

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statement - 31 December 2021



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.

PricewaterhouseCoopers, H. Thandiraimage, 3rd Floor, Roshanee Magu, Malé, Republic of Maldives

Tel: +960 3318342, 3336046, Fax: +960 3314601, www.pwc.com/lk

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

Resident Partner Jatindra Bhatray FCA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



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><i>Construction contract revenue</i></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 data-bbox="280 394 925 498"><i>Impairment of trade receivables, receivables from related parties, contract assets and retention receivable</i></p> <p data-bbox="280 498 925 569">Refer to significant accounting policy Note 2.10 (iv) and Note 3.1 to the financial statements.</p> <p data-bbox="280 569 925 965">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 data-bbox="280 965 925 1146">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 data-bbox="280 1146 925 1345">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 data-bbox="925 394 1520 569">Our audit procedures of this matter included the following:</p> <ul data-bbox="925 569 1520 1677" style="list-style-type: none"> <li data-bbox="925 569 1520 814">- 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. <li data-bbox="925 965 1520 1211">- 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. <li data-bbox="925 1211 1520 1392">- We tested the key underlying assumptions used by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. <li data-bbox="925 1392 1520 1677">- 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 data-bbox="925 1698 1520 1832">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

A handwritten signature in blue ink, appearing to read 'Jatindra Bhatray', with a horizontal line extending from the end of the signature.

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	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>

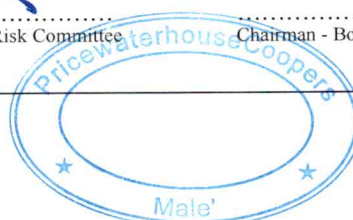
These financial statements were approved by the Board of Directors on 21st April 2022






.....
 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.



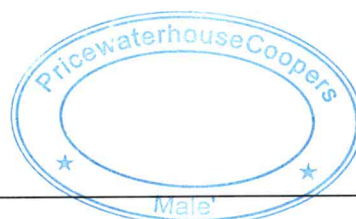
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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			
		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.

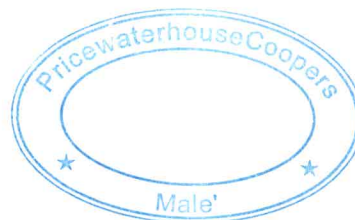
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Statement of comprehensive income

(all amounts in Maldivian Rufiyaa unless otherwise stated)

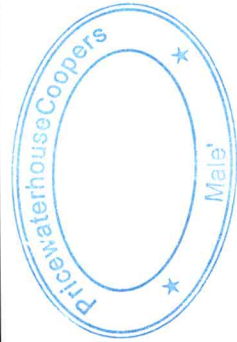
	Note	Group		Company	
		Year ended 31 December			
		2021	2020	2021	2020
Profit after tax for the year		231,685,083	190,692,023	231,306,563	187,051,643
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Re-measurements of retirement benefit obligations	17	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



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		-	-	-	-	(16,075,498)	(16,075,498)
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	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		-	-	-	-	(24,113,247)	(24,113,247)
Dividend declared	25	-	-	-	-	(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.



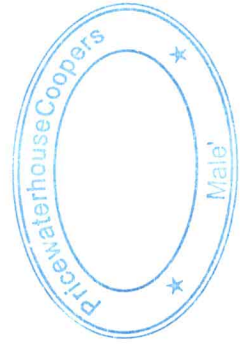
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Financial statements - 31 December 2021

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)
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

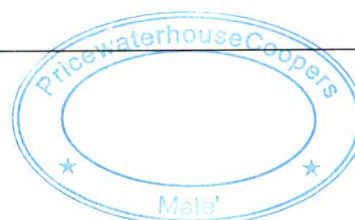
Financial statements - 31 December 2021

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

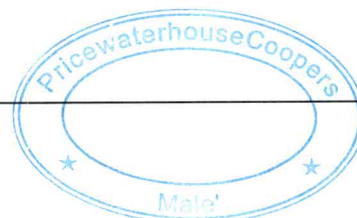
The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

(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.

