	MVR 633.83
Water and Sewage	MVR 954.00
Port Development	MVR 21.00
Shore Protection	MVR 220.00
Harbour Development & Upgrading	MVR 425.30

With the significant volume of projects undertaken by the Company for public sector projects and based on the budget allocated for various public sector projects in infrastructure development for 2022, it is forecasted that several new opportunities will be open for the Company during the year. Furthermore, 70 projects at various stages of completion at the end of 2021 are expected to be completed in 2022. The outlook for the year looks promising in considerations of the increased budget allocations made by the government for public sector projects.

In consideration of the opportunities in the building construction sector and the trust and confidence gained by the Company over the recent years, the building construction sector has been earmarked for development and expansion in the next few years. Similarly, the capacity of the dredging and reclamation segment will be expanded with new investments in machinery in order to accelerate projects in hand and create greater capacity to benefit from the increasing opportunities in the private sector. With the change in government policy in connecting islands near to each other, construction of causeways and deep-water bridges is another prospective area of expansion. We have planned to strengthen our capacity on identifying new technologies required for this segment.

A series of initiatives will be undertaken to maintain profitability, increase revenue reduce costs, minimize idle time of machinery and equipment, and improve service quality. This includes tapping into the private sector to increase revenue, working towards set targets to maintain profit margins from projects and working to achieve monthly targets on the utilization of key assets such as Mahaa Jarraafu and other dredgers.

TRADING

Most products in the product portfolio of our Trading Division are directly related to the marine industry; hence the majority of our customers are comprised of fishermen, resorts and vessel owners, while for products such as Castrol, utility companies, as well as resorts are form our customer base. The government's continued pledge towards provision of 24-hour electricity for all inhabited islands has sustained market opportunities to achieve growth in the sale of lube oil, as public power stations are one of the major market segments for the product. At the same time existing and upcoming resorts and airport developments will offer a further boost for Castrol, Sigma protective coating, Marol steering systems, and Yanmar and Suzuki engines.

Our expansion plan for 2022 and 2023 includes commencing the distribution of our products through the Company's shop in Thilafushi, establishment of an aftersales workshop at Hulhumale' along with inhouse technical training, introduction of an incentive scheme for boatbuilders and engineers, increasing our product range to include sea sports equipment and a greater range of equipment that targets the fishing and transportation sectors. The planned establishment of Kashavaru zone distribution outlets is also expected to increase access and reach for existing and potential customers across the country resulting in increased sales as well as greater customer convenience.

The program to achieve higher levels of customer satisfaction, that began in 2021 will continue and will include establishment of products and parts distribution channels, ensuring on time aftersales service delivery and ensuring stock availability of products of key products in our product portfolio.

Further steps will be taken to improve the process of engine deliveries and delivery of items purchased at the Kashavaru Showroom. In the area of marketing, regular sales promotions and campaigns will be held to increase sales. This would include sales promotion trips, service campaigns, awareness programs, outdoor events and technical seminars.

Developing organizational capacity has been a priority in 2021 and will continue to remain one in 2022. In order to achieve this objective, training programs will be conducted during the year to improve product knowledge and skills, as well as to strengthen staff engagement.



ENGINEERING & DOCKING

With the rapid expansion of the marine transport sector the demand for docking, marine engineering and maintenance services has seen exceptional growth during recent year. There are an estimated 15,868 fibre and wooden vessels and 384 steel vessels in operation in Maldives as of December 2020, utilized in tourism, marine transport and the fisheries sectors.

In general, steel vessels are docked once a year for surveyor suggested repairs as well as hull cleaning, blasting, painting work and minor repairs, while wooden vessels, fibre vessels and speed boats are usually docked twice a year or sometimes even more for minor repairs and maintenance.

In today's marine transport operations, the focus is on preventive maintenance subsequently increasing the need for docking and maintenance services. However, the number of docking service providers and the capacity of current docking services has not increased in line with demand, opening opportunities for further expansion of our services in the area.

Our objective is to establish the most advanced ship building and repair facility in South Asia by 2026. Work on achieving this goal would begin in 2022. Welding facilities in our boatyard will be upgraded to internationally accepted standards. The yard will also expand its docking facilities to accommodate vessels of up to 60 m in length. We will also be embarking on servicing local vessels travelling in international waters. Preparations will also be made to venture into ship building with the first ship-building project expected to be signed in 2023.

In 2022 several steps will be taken to increase the Division's revenue. This includes installation of new machinery and equipment to improve service delivery and quality, and the expansion of dockyard through a series of investments part of which will be implemented in 2022. Furthermore, the Company will undertake steel fabrication and related projects and will commence engineering services in the Ihavandhoo dockyard during the year.

In order to maintain operating expenses at a predetermined level, the ongoing program to reduce costs on energy will be continued. Preventive maintenance of existing assets, vouching for better rates from suppliers and service providers and identifying and resolving inefficiencies related to costs will be part of our efforts to reduce operating cost of the boatyard.

LAND TRANSPORT

With a large proportion of new residents moving to their recently awarded apartments in Hulhumale' Phase II, the demand for bus services is expected to grow rapidly throughout the year as most of the schools and offices are located in Male'. It is estimated that more than 6 million commuters will use the Land Transport Services in Greater Male' Area in 2022, requiring the the Company to expand its daily carrying capacity to an estimated 20,000 passengers, on more than nine different routes. Hence, work is underway to bring in new vehicles to cater to the additional demand and additional service routes required for Greater Male' Region. In addition to this expansion of services, a new minibus service is planned to be launched in Male' City during the year.

The vehicles required for this expansion s currently in the procurement process and will be received in 2022. Further developments are planned for 2023 in Hulhumale', to develop a bus parking area and facilities to keep and manage all vehicles.

Along with the expansion, the newly formed Land Transport Division is fully focused on improving the standards of its existing public transport services. Customer experience will be vastly enhanced through the ongoing service information digitalization program, which will see the launch of our dedicated public transport mobile application. This will be complemented with terminal upgrades and the development of new bus stops with better designs and information systems.

The digitalizing and automating process would also include digitizing internal documentations and manual processes used, so that further efficiencies and economies of scale can be achieved. Importance will also be given to the training of the workforce and improving their skillsets, as they play a key role in maintaining high quality service levels.

To improve operational efficiency, efforts will be made to reduce the cost of operations through working to reduce cost of fuel, implementation of a fleet monitoring system to monitor vessel movements and the creation of a central command centre to manage operations.



MARINE TRANSPORT DIVISION

MTCC had been providing public transport services since year 2001. Though the company has monopoly power on selected markets, the segment has been operating at a loss mainly due to controls ticket prices and the increase in the cost of services especially due to increase in fuel prices. Since 2020, the government has agreed to subsidize this loss as our land and marine transport services are the backbone of public transport services in the country.

The most important development in the area of marine transport during the next three years will be the launch and expansion of the Raajje Transport Link, to cover the whole country, under the government's Integrated National Public Ferry Network project. The project will transform the landscape of passenger ferry transport across the country and will enable commuters to enjoy speed and luxury at affordable rates.

The Company is focused on improving the mobility of the public by enabling a safe and reliable transport solution for the whole country. Building efficiencies into the marine transport operations will be a key priority during the year. Travel patterns will be monitored and reviewed so that changes can be made to schedules to cater to the requirements of the communities. At the same time, a comprehensive program for preventive maintenance of vessels and investment in new vessels will ensure reliability of the operations.

Work is also underway to increase profitability of the non-public segment of our transport operations. In this respect, eight new speedboats will be procured to establish Express Link services between Hulhumale'/Male', VIA/ Male', Male'/VIA/Huraa/Himmafushi, Male'/VIA/Thulusdhoo/Dhiffushi, and Male'/VIA/Gulhi/Maafushi/Guraidhoo

Plans have also been made to identify purpose of travel in various areas of the country and conduct promotions to attract purpose-based travellers. Other programs planned to market and improve traveller experience include promoting our ferry services at boat shows, the promotion of our online ticketing, introduction of a Traveller Priority Card to partner with hospitals, local councils and banks and partnering with local guesthouses to promote local travel among visiting tourists.



AUDITED **FINANCIAL STATEMENTS**



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 2021, 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 2021;
- 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>Construction contract revenue</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 1,636,577,507 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"> - We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process. - Checked the reliability of the budgeted costs by comparing the actual costs of selected contracts completed during the year with the respective budgets. - Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs. <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><i>Impairment of trade receivables, receivables from related parties, contract assets and retention receivable</i></p> <p>Refer to significant accounting policy Note 2.10 (iv) and Note 3.1 to the financial statements.</p> <p>As at 31 December 2021 the Group’s trade receivables, receivables from related parties, contract assets and retention receivables amounted to MVR 1,083,588,079 before provision for impairment. These trade receivables, receivables from related parties, contract assets and retention receivables 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 receivables amounted to MVR 92,912,928 as at 31 December 2021.</p> <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> <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>	<p>Our audit procedures of this matter included the following:</p> <ul style="list-style-type: none"> - Tested the completeness of the trade receivables, receivables from related parties, contract assets and retention receivables considered in the impairment provision calculation by checking the arithmetical accuracy of the listing obtained and matching the outstanding balances with the general ledger. - Checked the accuracy of the data considering individual contract assets, retention receivables, receivables from related parties and trade receivables balances and the aging of such balances on a sample basis, to determine whether management’s identification of assets requiring impairment allowance was appropriate. - We tested the key underlying assumptions used by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. - We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referencing to the requirements of <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. <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 2021 (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of auditor's report.

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

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

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

Responsibilities of 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`

25 April 2022

For PRICEWATERHOUSECOOPERS

Jatindra Bhatray
Partner

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Financial statements - 31 December 2021

Statement of financial position

(all amounts in Maldivian Rufiyaa unless otherwise stated)