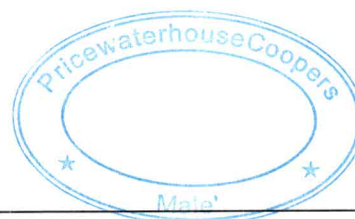
Classification of liabilities as current or non-current – Amendments to IAS 1

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.



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements

(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.



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)

(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.

2.2 Consolidation

Subsidiary

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

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

2.3 Segment reporting

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

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

2.4 Foreign currency translation

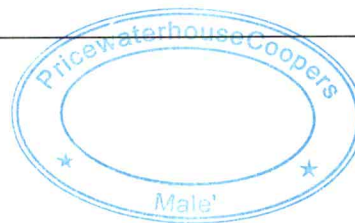
(a) Functional and presentation currency

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

(b) Transactions and balances

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

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



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)

2.4 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

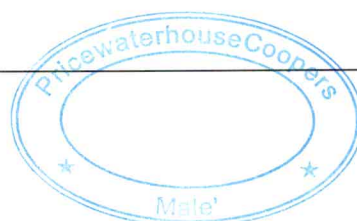
Dredging vessels	10-25 years
Vessels	5-10 years
Tug boats	5-10 years

Furniture and office/communication equipment

Furniture and fittings	4 years
Office equipment	3 years

Sundry assets

Tools	3 years
Other assets	3 years



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)

2.5 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:

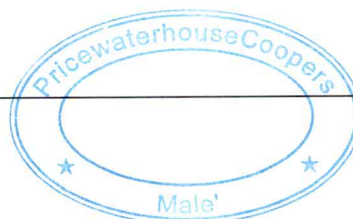
Buildings (other than MTCC tower)	10 years
MTCC tower	25 years

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.



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:

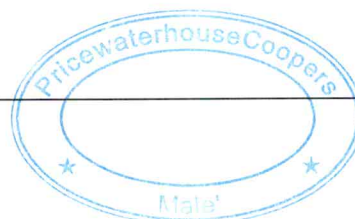
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases 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.



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)

2.9 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.

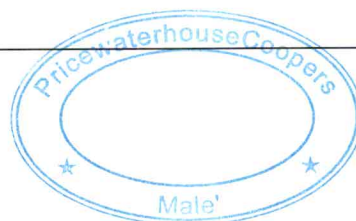
(iii) Measurement

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.



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)

2.10 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.

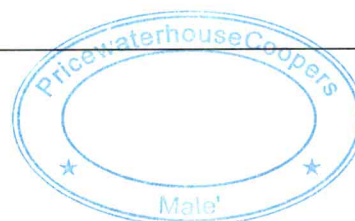
For trade receivables, contract assets and retention receivables the group applies the allowance Matrix approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For receivables under tawmil taksit credit scheme (Shariah compliant) 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.



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)

2.12 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.

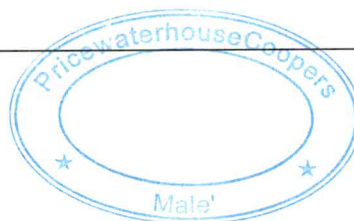
2.14 Cash and cash equivalents

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.



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)

2.15 Employee benefits (continued)

(ii) Other long-term employee benefit obligations

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

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.

2.16 Share capital

Ordinary shares are classified as equity.

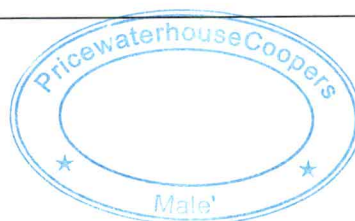
2.17 Dividend distribution

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

2.18 Borrowings and loans from shareholders

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

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



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)

2.19 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.

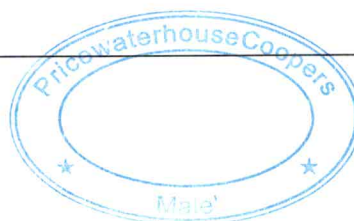
Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value 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.

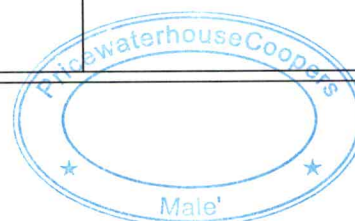
Performance obligations and revenue recognition policies

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.



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)

2.23 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.

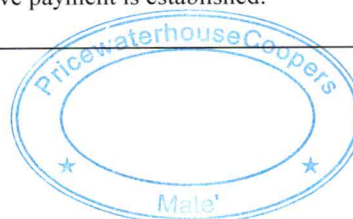
The Group recognizes other income sources as follows:

(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.



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)

2.23 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.

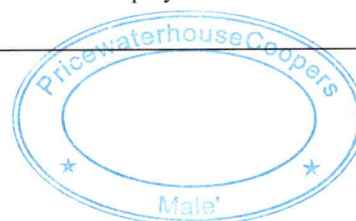
2.24 Comparatives

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.



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)

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

3.1 Credit Risk

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

(i) Risk management

Credit risk is managed in the following manner.

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

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

(ii) Security

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

(iii) Impairment of financial assets

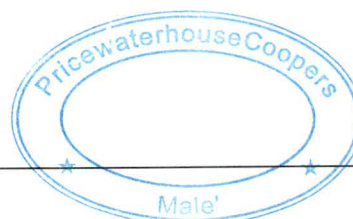
The group has following three types of financial assets which are subject to impairment based on allowance Matrix.

- trade receivables for sales of inventory and from the provision of construction, dredging and other services
- contract assets relating to construction and dredging contracts
- retention receivable from contracts

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

Non-interest bearing trade and other receivable

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



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

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

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

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%

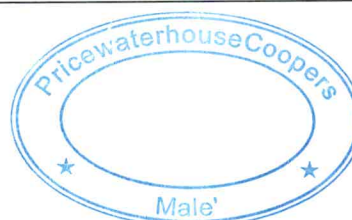
Sensitivity analysis

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.

	GDP		
	-1% MVR	No change MVR	+1% MVR
Group			
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



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)

Impairment losses

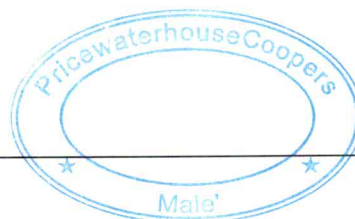
	Group		Company	
	2021	2020	2021	2020
	MVR	MVR	MVR	MVR
- Movement in loss allowance for contract assets, trade and related party receivables	5,323,107	7,257,659	5,061,400	7,257,659
- Net impairment loss on contract assets, trade and related party receivables	<u>5,323,107</u>	<u>7,257,659</u>	<u>5,061,400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

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
	<u>1,485,535,858</u>	<u>1,143,329,583</u>	<u>1,480,785,361</u>	<u>1,135,003,280</u>

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



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

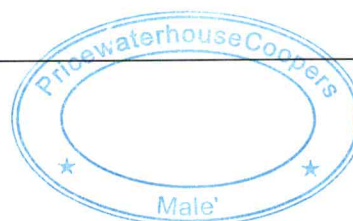
3 Financial risk management (continued)

	Weighted average loss rate	Group	
		Gross carrying amount MVR	Loss allowance MVR
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.



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

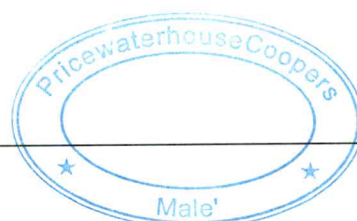
(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

	Group		
	Weighted average loss rate	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.

	Company		
	Weighted average loss rate	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



Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)**Interest bearing trade receivables under Tawmil Taksit credit scheme**

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note (a) for a description of how the Company determines when a significant increase in credit risk has occurred.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note (d) includes an explanation of how the Company has incorporated this in its ECL models.