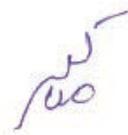
	Note	Group		Company	
		Year ended 31 December			
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Property, plant and equipment	6	981,930,391	803,949,808	981,930,391	803,949,808
Investment properties	6.1	17,786,881	22,535,631	20,751,955	25,879,225
Right-of-use assets	6.2	84,538,116	43,142,122	84,538,116	43,142,122
Intangible assets	7	27,339,164	26,140,072	27,339,164	26,140,072
Investment in subsidiary	8	-	-	4,228,449	5,148,840
Financial assets at fair value through other comprehensive income	9	51,487,560	47,105,640	51,487,560	47,105,640
Deferred tax assets	10	78,856,017	69,236,294	78,856,017	69,236,294
Trade and other receivables	11	9,793,439	10,513,238	9,793,439	10,513,238
		<u>1,251,731,568</u>	<u>1,022,622,805</u>	<u>1,258,925,091</u>	<u>1,031,115,239</u>
Current assets					
Inventories	12	440,254,804	324,945,079	440,254,804	324,945,079
Trade and other receivables	11	1,072,839,601	840,030,497	1,071,096,917	832,625,807
Contract assets	11	331,167,352	172,569,673	331,167,352	172,569,673
Cash and cash equivalents	13	71,855,459	120,292,517	68,839,477	119,344,562
		<u>1,916,117,216</u>	<u>1,457,837,766</u>	<u>1,911,358,550</u>	<u>1,449,485,121</u>
Total assets		<u>3,167,848,784</u>	<u>2,480,460,571</u>	<u>3,170,283,641</u>	<u>2,480,600,360</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	14	40,188,745	40,188,745	40,188,745	40,188,745
Share premium	14	173,151,693	173,151,693	173,151,693	173,151,693
General reserve	14	225,000,000	225,000,000	225,000,000	225,000,000
Fair value reserves	14	41,733,520	38,008,888	41,733,520	38,008,888
Retained earnings		902,507,053	689,171,150	905,472,125	692,514,742
Total equity		<u>1,382,581,011</u>	<u>1,165,520,476</u>	<u>1,385,546,083</u>	<u>1,168,864,068</u>
Liabilities					
Non-current liabilities					
Borrowings	15	173,354,886	228,803,713	173,354,886	228,803,713
Shareholder loan	16	129,094,335	106,500,000	129,094,335	106,500,000
Trade Payables		90,248,352	-	90,248,352	-
Lease liabilities	6.2	68,036,649	35,269,823	68,036,649	35,269,823
Employee retirement benefit	17	33,456,728	30,474,704	33,456,728	30,474,704
		<u>494,190,950</u>	<u>401,048,240</u>	<u>494,190,950</u>	<u>401,048,240</u>
Current liabilities					
Borrowings	15	109,822,958	89,937,663	109,822,958	89,937,663
Shareholder loan	16	148,250,000	120,000,000	148,250,000	120,000,000
Lease liabilities	6.2	25,389,222	16,937,668	25,389,222	16,937,668
Trade and other payables	17	901,291,111	558,943,601	900,695,199	556,174,964
Income tax payable	22	65,891,226	32,498,832	65,956,923	32,512,549
Contract liabilities	17	40,432,306	95,574,091	40,432,306	95,125,208
		<u>1,291,076,823</u>	<u>913,891,855</u>	<u>1,290,546,608</u>	<u>910,688,052</u>
Total liabilities		<u>1,785,267,773</u>	<u>1,314,940,095</u>	<u>1,784,737,558</u>	<u>1,311,736,292</u>
Total equity and liabilities		<u>3,167,848,784</u>	<u>2,480,460,571</u>	<u>3,170,283,641</u>	<u>2,480,600,360</u>

These financial statements were approved by the Board of Directors on 21st April 2022


 Chief Financial Officer


 Chief Executive Officer


 Chairman - Audit & Risk Committee


 Chairman - Board of Directors

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Statement of profit or loss**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2021	2020	2021	2020
Revenue from contracts with customers	5	1,966,983,267	1,377,370,909	1,966,983,267	1,360,554,874
Cost of sales	19	(1,573,253,791)	(1,060,766,307)	(1,573,253,791)	(1,052,259,738)
Gross profit		393,729,476	316,604,602	393,729,476	308,295,136
Other income	18	183,168,617	132,018,746	183,168,617	132,018,746
Selling and marketing expenses	19	(9,763,164)	(7,807,786)	(9,763,164)	(8,362,714)
Administrative expenses	19	(211,675,081)	(135,188,575)	(212,973,992)	(130,850,604)
Impairment loss on financial / contract assets	19	(4,498,500)	(6,875,607)	(4,236,793)	(6,320,679)
Other operating expenses	19	(31,708,857)	(26,861,352)	(31,050,173)	(26,861,352)
Operating profit		319,252,491	271,890,028	318,873,971	267,918,533
Finance income	21	1,169,828	134,439	1,169,828	134,439
Finance costs	21	(48,600,038)	(47,304,633)	(48,600,038)	(47,304,633)
Profit before tax		271,822,281	224,719,834	271,443,761	220,748,339
Tax expense	22	(40,137,198)	(34,027,811)	(40,137,198)	(33,696,696)
Profit after tax for the year		231,685,083	190,692,023	231,306,563	187,051,643
Earnings per share	23	28.82	23.72	28.78	23.27

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Statement of comprehensive income**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December			
		2021	2020	2021	2020
Profit after tax for the year		231,685,083	190,692,023	231,306,563	187,051,643
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Re-measurements of retirement benefit obligations	17	6,781,255	7,653,738	6,781,255	7,653,738
Changes in the fair value of equity investments at fair value through other comprehensive income	9	4,381,920	(7,668,360)	4,381,920	(7,668,360)
Related tax	10	(1,674,476)	2,193	(1,674,476)	2,193
Other comprehensive income / (loss) for the year, net of tax		9,488,699	(12,429)	9,488,699	(12,429)
Total comprehensive income for the year		241,173,782	190,679,594	240,795,262	187,039,214

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Financial statements - 31 December 2021

Statement of changes in equity - Group

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2020		40,188,745	173,151,693	225,000,000	44,526,994	508,048,948	990,916,380
Profit for the year		-	-	-	-	190,692,023	190,692,023
Other comprehensive (loss) / income for the year		-	-	-	(6,518,106)	6,505,677	(12,429)
Total comprehensive (loss) / income for the year		-	-	-	(6,518,106)	197,197,700	190,679,594
Transaction with the owners							
Dividend declared	25	-	-	-	-	(16,075,498)	(16,075,498)
		-	-	-	-	(16,075,498)	(16,075,498)
Balance at 31 December 2020		40,188,745	173,151,693	225,000,000	38,008,888	689,171,150	1,165,520,476
Balance at 1 January 2021		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
Total comprehensive income for the year		-	-	-	3,724,632	237,449,150	241,173,782
Transactions with the owners							
Dividend declared	25	-	-	-	-	(24,113,247)	(24,113,247)
		-	-	-	-	(24,113,247)	(24,113,247)
Balance at 31 December 2021		40,188,745	173,151,693	225,000,000	41,733,520	902,507,053	1,382,581,011

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Statement of changes in equity - Company

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2020		40,188,745	173,151,693	225,000,000	44,526,994	515,032,920	997,900,352
Profit for the year		-	-	-	-	187,051,643	187,051,643
Other comprehensive (loss) / income for the year		-	-	-	(6,518,106)	6,505,677	(12,429)
Total comprehensive (loss) / income for the year		-	-	-	(6,518,106)	193,557,320	187,039,214
Transactions with the owners							
Dividend declared	25	-	-	-	-	(16,075,498)	(16,075,498)
Balance at 31 December 2020		40,188,745	173,151,693	225,000,000	38,008,888	692,514,742	1,168,864,068
Balance at 1 January 2021		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
Total comprehensive income for the year		-	-	-	3,724,632	237,070,630	240,795,262
Transactions with the owners							
Dividend declared	25	-	-	-	-	(24,113,247)	(24,113,247)
		-	-	-	-	(24,113,247)	(24,113,247)
Balance at 31 December 2021		40,188,745	173,151,693	225,000,000	41,733,520	905,472,125	1,385,546,083

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Statement of cash flows**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Group		Company	
		Year ended 31 December		2021	2020
		2021	2020	2021	2020
Cash flows from operating activities					
Cash generated from operations	24	359,340,285	318,283,621	357,220,278	323,143,165
Interest paid		(35,581,094)	(38,030,447)	(35,581,094)	(38,030,447)
Lease interest paid		(11,363,744)	(5,749,376)	(11,363,744)	(5,749,376)
Retirement benefits paid	17	(1,545,080)	(1,126,640)	(1,545,080)	(684,840)
Income tax paid	22	(18,039,003)	(13,090,158)	(17,987,023)	(12,976,665)
Net cash generated from operating activities		292,811,364	260,287,000	290,743,337	265,701,837
Cash flows from investing activities					
Investments in property, plant and equipment	6	(330,540,144)	(144,798,550)	(330,540,144)	(144,798,550)
Investments in intangible assets	7	(5,057,430)	(8,057,401)	(5,057,430)	(8,057,401)
Proceeds from sale of property, plant and equipment	24	1,280,913	3,369,643	1,280,913	646,591
Interest received		1,169,828	134,439	1,169,828	134,439
Dividends received		8,982,936	-	8,982,936	-
Net cash used in investing activities		(324,163,897)	(149,351,869)	(324,163,897)	(152,074,921)
Cash flows from financing activities					
Repayments of borrowings		(96,704,519)	(65,870,243)	(96,704,519)	(65,870,243)
Proceeds from borrowings		91,610,175	62,761,096	91,610,175	62,761,096
Principal elements of leases payments	6.2	(27,596,223)	(9,988,835)	(27,596,223)	(9,988,835)
Dividends paid to the shareholders		(4,769,105)	(1,537,591)	(4,769,105)	(1,537,591)
Net cash used in financing activities		(37,459,672)	(14,635,573)	(37,459,672)	(14,635,573)
Net (decrease) / increase in cash, cash equivalents and bank overdraft		(68,812,205)	96,299,558	(70,880,232)	98,991,343
Cash, cash equivalents and bank overdrafts at beginning of the year		119,119,914	22,820,356	118,171,959	19,180,616
Cash, cash equivalents and bank overdrafts at end of the year	13	50,307,709	119,119,914	47,291,727	118,171,959

The notes on pages 13 to 78 are an integral part of these financial statements.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021**

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 2021:

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical
- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments listed above didn't have any 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:

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021**

Notes to the financial statements

(all amounts in Maldivian Rufiyaa unless otherwise stated)

*(iii) New and amended standards adopted by the group (continued)***Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This amendment is effective for the annual periods beginning on or after 1 April 2021. This amendment is effective for the annual periods beginning on or after 1 April 2021.

IBOR Reform and its Effects on Financial Reporting – Phase 2: Amendments to IFRS 7, IFRS 4 and IFRS 16

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting. This amendment is effective for the annual periods beginning on or after 1 January 2021.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Classification of liabilities as current or non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

(iv) New standards and interpretations not yet adopted (Continued)**Annual improvements to IFRS Standards 2018–2020**

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor

These amendments are effective for the annual periods beginning on or after 1 January 2022 except for the amendment to IFRS 16.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities. This amendment is effective for the annual periods beginning on or after 1 January 2022.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies*. The amendments also confirm that contingent assets should not be recognised at the acquisition date. This amendment is effective for the annual periods beginning on or after 1 January 2022.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. This amendment is effective for the annual periods beginning on or after 1 January 2022.

Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

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*(iv) New standards and interpretations not yet adopted (Continued)***Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

22 Consolidation*Subsidiary*

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

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

23 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	iii) Dredging
iv) Transport	v) Real estate	vi) Others

24 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).

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

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:

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

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.5 Property, plant and equipment (continued)

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

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

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

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

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

2.6 Investment properties

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

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

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

2.7 Intangible assets

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

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.

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.9 Leases

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

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

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

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

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

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing, and makes adjustments specific to the lease, eg term, country, currency and security.

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

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.

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.9 Leases (continued)

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

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

2.10 Investments and other financial assets***(i) Classification***

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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.

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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.

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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.

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Notes to the financial statements (continued)

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215 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.

Pension obligations

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.

21 6 Share capital

Ordinary shares are classified as equity.

21 7 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.

21 8 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.

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(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.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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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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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(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 14,844,623 (2020: MVR 12,983,443).

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.

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Notes to the financial statements (continued)

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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.

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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."

90 days default presumption is rebutted in relation to non-interest bearing trade receivables, contract assets and retention receivable from contracts due from the government segment considering historical behavior. Over 180 days is taken as default considering significant number of facilities that were over 180 days remained in over 180 days bucket. This rebuttal will be monitored and reviewed by credit department on an annual basis to ensure it is appropriate.

Economic variable assumptions

The economic variable assumptions used for the ECL estimate as at 31 December 2021 are set out below:

	2022	2023	2024	2025	2026
GDP growth	13.20%	12.10%	6.10%	5.40%	5.40%

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 2021 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 2021	92,638,349	90,344,291	88,714,767
Loss allowance as at 31 December 2020	93,673,470	93,422,068	93,184,328
Company			
Loss allowance as at 31 December 2021	85,309,142	83,015,084	81,385,560
Loss allowance as at 31 December 2020	86,605,970	86,354,568	86,116,828

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

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Impairment loss on contract assets, trade and related party receivables	90,344,291	93,422,068	83,015,084	86,354,568
	90,344,291	93,422,068	83,015,084	86,354,568

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3 Financial risk management (continued)

Impairment losses

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
- Movement in loss allowance for contract assets, trade and related party receivables	5,323,107	7,257,659	5,061,400	7,257,659
- Net impairment loss on contract assets, trade and related party receivables	5,323,107	7,257,659	5,061,400	7,257,659

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	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
Trade receivables	193,800,090	196,817,988	182,615,697	183,434,905
Contract assets	331,167,352	172,569,673	331,167,352	172,569,673
Retention receivable from contracts	7,186,434	6,004,634	7,186,434	6,004,634
Receivables from related parties	551,434,203	446,427,643	554,039,384	446,621,925
Deposits	14,564,847	11,028,443	14,564,847	11,028,443
Other receivables	348,407,426	218,877,570	347,914,747	217,594,181
Prepayments	105,149,284	87,586,458	105,149,284	87,586,458
Less: Provision for receivables	(137,909,244)	(116,199,001)	(130,580,037)	(109,131,501)
Cash at bank	71,735,466	120,216,175	68,727,653	119,294,562
	1,485,535,858	1,143,329,583	1,480,785,361	1,135,003,280

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.

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3 Financial risk management (continued)

	Weighted average loss rate	Group	
		Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2021			
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
		193,373,752	36,992,265
As at 31 December 2020			
Not past due	1.28%	124,358,814	1,593,141
61-180 days	19.95%	5,187,272	1,035,088
181-365 days	25.00%	2,504,749	626,187
More than 365 days	48.59%	60,374,694	29,333,646
		192,425,529	32,588,062

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
As at 31 December 2021			
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
		182,189,359	29,663,058
As at 31 December 2020			
Not past due	1.35%	118,043,231	1,593,141
61-180 days	19.95%	5,187,272	1,035,088
181-365 days	25.00%	2,504,749	626,187
More than 365 days	41.77%	53,307,194	22,266,146
		179,042,446	25,520,562

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 2021.

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3 Financial risk management (continued)

	Weighted average loss rate	Group	
		Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2021			
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
		815,361,675	53,352,027
As at 31 December 2020			
1-60 days	0.39%	324,010,525	1,278,031
61-180 days	2.32%	47,021,805	1,092,769
181-365 days	26.00%	22,971,116	5,972,490
More than 365 days	43.24%	121,398,062	52,490,714
		515,401,508	60,834,005

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 2021.

	Weighted average loss rate	Company	
		Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2021			
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
		817,966,856	53,352,027
As at 31 December 2020			
1-60 days	0.39%	324,204,807	1,278,031
61-180 days	2.32%	47,021,805	1,092,769
181-365 days	26.00%	22,971,116	5,972,490
More than 365 days	43.24%	121,398,062	52,490,714
		515,595,790	60,834,005

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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 2021.

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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 :

	2022	2023	2024	2025	2026
GDP growth	13.20%	12.10%	6.10%	5.40%	5.40%

Economic variable assumptions used by the Company are as follows:

Stages	Forward looking adjustment factor
Stage 1	59%
Stage 2	63%

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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 2021 that would result from reasonably possible changes in the parameter from the actual assumption used in Company's economic variable assumption.

	GDP		
	-1% MVR	No change MVR	+1% MVR
Loss allowance as at 31 December 2021	2,569,537	2,568,637	2,567,737
Loss allowance as at 31 December 2020	3,394,064	3,393,244	3,392,422

Impairment losses

	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
- Movement in loss allowance for tawmil taksit credit schemes	(824,607)	(936,980)	(824,607)	(936,980)
- Net impairment loss on tawmil taksit credit schemes	(824,607)	(936,980)	(824,607)	(936,980)

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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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	Total
	12-month ECL	Life time ECL	Life time ECL	
Receivables under tawmil taksit credit schemes				
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	-
Loss allowance at 31 December 2021	255,575	300,952	2,012,110	2,568,637
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Receivables under tawmil taksit credit schemes				
Loss allowance as at 1 January 2020	70,316	90,212	4,169,695	4,330,223
New financial assets originated	25,482	12,299	-	37,781
Financial assets settled during the year	57,882	(56,607)	(976,035)	(974,760)
Transfers:				
Transfer from Stage 1 to Stage 2	(92,631)	92,631	-	-
Transfer from Stage 2 to Stage 1	123,602	(123,602)	-	-
Transfer from Stage 3 to Stage 2	-	211,876	(211,876)	-
Other movements	(28,661)	28,661	-	-
Loss allowance at 31 December 2020	155,990	255,470	2,981,784	3,393,244

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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	
Gross carrying amount as at 1 January 2021	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	-
Gross carrying amount as at 31 December 2021	36,164,013	300,952	6,624,491	43,089,456

Receivables under tawmil taksit credit schemes	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Gross carrying amount as at 1 January 2020	21,192,331	1,664,332	7,729,564	30,586,227
Financial assets fully settled during the year	(58,398)	(10,185)	-	(68,583)
Financial assets partly settled during the year	(4,875,804)	(1,381,684)	(145,465)	(6,402,953)
New financial assets originated	17,399,714	1,459,459	-	18,859,173
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2	(669,526)	669,526	-	-
Transfer from Stage 2 to Stage 1	460,552	(460,552)	-	-
Transfer from Stage 3 to Stage 2	-	675,746	(675,746)	-
Other movements	(987,989)	2,599,542	(1,611,553)	-
Gross carrying amount as at 31 December 2020	32,460,880	5,216,184	5,296,800	42,973,864

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3 Financial risk management (continued)

The closing loss allowances for the tawmil taksit credit schemes. as at 31 December 2021 reconciles to the opening loss allowances as follows:

	2021	2020
Opening loss allowance as at 1 January	3,393,244	4,330,223
(Decrease) / increase in loan loss allowance recognised in profit or loss during the year	(824,607)	(936,979)
At 31 December	2,568,637	3,393,244

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 71,855,459 and MVR 68,839,477 respectively at 31 December 2021 (2020 : MVR 120,292,517 and MVR 119,344,562).

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 2021 and 2020 respectively.

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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 2021	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	21,547,750	21,547,750	-	-
Borrowings	261,630,094	102,029,550	193,301,807	495,625
Shareholder's loan	277,344,335	157,702,500	145,376,835	-
Trade and other payables	941,783,118	851,534,766	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>1,167,404,048</u>	<u>493,429,017</u>	<u>28,152,797</u>

Group 31 December 2020	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	1,172,603	1,172,603	-	-
Borrowings	317,568,773	105,405,078	231,083,922	26,967,176
Shareholder's loan	226,500,000	127,620,000	117,325,000	-
Trade and other payables	534,622,517	534,622,517	-	-
Lease liabilities	52,207,491	21,134,853	36,151,907	19,930,361
	<u>1,132,071,384</u>	<u>789,955,051</u>	<u>384,560,829</u>	<u>46,897,537</u>

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Company 31 December 2021	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	21,547,750	21,547,750	-	-
Borrowings	261,630,094	102,029,550	193,301,807	495,625
Shareholder's loan	277,344,335	157,702,500	145,376,835	-
Trade and other payables	941,187,206	850,938,854	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>1,166,808,136</u>	<u>493,429,017</u>	<u>28,152,797</u>

Company 31 December 2020	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	1,172,603	1,172,603	-	-
Borrowings	317,568,773	105,405,078	231,083,922	26,967,176
Shareholder's loan	226,500,000	127,620,000	117,325,000	-
Trade and other payables	531,853,880	531,853,880	-	-
Lease liabilities	52,207,491	21,134,853	36,151,907	19,930,361
	<u>1,129,302,747</u>	<u>787,186,414</u>	<u>384,560,829</u>	<u>46,897,537</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.

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.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

⌘ *urrency 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	2021		2020	
	EUR	USD	EUR	USD
Trade receivables	-	(4,763,857)	-	(2,657,817)
Trade payables	-	9,119,987	-	5,410,878
Cash and cash equivalents	(265)	(1,149,981)	(246)	(1,886,204)
Borrowings	1,341,163	14,402,860	1,945,808	18,703,821
Net Statement of financial position exposure	1,340,897	17,609,009	1,945,562	19,570,678

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2021	2020	2021	2020
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	18.2890	9.4909	17.5962	18.9818

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	Effect on pre-tax
		before tax	on equity
2020	- 5 %	15,088,993	15,088,993
	+ 5 %	(15,088,993)	(15,088,993)
2021	- 5 %	13,576,546	13,576,546
	+ 5 %	(13,576,546)	(13,576,546)

Group/Company	Change in EUR rate	Effect on profit	Effect on pre-tax
		before tax	on equity
2020	- 5 %	1,846,747	1,846,747
	+ 5 %	(1,846,747)	(1,846,747)
2021	- 5 %	1,179,968	1,179,968
	+ 5 %	(1,179,968)	(1,179,968)

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 $\pm 20\%$ of the mid-point of exchange rate.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)**3.3 Market risk (continued)****3.3.2 Exposure to interest rate risk**

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

	Nominal amounts	
	2021	2020
Fixed-rate instruments		
Financial assets	43,089,456	42,973,864
Financial liabilities (Note 15)	103,702,173	72,313,686
Variable-rate instruments		
Financial liabilities (Note 15)	179,475,671	246,427,690

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		
2021	-100	1,998,463
	+100	(1,998,463)
Variable- rate instruments		
2020	-100	2,277,238
	+100	(2,277,238)

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 1,029,751 after tax (2020: an increase/decrease of MVR 800,796 after tax).

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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.