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

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

(a) Significant increase in credit risk

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

(b) Definition of default and credit-impaired assets

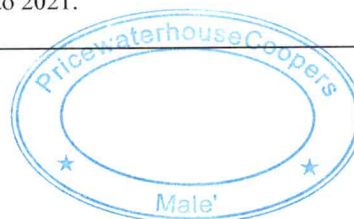
The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

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

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

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

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 MN PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2017 to 2021.



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)

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.

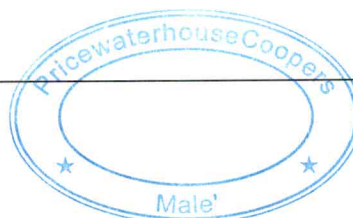
Forecasted GDP growth rates

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%



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)

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%	No change	+1%
	MVR	MVR	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

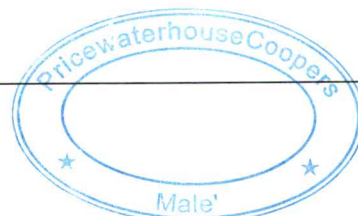
Impairment losses

	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.



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

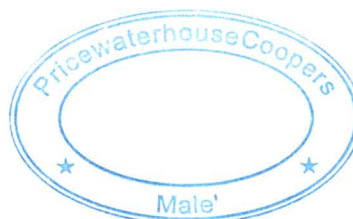
Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Life time ECL	Life time ECL	Total
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	
	12-month ECL	Life time ECL	Life time ECL	Total
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



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

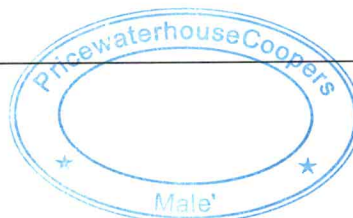
(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

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



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)

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	<u>2,568,637</u>	<u>3,393,244</u>

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.

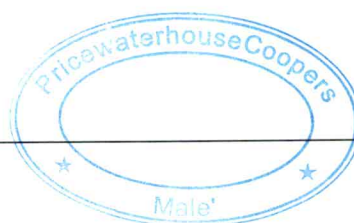
Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept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



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)

3.2 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.

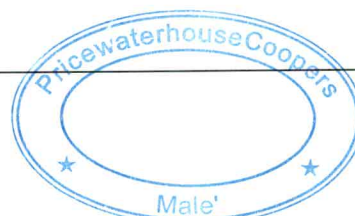
In addition, the group maintains MVR 30,840,000 overdraft facility that is secured.

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
	1,595,731,168	1,167,404,048	493,429,017	28,152,797

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
	1,132,071,384	789,955,051	384,560,829	46,897,537



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)

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>

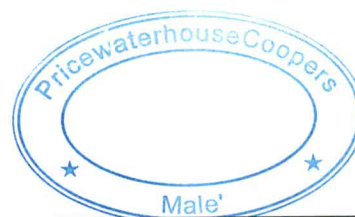
Company 31 December 2020	Contractual cash flows			
	Carrying amount	Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	1,172,603	1,172,603	-	-
Borrowings	317,568,773	105,405,078	231,083,922	26,967,176
Shareholder's loan	226,500,000	127,620,000	117,325,000	-
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)

3.3.1 Currency risk

Exposure to currency risk

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

Group/Company	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

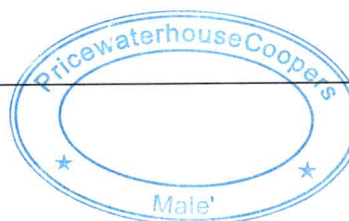
Sensitivity analysis

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 before tax	Effect on pre-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 before tax	Effect on pre-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)

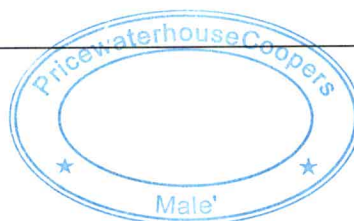
Other market price risk

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).



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)

3.4 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.

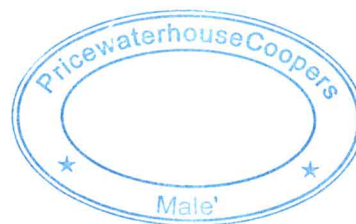
In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt.