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 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 2021 and as at 31 December 2020 were as follows:

	Group		Company	
	2021	2020	2021	2020
Net debt	376,603,715	370,948,867	376,603,715	370,948,867
Less: cash and cash equivalents	(71,855,459)	(120,292,517)	(68,839,477)	(119,344,562)
Net debt	304,748,256	250,656,350	307,764,238	251,604,305
Total equity	1,382,581,011	1,165,520,476	1,385,546,083	1,168,864,068
Total capital	1,687,329,267	1,416,176,826	1,693,310,321	1,420,468,373
Gearing ratio	18%	18%	18%	18%

The reason no change in gearing ratio is mainly due to increase in borrowings, and increase in equity due to profit earned during the year.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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 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
Financial assets measured at fair value									
Investment in equity Securities	9	51,487,560	-	-	51,487,560	51,487,560	-	-	51,487,560
		51,487,560	-	-	51,487,560	51,487,560	-	-	51,487,560
Financial assets not measured at fair value									
Trade and other receivables*	11	-	643,366,287	-	643,366,287	-	-	-	-
Cash and cash equivalents	13	-	71,855,459	-	71,855,459	-	-	-	-
		-	715,221,746	-	715,221,746	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	261,630,094	261,630,094	-	-	-	-
Shareholder's loan	16	-	-	277,344,335	277,344,335	-	-	-	-
Trade and other payables*	17	-	-	941,783,118	941,783,118	-	-	-	-
Bank overdrafts	15	-	-	21,547,750	21,547,750	-	-	-	-
Lease liabilities	6.2	-	-	93,425,871	93,425,871	-	-	-	-
		-	-	1,595,731,168	1,595,731,168	-	-	-	-

*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 2021

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 2020

		Carrying Amount			Fair Value				
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	47,105,640	-	-	47,105,640	47,105,640	-	-	47,105,640
		47,105,640	-	-	47,105,640	47,105,640	-	-	47,105,640
Financial assets not measured at fair value									
Trade and other receivables*	11	-	607,707,278	-	607,707,278	-	-	-	-
Cash and cash equivalents	13	-	120,292,517	-	120,292,517	-	-	-	-
		-	727,999,795	-	727,999,795	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	317,568,773	317,568,773	-	-	-	-
shareholder's loan	16	-	-	226,500,000	226,500,000	-	-	-	-
Trade and other payables*	17	-	-	534,622,517	534,622,517	-	-	-	-
Bank overdrafts	15	-	-	1,172,603	1,172,603	-	-	-	-
Lease liabilities	6.2	-	-	52,207,491	52,207,491	-	-	-	-
		-	-	1,132,071,384	1,132,071,384	-	-	-	-

*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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Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3.5 Accounting classifications and fair values (continued)

Company

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 December 2021

		Carrying Amount			Total	Fair Value			Total
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost		Level 1	Level 2	Level 3	
Financial assets measured at fair value									
Investment in equity Securities	9	51,487,560	-	-	51,487,560	51,487,560	-	-	51,487,560
		51,487,560	-	-	51,487,560	51,487,560	-	-	51,487,560
Financial assets not measured at fair value									
Trade and other receivables*	11	-	641,623,603	-	641,623,603	-	-	-	-
Cash and cash equivalents	13	-	68,839,477	-	68,839,477	-	-	-	-
		-	710,463,080	-	710,463,080	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	261,630,094	261,630,094	-	-	-	-
shareholder's loan	16	-	-	277,344,335	277,344,335	-	-	-	-
Trade and other payables*	17	-	-	941,187,206	941,187,206	-	-	-	-
Bank overdrafts	15	-	-	21,547,750	21,547,750	-	-	-	-
Lease liabilities	6.2	-	-	93,425,871	93,425,871	-	-	-	-
		-	-	1,595,135,256	1,595,135,256	-	-	-	-

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

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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 2020

		Carrying Amount			Fair Value				
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	47,105,640	-	-	47,105,640	47,105,640	-	-	47,105,640
		47,105,640	-	-	47,105,640	47,105,640	-	-	47,105,640
Financial assets not measured at fair value									
Trade and other receivables*	11	-	600,302,588	-	600,302,588	-	-	-	-
Cash and cash equivalents	13	-	119,344,562	-	119,344,562	-	-	-	-
		-	719,647,150	-	719,647,150	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	15	-	-	317,568,773	317,568,773	-	-	-	-
shareholder's loan	16	-	-	226,500,000	226,500,000	-	-	-	-
Trade and other payables*	17	-	-	531,853,880	531,853,880	-	-	-	-
Bank overdrafts	15	-	-	1,172,603	1,172,603	-	-	-	-
Lease liabilities	6.2	-	-	52,207,491	52,207,491	-	-	-	-
		-	-	1,129,302,747	1,129,302,747	-	-	-	-

*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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Notes to the financial statements (continued)

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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 2021

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	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
31-Dec-21							
Revenue	239,901,097	1,336,157,177	300,420,330	57,579,412	-	32,925,251	1,966,983,267
Timing of revenue recognition							
- At a point in time	239,901,097	-	-	57,579,412	-	32,925,251	330,405,760
- over time	-	1,336,157,177	300,420,330	-	-	-	1,636,577,507
	239,901,097	1,336,157,177	300,420,330	57,579,412	-	32,925,251	1,966,983,267
31-Dec-20							
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	16,816,035	13,189,521	1,377,370,909
Timing of revenue recognition							
- At a point in time	180,124,363	619,754	-	51,459,340	16,816,035	13,189,521	262,209,013
- over time	-	939,801,193	175,360,703	-	-	-	1,115,161,896
	180,124,363	940,420,947	175,360,703	51,459,340	16,816,035	13,189,521	1,377,370,909
Company							
31-Dec-21							
Revenue	239,901,097	1,336,157,177	300,420,330	57,579,412	-	32,925,251	1,966,983,267
Timing of revenue recognition							
- At a point in time	239,901,097	-	-	57,579,412	-	32,925,251	330,405,760
- over time	-	1,336,157,177	300,420,330	-	-	-	1,636,577,507
	239,901,097	1,336,157,177	300,420,330	57,579,412	-	32,925,251	1,966,983,267
31-Dec-20							
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	-	13,189,521	1,360,554,874
Timing of revenue recognition							
- At a point in time	180,124,363	619,754	-	51,459,340	-	13,189,521	245,392,978
- over time	-	939,801,193	175,360,703	-	-	-	1,115,161,896
	180,124,363	940,420,947	175,360,703	51,459,340	-	13,189,521	1,360,554,874

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(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
At 01 January 2020								
Cost	110,041,453	1,238,403,191	36,251,719	57,343,855	283,148,003	46,438,249	28,107,852	1,799,734,322
Accumulated depreciation	(76,874,306)	(634,429,213)	(27,885,652)	(50,147,157)	(157,014,339)	(41,278,030)	-	(987,628,697)
Net book amount	33,167,147	603,973,978	8,366,067	7,196,698	126,133,664	5,160,219	28,107,852	812,105,625
Year ended 31 December 2020								
Opening net book amount	33,167,147	603,973,978	8,366,067	7,196,698	126,133,664	5,160,219	28,107,852	812,105,625
Additions	-	121,967,394	1,518,560	6,848,967	2,471,257	4,652,164	7,340,208	144,798,550
Transferred from capital work in progress	25,519,765	2,365,424	-	1,293,748	2,986,685	-	(32,165,622)	-
Transferred from intangible assets	-	-	-	3,758,435	-	-	-	3,758,435
Transferred from investment properties	-	-	-	-	-	-	3,349,453	3,349,453
Disposals - Cost	(12,547,894)	(32,807,444)	(1,101,285)	(2,134,022)	(14,839,635)	(1,176,513)	-	(64,606,793)
Disposals - Accumulated depreciation	836,526	30,804,457	872,097	1,706,054	14,798,135	1,019,211	-	50,036,480
Depreciation charge (Note 19)	(6,117,776)	(94,643,669)	(3,660,281)	(6,084,729)	(30,813,162)	(4,172,325)	-	(145,491,942)
Closing net book value	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
At 31 December 2020								
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
Year ended 31 December 2021								
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	-	47,037,026	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 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
At 31 December 2021								
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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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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
At 01 January 2020								
Cost	110,041,453	1,235,987,017	35,851,719	56,152,265	283,148,003	45,867,409	31,457,305	1,798,505,171
Accumulated depreciation	(76,874,306)	(634,089,196)	(27,768,173)	(49,554,821)	(157,014,339)	(40,918,432)	-	(986,219,267)
Net book amount	33,167,147	601,897,821	8,083,546	6,597,444	126,133,664	4,948,977	31,457,305	812,285,904
Year ended 31 December 2020								
Opening net book amount	33,167,147	601,897,821	8,083,546	6,597,444	126,133,664	4,948,977	31,457,305	812,285,904
Additions	-	121,967,394	1,518,560	6,848,967	2,471,257	4,652,164	7,340,208	144,798,550
Transferred from capital work in progress	25,519,765	2,365,424	-	1,293,748	2,986,685	-	(32,165,622)	-
Transferred from intangible assets	-	-	-	3,758,435	-	-	-	3,758,435
Disposals - Cost	(12,547,894)	(30,391,270)	(701,285)	(942,432)	(14,839,635)	(605,673)	-	(60,028,189)
Disposals - Accumulated depreciation	836,526	30,304,973	701,285	941,918	14,798,135	598,091	-	48,180,928
Depreciation charge (Note 19)	(6,117,776)	(94,484,202)	(3,606,948)	(5,912,929)	(30,813,162)	(4,110,803)	-	(145,045,820)
Closing net book value	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
At 31 December 2020								
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
Year ended 31 December 2021								
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	-	47,037,026	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
At 31 December 2021								
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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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 10,857,149 (2020: MVR 12,182,149) 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 141,922,371 (2020: MVR 138,417,353) and administrative expenses amounting to MVR 12,669,842 (2020: MVR 6,628,467).

(d) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, Rentals Plaza, barges (Huwan, kurimagu 8 and 10), tug boats (Tango 6, 8 and 575), steel landing craft (Leema 1), dredgers (Mahaa Jarrafu and Jarrafa 3) and machineries (excavators, wheel loaders and bulldozers) amounting to MVR 911,413,455. Mortgaged values are provided in (Note 15).

6.1 Investment properties

Non-current assets - at cost	Group		Company	
	2021	2020	2021	2020
Cost				
Opening balance	36,453,401	39,802,854	40,238,602	40,238,602
Transferred to PPE	(13,375,278)	(3,349,453)	(13,375,278)	-
Closing balance	23,078,123	36,453,401	26,863,324	40,238,602
Depreciation				
Opening balance	13,917,770	11,075,638	14,359,377	11,138,725
Transferred to PPE	(11,335,080)	-	(11,335,080)	-
Depreciation for the year	2,708,552	2,842,132	3,087,072	3,220,652
Closing balance	5,291,242	13,917,770	6,111,369	14,359,377
Net book value	17,786,881	22,535,631	20,751,955	25,879,225

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	
	2021	2020	2021	2020
Rental income from operating leases	13,325,874	17,226,485	13,325,874	17,226,485
Direct operating expenses for property that generated rental income	(1,266,187)	(1,510,692)	(1,266,187)	(1,510,692)

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the group may obtain bank guarantees for the term of the lease.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)

6.1 Investment properties (continued)

Minimum lease payments receivable on leases of investment properties are as follows:

	Group		Company	
	2021	2020	2021	2020
within 1 year	4,937,157	8,502,797	4,937,157	8,502,797
Between 1 to 2 years	4,318,322	144,647	4,318,322	144,647
Between 2 to 3 years	1,929,261	144,647	1,929,261	144,647
	11,184,740	8,792,091	11,184,740	8,792,091

The fair value of the investment properties as of 31 December 2021 in accordance with the valuation made by the directors of the Company amounting to MVR 165,280,221. 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-21	31-Dec-20	31-Dec-21	31-Dec-20
Lands	18,539,387	24,555,142	18,539,387	24,555,142
Building	13,085,912	14,688,269	13,085,912	14,688,269
Houses	598,043	32,306	598,043	32,306
Vessels	52,314,774	3,866,405	52,314,774	3,866,405
	84,538,116	43,142,122	84,538,116	43,142,122

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Opening balance	43,142,122	33,313,200	43,142,122	33,313,200
Add: new lease assets	68,814,603	28,295,691	68,814,603	28,295,691
Depreciation charge of (ROU) (Note 19)	(27,418,609)	(18,466,769)	(27,418,609)	(18,466,769)
Closing balance	84,538,116	43,142,122	84,538,116	43,142,122

Lease liabilities	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-21	31-Dec-20
Current	25,389,222	16,937,668	25,389,222	16,937,668
Non-current	68,036,649	35,269,823	68,036,649	35,269,823
	93,425,871	52,207,491	93,425,871	52,207,491

Movement in the lease liability during the year as follows:

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)**6.2 Leases (continued)**

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Opening balance	52,207,491	34,395,198	52,207,491	34,395,198
Add: New lease liabilities recognised	68,814,603	28,295,691	68,814,603	28,295,691
Add: Accrued Interest (Note 21)	11,363,744	6,378,547	11,363,744	6,378,547
Less: Interest paid	(11,363,744)	(5,749,376)	(11,363,744)	(5,749,376)
Less: Concession on leases transferred to income statement	-	(675,000)	-	(675,000)
Less: Impact on deferred payments transferred to income statement	-	(448,734)	-	(448,734)
Less: Principal elements of leases paid	(27,596,223)	(9,988,835)	(27,596,223)	(9,988,835)
Closing balance	93,425,871	52,207,491	93,425,871	52,207,491

The Company has applied practical expedient on Covid-19 related rent concessions starting from 1 January 2020 to all the rent which meet the conditions provided in the amendment to IFRS 16. Accordingly, MVR 1,123,734 was recognised under other income to reflect changes in lease payments that arise from rent concessions during the previous year.

(ii) Amounts recognised in the statement of profit or loss**Depreciation charge of right-of-use assets (Note 19)**

Lands	(6,015,755)	(7,707,024)	(6,015,755)	(7,707,024)
Building	(1,602,357)	(1,335,297)	(1,602,357)	(1,335,297)
Houses	(2,424,479)	(261,938)	(2,424,479)	(261,938)
Vessels	(17,376,018)	(9,162,510)	(17,376,018)	(9,162,510)
	(27,418,609)	(18,466,769)	(27,418,609)	(18,466,769)

Expense relating to short-term leases of the group included in cost of goods sold amounting to MVR 84,059,679 (2020: MVR 42,883,009) and administrative expenses amounting to MVR 10,034,897 (2020: MVR 8,846,135).

Interest expense included in finance costs (Note 21)

	(11,363,744)	(6,378,547)	(11,363,744)	(6,378,547)
	(11,363,744)	(6,378,547)	(11,363,744)	(6,378,547)

The total cash outflow for leases in 2021 was MVR 38,959,967 (2020: MVR 15,738,211) and prepaid leases related to 2021 was MVR 246,432 (2020: MVR 345,001).

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

7 Intangible assets

At 01 January	Group		Company	
	2021	2020	2021	2020
Opening net book amount	26,140,072	23,302,296	26,140,072	23,302,296
Additions	3,460,109	8,057,401	3,460,109	8,057,401
Transferred from MPL (Note 31)	1,597,321	-	1,597,321	-
Transferred to PPE	-	(3,758,435)	-	(3,758,435)
Amortization charge (Note 19)	(3,858,338)	(1,461,190)	(3,858,338)	(1,461,190)
Closing net book amount	27,339,164	26,140,072	27,339,164	26,140,072
Cost	35,708,439	30,651,009	35,703,647	30,646,217
Amortization charge	(8,369,275)	(4,510,937)	(8,364,483)	(4,506,145)
Net book amount	27,339,164	26,140,072	27,339,164	26,140,072

Intangible assets include Enterprise Resource Plan (ERP) software with a carrying value of MVR 20,032,063 with a remaining amortisation period of 8 years.

8 Investment in subsidiary

	Group		Company	
	2021	2020	2021	2020
Maldives Real Estate Investment Corporation Private Limited (MREIC)	-	-	4,228,449	5,148,840
Opening balance	-	-	5,148,840	7,102,500
Less: Provision for impairment (Note 19)	-	-	(920,391)	(1,953,660)
Closing balance	-	-	4,228,449	5,148,840

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 920,391 (2020: MVR 1,953,660) over the investments considering the cessation of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2021. 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.

9 Financial assets at fair value through other comprehensive income

	Group		Company	
	2021	2020	2021	2020
Shares in Bank of Maldives Plc	51,487,560	47,105,640	51,487,560	47,105,640
At the end of the year	51,487,560	47,105,640	51,487,560	47,105,640

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

9 Financial assets at fair value through other comprehensive income (continued)

Equity investments at Fair Value through Other Comprehensive Income (FVOCI), comprising principally marketable equity securities, are measured at fair value annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to the Maldives Stock Exchange quoted bid prices at Level 1 hierarchy.

Movement of the equity investments is as follows;

As at 31 December 2021	Movement		
	Opening balance	during the year	Closing balance
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
As at 31 December 2020			
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	54,774,000	(7,668,360)	47,105,640

10 Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
Balance as at 1 January	69,236,294	61,146,872	69,236,294	60,925,933
Amounts recognized in profit and loss	11,294,199	8,087,229	11,294,199	8,308,168
Amounts recognized in OCI				
- Financial assets at FVOCI	(657,288)	1,150,254	(657,288)	1,150,254
- Effect on employee retirement benefit	(1,017,188)	(1,148,061)	(1,017,188)	(1,148,061)
Balance as at 31 December	78,856,017	69,236,294	78,856,017	69,236,294

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

Deferred tax asset as at 31 December 2020

	Group		Company	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Property, plant and equipment	393,851,901	59,077,785	393,851,901	59,077,785
Provisions and impairments	82,782,695	12,417,404	82,782,695	12,417,404
Financial assets at FVOCI	(44,716,338)	(6,707,451)	(44,716,338)	(6,707,451)
Employee retirement benefit	29,657,043	4,448,556	29,657,043	4,448,556
	461,575,301	69,236,294	461,575,301	69,236,294

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables

Financial assets	Group		Company	
	2021	2020	2021	2020
Trade receivables	193,800,090	196,817,988	182,615,697	183,434,905
Retention receivable from contracts	7,186,434	6,004,634	7,186,434	6,004,634
Less: provision for impairment of trade receivables	(39,840,897)	(35,718,399)	(32,511,690)	(28,650,899)
Trade receivables, retention and contract assets	161,145,627	167,104,223	157,290,441	160,788,640
Deposits	14,564,847	11,028,443	14,564,847	11,028,443
Other receivables	298,411,514	213,953,239	297,918,835	212,669,850
Receivables from related parties [Note28 (ii)]	551,434,203	446,427,643	554,039,384	446,621,925
Less: provision for impairment of related party receivables	(51,022,552)	(58,236,597)	(51,022,552)	(58,236,597)
Balance C/F	974,533,639	780,276,951	972,790,955	772,872,261
Non-financial assets				
Other receivables	49,995,912	4,924,331	49,995,912	4,924,331
Contract assets	331,167,352	172,569,673	331,167,352	172,569,673
Prepayments	105,149,284	87,586,458	105,149,284	87,586,458
Less : Provision for impairment of contract assets	(2,049,479)	(2,860,316)	(2,049,479)	(2,860,316)
Less : Provision for impairment of other receivables	(44,996,316)	(19,383,689)	(44,996,316)	(19,383,689)
	439,266,753	242,836,457	439,266,753	242,836,457
	1,413,800,392	1,023,113,408	1,412,057,708	1,015,708,718
<i>Classified as:</i>				
Trade and other receivables				
- Non-current	9,793,439	10,513,238	9,793,439	10,513,238
- Current	1,072,839,601	840,030,497	1,071,096,917	832,625,807
Contract assets	331,167,352	172,569,673	331,167,352	172,569,673
	1,413,800,392	1,023,113,408	1,412,057,708	1,015,708,718

Group's prepayments and deposits mainly consist of supplier prepayments of MVR 61,293,187 (2020: MVR 74,337,219), prepaid LC payments of MVR 32,351,898 (2020: MVR 3,186,396), prepaid insurance MVR 6,572,692 (2020: MVR 7,610,709) and refundable deposits of MVR 14,564,847 (2020: MVR 11,028,443).

Group's other receivables (financial assets) mainly consist of subsidy income of MVR 234,659,600 (2020: MVR 187,800,034), LC margin of MVR 62,563,716 (2020: MVR 24,230,343) and other receivables (non-financial assets) consist of input tax of MVR 538,799 (2020: MVR 1,097,232), advance paid to suppliers MVR 44,976,496 (2020: MVR 3,669) and cash advance of MVR 4,263,775 (2020: MVR 3,666,536).

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

The Group provision for trade and other receivables comprise collective provision for trade receivables amounting to MVR 86,810,430 (2020: MVR 88,388,749), contract assets amounting to MVR 2,049,479 (2020: MVR 2,860,316), retention receivables amounting to MVR 1,484,382 (2020: MVR 2,173,003), provision for tawmil taksit credit scheme amounting to MVR 2,568,637 (2020: MVR 3,393,244) and provision for other receivables and deposits amounting to MVR 44,996,316 (2020: MVR 19,383,689). 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	
	2021	2020	2021	2020
Opening balance	116,199,001	109,323,394	109,131,501	102,255,894
Amounts written-off during the year	(8,400,884)	-	(8,400,884)	-
Provisions made during the year	30,111,127	6,875,607	29,849,420	6,875,607
Closing balance	137,909,244	116,199,001	130,580,037	109,131,501
	Group		Company	
	2021	2020	2021	2020
Provision for impairment of trade receivables	37,272,260	32,325,155	29,943,053	25,257,655
Provision for impairment of related party receivables	51,022,552	58,236,597	51,022,552	58,236,597
Provision for impairment of contract assets	2,049,479	2,860,316	2,049,479	2,860,316
Provision for tawmil taksit credit scheme	2,568,637	3,393,244	2,568,637	3,393,244
Provision for other receivables and deposits	44,996,316	19,383,689	44,996,316	19,383,689
	137,909,244	116,199,001	130,580,037	109,131,501

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 37,624,142 (2020: MVR 38,260,875) net of deferred profit of MVR 5,465,314 (2020: MVR 4,712,989), the movement of the scheme is as follows:

	Group		Company	
	2021	2020	2021	2020
At the beginning of the year	42,973,864	30,586,227	42,973,864	30,586,227
- Sales made during the year	23,705,081	19,022,048	23,705,081	19,022,048
- Payments received during the year	(23,589,489)	(6,634,411)	(23,589,489)	(6,634,411)
At the end of the year	43,089,456	42,973,864	43,089,456	42,973,864
Less : deferred tawmil taksit profit	(5,465,314)	(4,712,989)	(5,465,314)	(4,712,989)
	37,624,142	38,260,875	37,624,142	38,260,875

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

	Group		Company	
	2021	2020	2021	2020
Maturity of the tawmil taksit scheme:				
Below 1 year	27,830,703	27,747,637	27,830,703	27,747,637
Between 1 to 2 years	9,793,439	10,513,238	9,793,439	10,513,238
	<u>37,624,142</u>	<u>38,260,875</u>	<u>37,624,142</u>	<u>38,260,875</u>

12 Inventories

	Group		Company	
	2021	2020	2021	2020
Work in progress - projects	70,288,500	90,940,822	70,288,500	90,940,822
Materials - contracting department	168,321,127	77,377,663	168,321,127	77,377,663
Lubricants, paints and materials	36,708,616	21,785,126	36,708,616	21,785,126
Engines, generators and spare parts	107,203,467	87,012,522	107,203,467	87,012,522
Consumables	94,357,688	81,203,946	94,357,688	81,203,946
Provision for non moving items	(36,624,594)	(33,375,000)	(36,624,594)	(33,375,000)
	<u>440,254,804</u>	<u>324,945,079</u>	<u>440,254,804</u>	<u>324,945,079</u>

13 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
Cash in hand	119,993	76,342	111,824	50,000
Cash at bank	71,735,466	120,216,175	68,727,653	119,294,562
Cash at bank and in hand	<u>71,855,459</u>	<u>120,292,517</u>	<u>68,839,477</u>	<u>119,344,562</u>

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:

	2021	2020	2021	2020
Cash and cash equivalents	71,855,459	120,292,517	68,839,477	119,344,562
Bank overdrafts (Note 15)	(21,547,750)	(1,172,603)	(21,547,750)	(1,172,603)
	<u>50,307,709</u>	<u>119,119,914</u>	<u>47,291,727</u>	<u>118,171,959</u>

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

	Number of shares	Amount MVR
At 1 January 2020	8,037,749	40,188,745
At 31 December 2020	<u>8,037,749</u>	<u>40,188,745</u>
At 31 December 2021	<u>8,037,749</u>	<u>40,188,745</u>

The total authorized number of ordinary shares are 25,000,000 shares (2020: 25,000,000 shares) with a par value of MVR 5.00 per share (2020: MVR 5.00 per share). All the issued shares are fully paid.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

14 Share capital and reserves (continued)**b) General reserves**

General reserves are the retained earnings of a company which are kept aside out of the Company's profits to increase the working capital, to issue bonus shares and to strengthen the financial position of the company.

c) Share premium

Share premium is the amount received by a company over and above the face value of its shares, the Company has issued new rights issue of 3,037,749 ordinary shares at MVR 62 per share with a share premium of MVR 57 per share at the par value of MVR 5 during the financial year ended 31 December 2018.

d) Fair value reserves

Fair value reserves are the net of revaluation gain or loss (except for impairment losses) from FVOCI financial assets, gain or loss from revaluations are recognized under statement of other comprehensive income whether it is due to normal market fluctuations.