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)

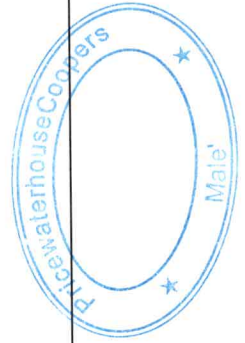
3.5 Accounting classifications and fair values

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	FVOCI Equity Instruments	Carrying Amount		Fair Value				
		Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
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

	FVOCI Equity Instruments	Carrying Amount Financial assets at amortized cost	Financial liabilities at amortized cost	Fair Value					
				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:

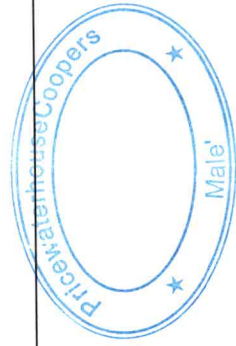
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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.



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)

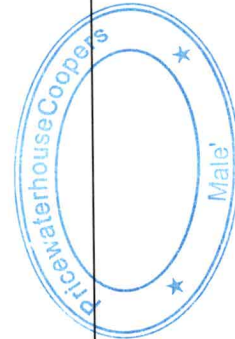
3.5 Accounting classifications and fair values (continued)

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		Fair Value				
		FVOCI Equity Instruments	Financial assets 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	-	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 shareholder's loan	15	-	261,630,094	261,630,094	-	-	-	-
Trade and other payables*	16	-	277,344,335	277,344,335	-	-	-	-
Bank overdrafts	17	-	941,187,206	941,187,206	-	-	-	-
Lease liabilities	15	-	21,547,750	21,547,750	-	-	-	-
	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.



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 (continued)

As at 31 December 2020

	FYOCI Equity Instruments	Carrying Amount Financial assets at amortized cost	Financial liabilities at amortized cost	Fair Value				
				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
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:

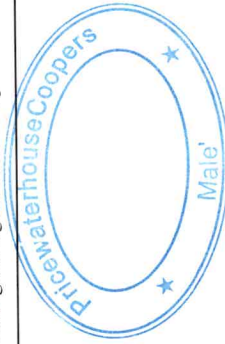
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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.



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)

4 Critical estimates and judgements

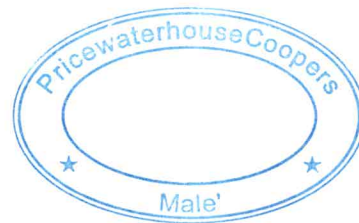
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgements in applying the group's accounting policies.

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

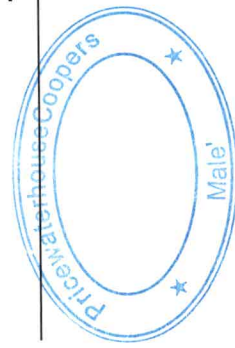
Notes to the financial statements (continued)

(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



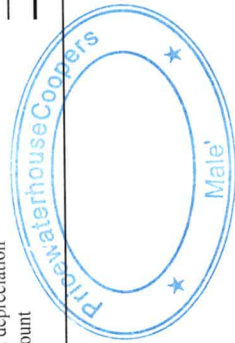
MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - 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	269,535,894	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