15 Borrowings and bank overdrafts

Non-current	Group		Company	
	2021	2020	2021	2020
Bank and other borrowings	173,354,886	228,803,713	173,354,886	228,803,713
Current				
Bank overdrafts (Note 13)	21,547,750	1,172,603	21,547,750	1,172,603
Bank and other borrowings	88,275,208	88,765,060	88,275,208	88,765,060
	109,822,958	89,937,663	109,822,958	89,937,663
Total borrowings	283,177,844	318,741,376	283,177,844	318,741,376

Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower (MVR 68,059,210), Rentals Plaza (MVR 156,000,000), barges (Huvan (10,096,973), kurimagu 8 (MVR 8,219,686) and 10 (MVR 5,379,413)), tug boats (Tango 6 (MVR 3,285,000), 8 (MVR 8,219,686) and 575 (MVR 7,067,250)), steel landing craft (Leema 1 (MVR 12,437,995)), dredgers (Mahaa Jarrafu (MVR 507,009,279) and Jarrafa 3 (30,545,342)) and machineries (excavators (MVR 73,375,987), wheel loaders (MVR 11,046,708) and bulldozers (MVR 12,184,331)) .

Maturity of non-current borrowings:	Group		Company	
	2021	2020	2021	2020
Between 1 to 2 years	86,037,433	127,163,364	86,037,433	127,163,364
Between 3 to 5 years	87,317,453	75,177,219	87,317,453	75,177,219
Between 6 to 10 years	-	26,463,130	-	26,463,130
	173,354,886	228,803,713	173,354,886	228,803,713

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

- at floating rate	179,475,671	246,427,690	179,475,671	246,427,690
- at fixed rates	103,702,173	72,313,686	103,702,173	72,313,686
	283,177,844	318,741,376	283,177,844	318,741,376

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

16 Shareholder loan

	Group		Company	
	2021	2020	2021	2020
Loans from a shareholder (Note 28 v)	277,344,335	226,500,000	277,344,335	226,500,000
Classified as :				
Non-current	129,094,335	106,500,000	129,094,335	106,500,000
Current	148,250,000	120,000,000	148,250,000	120,000,000
	277,344,335	226,500,000	277,344,335	226,500,000

17 Contract liabilities, trade and other payables

	Group		Company	
	2021	2020	2021	2020
Trade payables	411,032,918	169,075,622	411,032,918	167,225,901
Accrued expenses	17,533,568	10,348,018	17,533,568	10,111,431
Payables to related parties (Note 28 iii)	347,397,930	248,755,456	347,397,930	248,755,456
Contract liabilities	40,432,306	95,574,091	40,432,306	95,125,208
Employee retirement benefit - Note 17(a)	33,456,728	30,474,704	33,456,728	30,474,704
Payable for acquisition of land	36,000,000	36,000,000	36,000,000	36,000,000
Payable for acquisition of MPL Assets	20,972,772	-	20,972,772	-
Other payables	158,602,275	94,764,505	158,006,363	94,082,176
	1,065,428,497	684,992,396	1,064,832,585	681,774,876
<i>Classified as:</i>				
Non-current				
Trade and other payables	90,248,352	-	90,248,352	-
Employee retirement benefit	33,456,728	30,474,704	33,456,728	30,474,704
	123,705,080	30,474,704	123,705,080	30,474,704
Current				
Trade and other payables	901,291,111	558,943,601	900,695,199	556,174,964
Contract liabilities	40,432,306	95,574,091	40,432,306	95,125,208
	941,723,417	654,517,692	941,127,505	651,300,172

Other payables of the Group consist of unpaid dividend amounting to MVR 73,089,973 (2020: MVR 53,745,831), GST payable amounting to MVR 16,393,534 (2020: MVR 4,603,833), advance received from customers amounting to MVR 34,903,541 (2020: MVR 20,158,563), retention payable MVR 2,171,184 (2020: MVR 1,730,936), refundable deposits MVR 6,267,861 (2020: MVR 5,856,031), short term trust receipts amounting to MVR 14,124,875 (2020: Nil), provision for defects amounting to MVR 2,116,430 (2020: MVR 1,474,229) and miscellaneous payable amounting to MVR 9,534,878 (2020: MVR 7,195,082).

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.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)

a) Employee retirement benefit	Group		Company	
	2021	2020	2021	2020
Opening balance	30,474,704	28,919,691	30,474,704	27,832,751
Current service cost	9,342,558	9,055,084	9,342,558	8,882,563
Transferred employees from Subsidiary	-	-	-	817,661
Transferred employees from Maldives Ports Ltd [Note 28 (vii)]	563,965	-	563,965	-
Interest cost	1,401,836	1,280,307	1,401,836	1,280,307
Actuarial gain	(6,781,255)	(7,653,738)	(6,781,255)	(7,653,738)
	35,001,808	31,601,344	35,001,808	31,159,544
Less: payments during the year	(1,545,080)	(1,126,640)	(1,545,080)	(684,840)
Closing balance	33,456,728	30,474,704	33,456,728	30,474,704

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

	Group		Company	
	2021	2020	2021	2020
<i>Amount recognized in profit or loss (Note 20)</i>				
Current service cost	9,342,558	9,055,084	9,342,558	8,882,563
Interest cost	1,401,836	1,280,307	1,401,836	1,280,307
	10,744,394	10,335,391	10,744,394	10,162,870
<i>Amount recognized in other comprehensive income</i>				
Actuarial loss due to changes in assumptions	(581,641)	(1,204,274)	(581,641)	(1,204,274)
Actuarial gain due to changes in experience	(6,199,614)	(6,449,464)	(6,199,614)	(6,449,464)
Actuarial gain	(6,781,255)	(7,653,738)	(6,781,255)	(7,653,738)

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2021 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

	Group		Company	
	2021	2020	2021	2020
Expected salary inflation	1% from 2022	15% in 2021 & 1% thereafter	1% from 2022	15% in 2021 & 1% thereafter
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	11% - 28% - Age 55	7% - 28% - Age 55	11% - 28% - Age 55	7% - 28% - Age 55
Disability / illness rate	10% - Age 67-70	10% - Age 67-70	10% - Age 67-70	10% - Age 67-70

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

17 Contract liabilities, trade and other payables (continued)**Significant estimates: actuarial assumptions and sensitivity****Sensitivity of assumptions employed in actuarial valuation**

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group / Company			
	2021		2020	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	34,379,276	922,548	31,366,521	891,817
1% decrease in salary inflation rate	32,660,747	(795,981)	29,710,441	(764,263)
1% increase in discount rate	30,880,718	(2,576,010)	27,873,143	(2,601,561)
1% decrease in discount rate	36,444,801	2,988,073	33,506,703	3,031,999
1% increase in staff turnover rate	32,627,274	(829,454)	29,794,545	(680,159)
1% decrease in staff turnover rate	34,351,279	894,551	31,189,103	714,399

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 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	-	-	-
Total	3,130	6.65	33,456,728

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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 2020*

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	12	0.52	180,469.00
Between 1-2 years	6	1.39	337,335.00
Between 2-5 years	527	4.15	4,454,507
Between 5-10 years	1,020	7.18	20,946,187
Beyond 10 years	309	10.78	4,556,207
Total	1,874	6.86	30,474,705

Analysis of duration of service

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

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
Total	3,130	33,456,728	9,906,522

Group as at 31 December 2020

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	376	-	-
Between 1-4 years	614	827,405	618,345
Between 5-9 years	429	2,174,173	995,987
Between 10-14 years	255	5,322,675	1,595,142
Between 15-19 years	190	19,442,337	5,386,420
20 years and above	10	2,708,114	459,190
Total	1,874	30,474,704	9,055,084

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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 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
Total	3,130	33,456,728	9,906,522

Company as at 31 December 2020

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	376	-	-
Between 1-4 years	614	827,405	606,564
Between 5-9 years	429	2,174,173	977,011
Between 10-14 years	255	5,322,675	1,564,751
Between 15-19 years	190	19,442,337	5,283,796
20 years and above	10	2,708,114	450,441
Total	1,874	30,474,704	8,882,563

b) Assets and liabilities related to contracts with customers

	Group		Company	
	2021	2020	2021	2020
Current contract assets relating to construction contracts	331,167,352	172,569,673	331,167,352	172,569,673
Less: loss allowance	(2,049,479)	(2,860,316)	(2,049,479)	(2,860,316)
Total contract assets	329,117,873	169,709,357	329,117,873	169,709,357
Current contract liabilities relating to construction contracts	40,432,306	95,574,091	40,432,306	95,125,208
Total current contract liabilities	40,432,306	95,574,091	40,432,306	95,125,208
Revenue recognised that was included in the contract liability balance at the beginning of the period	85,414,683	48,723,271	85,414,683	48,723,271

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

18 Other income

	Group		Company	
	2021	2020	2021	2020
Other income	7,117,508	4,501,369	7,117,508	4,501,369
Dividend income	8,982,936	-	8,982,936	-
Rent income	17,470,039	24,597,526	17,470,039	24,597,526
Government subsidy	144,448,835	101,626,272	144,448,835	101,626,272
Tawmil taksit profit	3,868,634	678,425	3,868,634	678,425
Profit on sale of property, plant and equipment	1,280,665	615,154	1,280,665	615,154
	183,168,617	132,018,746	183,168,617	132,018,746

The Government of Maldives has granted a subsidy of MVR 5,707,754 during the year 2021 (2020: MVR 5,707,754) to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Zone 4, and further granted a subsidy of MVR 138,741,081 (2019: MVR 95,918,518) 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	
	2021	2020	2021	2020
Depreciation - PPE (Note 6)	154,592,213	145,491,942	154,592,213	145,045,820
Depreciation - Investment property (Note 6.1)	2,708,552	2,842,132	3,087,072	3,220,652
Depreciation charge of right-of-use assets (Note 6.2)	27,418,609	18,466,769	27,418,609	18,466,769
Amortization of intangible assets (Note 7)	3,858,338	1,461,190	3,858,338	1,461,190
Employee benefit expense (Note 20)	430,020,302	275,082,297	430,020,302	268,262,300
Materials and consumables	891,768,862	517,472,682	891,768,862	550,817,355
Director fees	1,296,500	1,192,129	1,296,500	1,054,452
Lease rent and hiring expenses	94,094,576	51,729,144	94,094,576	50,177,040
Sub contract expenses	8,385,669	54,561,901	8,385,669	12,161,246
Repairs and maintenance	49,248,074	44,222,230	49,248,074	49,613,711
Transportation, travel and inspection	17,405,337	15,342,181	17,405,337	15,239,450
Utilities and communication expense	48,764,988	35,609,096	48,763,001	34,679,142
Accounting and professional charges	1,647,395	896,155	1,632,303	866,317
Consultation, legal and service charges	5,272,124	1,253,510	5,272,124	1,253,510
Bank charges	10,070,391	7,963,998	10,066,807	7,923,197
Advertising, promotion and marketing	9,763,164	7,943,433	9,763,164	7,800,376
Training expenses	6,755,205	2,224,677	6,755,205	2,165,297
License and registration fees	2,929,106	3,138,140	2,929,106	3,070,555
Printing and stationery	4,904,008	2,570,246	4,904,008	2,547,333
Loss on sale of assets	7,298	11,815,824	7,298	11,815,824
Security charges	151,885	3,168,350	151,885	3,168,350
Balance c/f	1,771,062,596	1,204,448,026	1,771,420,453	1,190,809,886

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

19 Expenses (continued)

Balance b/f	1,771,062,596	1,204,448,026	1,771,420,453	1,190,809,886
Provision for defects liability	642,200	-	642,200	-
Provision for obsolete inventory	3,249,594	1,260,864	3,249,594	1,260,864
Provision for impairment of investments	-	-	920,391	1,953,660
Impairment loss on financial and contract assets	4,498,500	6,320,679	4,236,793	6,320,679
Impairment loss on other receivables	25,612,627	554,928	25,612,627	554,928
Other expenses	25,833,876	24,915,130	25,195,855	23,755,070
Total	1,830,899,393	1,237,499,627	1,831,277,913	1,224,655,087
Classified as:				
- cost of sales	1,573,253,791	1,060,766,307	1,573,253,791	1,052,259,738
- selling and marketing expenses	9,763,164	7,807,786	9,763,164	8,362,714
- administrative expenses	211,675,081	135,188,575	212,973,992	130,850,604
- other operating expenses	31,708,857	26,861,352	31,050,173	26,861,352
- Impairment loss on financial and contract assets	4,498,500	6,875,607	4,236,793	6,320,679
Total	1,830,899,393	1,237,499,627	1,831,277,913	1,224,655,087

20 Employee benefit expense

	Group		Company	
	2021	2020	2021	2020
Wage and salaries	248,855,385	189,050,320	248,855,385	183,526,348
Other allowance	139,260,551	50,509,801	139,260,551	49,670,106
Pension contribution	8,896,962	4,869,015	8,896,962	4,730,898
Staff food allowance	14,230,020	14,845,278	14,230,020	14,817,559
Staff medical expenses	504,880	484,141	504,880	483,591
Retirement benefit (Note 17)	10,744,394	10,335,391	10,744,394	10,162,870
Visa fees	6,103,749	3,326,820	6,103,749	3,212,510
Staff welfare	1,424,361	1,661,531	1,424,361	1,658,418
Total	430,020,302	275,082,297	430,020,302	268,262,300

21 Finance costs (net)

	Group		Company	
	2021	2020	2021	2020
Finance cost				
- Interest expense on leases	11,363,744	6,378,547	11,363,744	6,378,547
- Interest expense on other payables	2,843,524	-	2,843,524	-
- Interest expense on borrowings	34,462,437	36,672,088	34,462,437	36,672,088
- Interest expense on bank overdraft	1,118,657	1,358,359	1,118,657	1,358,359
- Net foreign exchange (gain) / loss	(1,188,324)	2,895,639	(1,188,324)	2,895,639
	48,600,038	47,304,633	48,600,038	47,304,633
Finance income				
- Interest income project under financing	(169,828)	-	(169,828)	-
- Interest income	(1,000,000)	(134,439)	(1,000,000)	(134,439)
	(1,169,828)	(134,439)	(1,169,828)	(134,439)
Net finance costs	47,430,210	47,170,194	47,430,210	47,170,194

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

22 Tax expense

	Group		Company	
	2021	2020	2021	2020
Current tax expense	51,431,397	42,115,040	51,431,397	42,004,864
Deferred tax (Note 10)	(11,294,199)	(8,087,229)	(11,294,199)	(8,308,168)
	40,137,198	34,027,811	40,137,198	33,696,696

Reconciliations between income tax expenses and the accounting profit :

	Group		Company	
	2021	2020	2021	2020
Profit before tax	271,822,281	224,719,834	271,443,761	220,748,339
Tax calculated at the rate of 15%	40,773,342	33,707,975	40,716,564	33,112,251
Add: tax on non-deductible expenses	854,797	1,673,223	854,797	778,330
	41,628,139	35,381,198	41,571,361	33,890,581
Less: tax on deductible expenses	(1,490,941)	(1,353,387)	(1,434,163)	(193,885)
Income tax expense	40,137,198	34,027,811	40,137,198	33,696,696
Tax charge during the year	40,137,198	34,027,811	40,137,198	33,696,696

	Group		Company	
	2021	2020	2021	2020
Income tax payable / (receivables):				
At the beginning of the year	32,498,832	3,473,950	32,512,549	3,484,350
Current tax expense	51,431,397	42,115,040	51,431,397	42,004,864
Tax paid during the year	(18,039,003)	(13,090,158)	(17,987,023)	(12,976,665)
At the end of the year	65,891,226	32,498,832	65,956,923	32,512,549

23 Earnings per share

Basic 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	
	2021	2020	2021	2020
Profit attributable to equity holders	231,685,083	190,692,023	231,306,563	187,051,643
Weighted average number of ordinary shares	8,037,749	8,037,749	8,037,749	8,037,749
Basic earnings per share (MVR per share)	28.82	23.72	28.78	23.27

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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	
	2021	2020	2021	2020
Profit before tax for the year	271,822,281	224,719,834	271,443,761	220,748,339
Adjustments for:				
-Depreciation - (Note 6 and 6.1)	157,300,765	148,334,074	157,679,285	148,266,472
-Depreciation of right-of-use assets - (Note 6.2)	27,418,609	18,466,769	27,418,609	18,466,769
-Amortization of intangible assets (Note 7)	3,858,338	1,461,190	3,858,338	1,461,190
-Loss on sale of property, plant and equipment	7,298	11,815,824	7,298	11,815,824
-Profit on sale of property, plant and equipment	(1,280,665)	(615,154)	(1,280,665)	(615,154)
-Provision for receivables	30,111,127	6,875,607	29,849,420	6,875,607
-Provision for slow/non moving inventories	3,249,594	1,260,864	3,249,594	1,260,864
-Provision for investments in subsidiary (Note 8)	-	-	920,391	1,953,660
-Provision for retirement benefit (Note 17)	10,744,394	10,335,391	10,744,394	10,162,870
-Provision for defects liability (Note 19)	642,200	-	642,200	-
-Interest expenses on borrowings and overdrafts	35,581,094	38,030,447	35,581,094	38,030,447
-Interest expenses on other payables	2,843,524	-	2,843,524	-
-Interest expenses on leases	11,363,744	6,378,547	11,363,744	6,378,547
-Government subsidy (Note 18)	(144,448,835)	(101,626,272)	(144,448,835)	(101,626,272)
-Dividend income (Note 18)	(8,982,936)	-	(8,982,936)	-
-Interest income (Note 21)	(1,169,828)	(134,439)	(1,169,828)	(134,439)
Changes in working capital:				
- trade and other receivables	(276,349,276)	(80,431,030)	(281,749,575)	(55,297,234)
- inventories	(118,559,319)	(38,659,673)	(118,559,319)	(40,934,592)
- trade and other payables	355,188,176	72,071,642	357,809,784	56,330,267
Cash generated from operations	<u>359,340,285</u>	<u>318,283,621</u>	<u>357,220,278</u>	<u>323,143,165</u>

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

Net book amount (Note 6)	7,546	14,570,313	7,546	11,847,261
Profit / (loss) on sale of property, plant and equipment	<u>1,273,367</u>	<u>(11,200,670)</u>	<u>1,273,367</u>	<u>(11,200,670)</u>
Proceeds from sale of property, plant and equipment	<u>1,280,913</u>	<u>3,369,643</u>	<u>1,280,913</u>	<u>646,591</u>

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

25 Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 3.00 per share (2020: MVR 2.00 per share) amounting to MVR 24,113,247 has been declared in the annual general meeting held on 20 June 2021 and has been shown in the statement of changes in equity (2020: MVR 16,075,498).

26 Contingencies***Contingent liabilities***

The Company enjoyed a letter of credit, bank guarantee and trust receipts facilities of MVR 101,789,448 (2020: MVR 81,819,587) 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 105,548,875 was outstanding as at 31 December 2021 (2020: MVR 34,684,665).

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

	Group		Company	
	2021	2020	2021	2020
	Less than one year MVR	Less than one year MVR	Less than one year MVR	Less than one year MVR
<i>Lease rentals falling:</i>				
Houses	1,266,685	1,380,000	1,266,685	1,380,000
Vessels	10,277,886	5,515,086	10,277,886	5,515,086
Male' land plots	4,389,794	4,389,794	4,389,794	4,389,794
	15,934,365	11,284,880	15,934,365	11,284,880

Financial commitments

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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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% (2020: 64.20%) of the voting rights of the Company as at 31 December 2021 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 2021, 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	
	2021	2020	2021	2020
Construction revenue	1,403,924,935	879,738,280	1,403,924,935	903,328,444
Trading revenue	33,122,647	48,571,776	33,122,647	48,571,776
Others sales and services	43,094,928	22,205,484	43,094,928	22,205,484
Government subsidy	144,448,835	101,626,272	144,448,835	101,626,272
Construction materials purchased	380,846,875	134,397,432	380,846,875	134,397,432
Dividends paid	16,602,840	11,068,560	16,602,840	11,068,560
Other goods and services from subsidiary	-	-	-	8,878,742

(ii) Receivables from related parties (Note 11)

	Group		Company	
	2021	2020	2021	2020
Construction revenue	381,187,814	288,305,597	383,792,995	288,499,879
Trading revenue	11,473,016	11,089,561	11,473,016	11,089,561
Others sales and services	64,063,832	53,316,446	64,063,832	53,316,446
Retention receivables	94,709,541	93,716,039	94,709,541	93,716,039
	551,434,203	446,427,643	554,039,384	446,621,925

(iii) Payables to related parties (Note 17)

	Group		Company	
	2020	2019	2021	2020
Construction materials purchased	45,402,562	25,591,239	45,402,562	25,591,239
Dividends	16,602,840	11,068,560	16,602,840	11,068,560
Project advances	198,713,232	171,580,642	198,713,232	171,580,642
Others goods and services purchased	86,679,296	40,515,015	86,679,296	40,515,015
	347,397,930	248,755,456	347,397,930	248,755,456

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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	
		2021	2020	2021	2020
Maldives Real Estate Investments Corporation Private Limited (Fully owned subsidiary)	Purchase of goods and services	-	8,878,742		
	Payments made	2,410,899	5,190,824	(2,605,181)	(194,282)

(v) Loans from a shareholder

Ministry of Finance and Treasury (Note 16)

	Group		Company	
	2021	2020	2021	2020
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	-
Mudarabah equity finance	120,000,000	120,000,000	120,000,000	120,000,000
	277,344,335	226,500,000	277,344,335	226,500,000

	Group		Company	
	2021	2020	2021	2020
The movement in the year can be analysed as follows;				
Beginning of the year	226,500,000	233,000,000	226,500,000	233,000,000
Loans received during the year	50,844,335	-	50,844,335	-
Loans paid during the year	-	(6,500,000)	-	(6,500,000)
End of the year	277,344,335	226,500,000	277,344,335	226,500,000

Trade loan received from Ministry of Finance and Treasury amounting to MVR 16,500,000 (2020: 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 (2020: 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 received from Ministry of Finance and Treasury amounting to MVR 120 million (2020: MVR 120 million), which is unsecured and payable within 3 months under "Mudarabah" agreement and carries an average equity margin of 10.6% per annum from the gross profit of Trading division, accordingly the amount has been shown as falling due within one year.

Subsidiary loan received from Ministry of Finance and Treasury amounting to MVR 50,844,335, which is unsecured, interest free and payable in ten years on a monthly equal instalments starting from March 2023.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**Financial statements - 31 December 2021****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	
	2021	2020	2021	2020
Beginning balance	-	-	-	-
Net assets acquired during the year	22,083,083		22,083,083	
Amounts paid	(1,110,311)		(1,110,311)	
Closing balance	<u>20,972,772</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	
	2021	2020	2021	2020
Within 1 year	2,207,664	-	2,207,664	-
Between 2 to 5 years	8,830,656	-	8,830,656	-
Between 6 to 10 years	9,934,452	-	9,934,452	-
	<u>20,972,772</u>	-	<u>20,972,772</u>	-

(viii) Key management remuneration

	Group		Company	
	2021	2020	2021	2020
Directors' remuneration	1,296,500	1,192,129	1,296,500	1,054,452
Key management remuneration	11,520,101	9,903,963	11,520,101	9,543,963
	<u>12,816,601</u>	<u>11,096,092</u>	<u>12,816,601</u>	<u>10,598,415</u>

Key management personnel include 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 2021****Notes to the financial statements (continued)**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Group

At 31 December 2021, the Group is organized into six main business segments.

- (1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.
- (2) Construction: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.
- (3) Dredging: Dredging and land reclamation.
- (4) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.
- (5) Real Estate : Development and management of housing units and providing all kinds of repair and maintenance services.
- (6) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Total revenue	240,709,484	1,502,564,750	475,794,090	78,630,718	-	117,779,667	2,415,478,709
Less: Inter-segment revenue	(808,387)	(166,407,573)	(175,373,760)	(21,051,306)	-	(84,854,416)	(448,495,442)
Revenue	239,901,097	1,336,157,177	300,420,330	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	175,093,663	116,787,809	3,923,751	(920,391)	(11,930,357)	319,252,491
Finance costs - net (Note 21)	(4,081,098)	(22,342,553)	(12,453,674)	(7,656,312)	-	(896,573)	(47,430,210)
Profit / (loss) before tax	32,216,918	152,751,110	104,334,135	(3,732,561)	(920,391)	(12,826,930)	271,822,281
Income tax	(4,763,774)	(22,586,636)	(15,427,431)	551,917	-	2,088,726	(40,137,198)
Profit / (loss) after tax	27,453,144	130,164,474	88,906,704	(3,180,644)	(920,391)	(10,738,204)	231,685,083

The segment results of the Group for the year ended 31 December 2020 are as follows:

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Total revenue	199,385,545	1,108,644,302	291,077,505	61,374,208	25,694,777	53,115,238	1,739,291,575
Less: Inter-segment revenue	(19,261,182)	(168,223,355)	(115,716,802)	(9,914,868)	(8,878,742)	(39,925,717)	(361,920,666)
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	16,816,035	13,189,521	1,377,370,909
Other income	2,070,783	2,125,167	-	108,261,755	-	19,561,041	132,018,746
Operating profit / (loss)	25,777,578	201,119,018	75,316,597	2,219,905	1,639,315	(34,182,385)	271,890,028
Finance costs - net (Note 21)	(4,570,616)	(15,047,533)	(24,571,692)	(2,219,905)	-	(760,448)	(47,170,194)
Profit / (loss) before tax	21,206,962	186,071,485	50,744,905	-	1,639,315	(34,942,833)	224,719,834
Income tax	(3,237,191)	(28,403,359)	(7,746,086)	-	(331,115)	5,689,940	(34,027,811)
Profit / (loss) after tax	17,969,771	157,668,126	42,998,819	-	1,308,200	(29,252,893)	190,692,023

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Group (continued)

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Year ended 31 December 2021							
Depreciation (Note 6)	1,680,675	76,414,531	38,874,817	24,644,702	-	12,977,488	154,592,213
Impairment for trade receivables (Note 11)	463,873	2,267,332	488,981	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	2,841,432	(6,780)	(120,462)	-	(3,627,328)	3,249,594
Amortization (Note 7)	80,642	25,011	-	-	-	3,752,685	3,858,338
Year ended 31 December 2020							
Depreciation (Note 6)	1,449,351	67,171,952	49,043,594	16,971,217	446,122	10,409,706	145,491,942
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	66,361	-	1,450,268	6,320,679
Provision for impairment of investments (Note 08)	-	-	-	-	-	-	-
Impairment loss on other receivables (Note 11)	-	-	-	-	-	554,928	554,928
Impairment for inventories (Note 12)	756,518	504,346	-	-	-	-	1,260,864
Amortization (Note 7)	30,540	9,472	-	-	-	1,421,178	1,461,190

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Assets	289,370,630	1,447,092,357	620,914,563	454,268,813	-	356,202,421	3,167,848,784
Liabilities	180,980,731	991,335,159	206,752,493	154,406,746	-	251,792,644	1,785,267,773
Capital expenditure (Note 6 and 7)	2,954,350	210,589,761	22,049,456	80,820,909	-	19,183,098	335,597,574

The segment assets and liabilities of the Group at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Assets	218,974,813	917,276,854	726,110,084	281,173,406	8,560,643	328,364,771	2,480,460,571
Liabilities	163,769,320	664,766,286	258,296,260	27,375,426	3,411,803	197,321,000	1,314,940,095
Capital expenditure (Note 6 and 7)	1,270,697	118,059,168	12,224,020	6,062,192	-	15,239,874	152,855,951

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Company

At 31 December 2021, the Company 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: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.
- (3) Dredging: Dredging and land reclamation.
- (4) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.
- (5) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

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

	Trading	Construction	Dredging	Transport	Others	Total
Total revenue	240,709,484	1,502,564,750	475,794,090	78,630,718	117,779,667	2,415,478,709
Less: Inter-segment revenue	(808,387)	(166,407,573)	(175,373,760)	(21,051,306)	(84,854,416)	(448,495,442)
Revenue	239,901,097	1,336,157,177	300,420,330	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	175,093,663	116,787,809	3,923,751	(13,229,268)	318,873,971
Finance costs - net (Note 21)	(4,081,098)	(22,342,553)	(12,453,674)	(7,656,312)	(896,573)	(47,430,210)
Profit / (loss) before tax	32,216,918	152,751,110	104,334,135	(3,732,561)	(14,125,841)	271,443,761
Income tax	(4,763,774)	(22,586,636)	(15,427,431)	551,917	2,088,726	(40,137,198)
Profit / (loss) after tax	27,453,144	130,164,474	88,906,704	(3,180,644)	(12,037,115)	231,306,563

The segment results of the Company for the year ended 31 December 2020 are as follows:

	Trading	Construction	Dredging	Transport	Others	Total
Total revenue	199,385,545	1,108,644,302	291,077,505	61,374,208	53,115,238	1,713,596,798
Less: Inter-segment revenue	(19,261,182)	(168,223,355)	(115,716,802)	(9,914,868)	(39,925,717)	(353,041,924)
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	13,189,521	1,360,554,874
Other income	2,070,783	2,125,167	-	108,261,755	19,561,041	132,018,746
Operating profit / (loss)	25,777,578	201,119,018	75,316,597	2,219,905	(36,514,565)	267,918,533
Finance costs - net (Note 21)	(4,570,616)	(15,047,533)	(24,571,692)	(2,219,905)	(760,448)	(47,170,194)
Profit / (loss) before tax	21,206,962	186,071,485	50,744,905	-	(37,275,013)	220,748,339
Income tax	(3,237,191)	(28,403,359)	(7,746,086)	-	5,689,940	(33,696,696)
Profit / (loss) after tax	17,969,771	157,668,126	42,998,819	-	(31,585,073)	187,051,643

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Company (continued)

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

	Trading	Construction	Dredging	Transport	Others	Total
Year ended 31 December 2021						
Depreciation (Note 6)	1,680,675	76,414,531	38,874,817	24,644,702	12,977,488	154,592,213
Impairment loss on financial and contract assets (Note 11)	463,873	2,267,332	488,981	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	2,841,432	(6,780)	(120,462)	(3,627,328)	3,249,594
Amortization (Note 7)	80,642	25,011	-	-	3,752,685	3,858,338
Year ended 31 December 2020						
Depreciation (Note 6)	1,449,351	67,171,952	49,043,594	16,971,217	10,409,706	145,045,820
Impairment loss on financial and contract assets (Note 11)	692,032	3,382,529	729,489	66,361	1,450,268	6,320,679
Provision for impairment of investments (Note 08)	-	-	-	-	1,953,660	1,953,660
Impairment loss on other receivables (Note 11)	-	-	-	-	554,928	554,928
Impairment for inventories (Note 12)	756,518	504,346	-	-	-	1,260,864
Amortization (Note 7)	30,540	9,472	-	-	1,421,178	1,461,190

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	Dredging	Transport	Others	Total
Assets	289,370,630	1,447,092,357	620,914,563	454,268,813	358,637,278	3,170,283,641
Liabilities	180,980,731	991,335,159	206,752,493	154,406,746	251,262,429	1,784,737,558
Capital expenditure (Note 6 and 7)	2,954,350	210,589,761	22,049,456	80,820,909	19,183,098	335,597,574

The segment assets and liabilities of the Company at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Trading	Construction	Dredging	Transport	Others	Total
Assets	218,974,813	917,276,854	726,110,084	281,173,406	337,065,203	2,480,600,360
Liabilities	163,769,320	664,766,286	258,296,260	27,375,426	197,529,000	1,311,736,292
Capital expenditure (Note 6 and 7)	1,270,697	118,059,168	12,224,020	6,062,192	15,239,874	152,855,951

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

30 Impact of Covid -19

During the current year, due to continued uncertainties caused by COVID-19, the Group has considered whether any adjustment and changes in judgements, estimates and risk management are required to be considered and reported in the consolidated financial information. The Group's business operations remains largely unaffected by the current situation.

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2021. ECLs are estimated based on the relevant forward-looking macroeconomic factors, significant increase in credit risk, and assessing the indicators of impairment for the exposure in potentially affected sectors.

The Group will continue to closely monitor the impact of COVID-19 as the situation progress to manage the potential business disruption COVID-19 out-break may have on its operations and financial performance.

31 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:

	MVR
Property, plant and equipment (Note 6)	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)	<u>(563,965)</u>
Net assets aquired	<u>22,083,083</u>

Purchase consideration of MVR 22,083,083 payable to Maldives Ports Limited was accounted as part of the acquisition under Note 17 after adjusting repayment of MVR 1,110,311 during the year. Refer Note 28 (vii)

32 Events after the reporting date

No significant events have occurred since the reporting date, which would require adjustments to, or disclosure in, the financial statements.