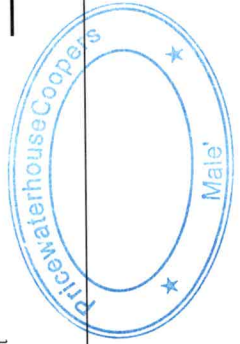
Financial statements - 31 December 2021

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - 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	14,430,812	-	-	-	8,694,818	-	(8,694,818)	-
Transferred from MPL (Note 31)	13,375,278	-	47,037,026	311,617	6,810,971	356,733	-	68,947,159
Transferred from investment property - cost	(11,335,080)	-	-	-	-	-	-	13,375,278
Transferred from investment property - depreciation	-	(10,470)	(2,213,792)	(629,378)	(20,107,195)	(177,034)	-	(11,335,080)
Disposals - Cost	-	10,470	2,213,792	621,832	20,107,195	177,034	-	(23,137,869)
Disposals - Accumulated depreciation	(6,518,954)	(97,133,931)	(9,542,899)	(8,698,329)	(27,014,963)	(5,683,137)	-	(154,592,213)
Depreciation charge (Note 19)	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	15,353,535	981,930,391
Closing net book value	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
Cost	(100,009,590)	(795,391,886)	(38,002,943)	(62,602,329)	(179,937,134)	(49,937,247)	-	(1,225,881,129)
Accumulated depreciation	50,809,824	750,356,327	46,091,149	18,287,947	89,596,760	11,434,849	15,353,535	981,930,391
Net book amount								



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 (Huvan, 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

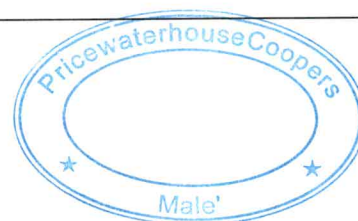
Investment properties are accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

(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

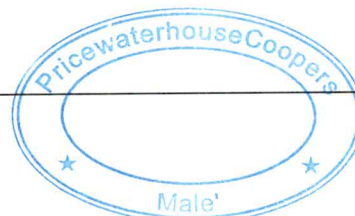
The statement of financial position shows the following amounts relating to leases:

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:



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)

6.2 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)

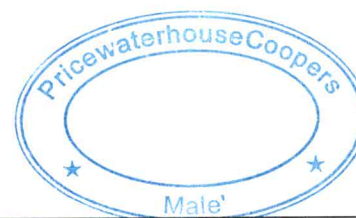
Lands	(6,015,755)	(7,707,024)	(6,015,755)	(7,707,024)
Building	(1,602,357)	(1,335,297)	(1,602,357)	(1,335,297)
Houses	(2,424,479)	(261,938)	(2,424,479)	(261,938)
Vessels	(17,376,018)	(9,162,510)	(17,376,018)	(9,162,510)
	(27,418,609)	(18,466,769)	(27,418,609)	(18,466,769)

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).



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)

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

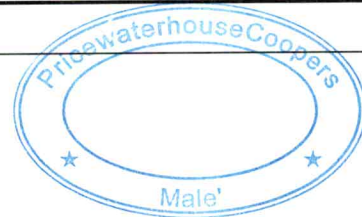
The Company is engaged in the business of development and management of housing units and providing all kinds of repair and maintenance services. MREIC is a fully owned subsidiary of the Company.

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



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)

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

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

Movement of the equity investments is as follows;

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

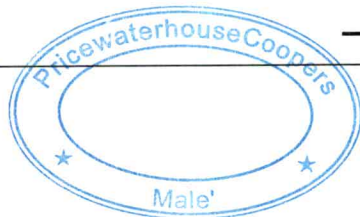
	Group		Company	
	2021	2020	2021	2020
Balance as at 1 January	69,236,294	61,146,872	69,236,294	60,925,933
Amounts recognized in profit and loss	11,294,199	8,087,229	11,294,199	8,308,168
Amounts recognized in OCI				
- Financial assets at FVOCI	(657,288)	1,150,254	(657,288)	1,150,254
- Effect on employee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



MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2021

Notes to the financial statements (continued)

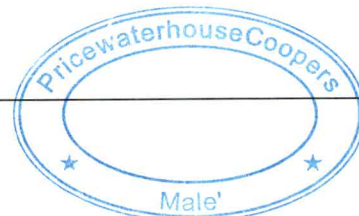
(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables

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 [Note 28 (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).



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)

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:

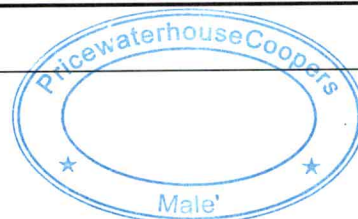
The carrying amount of the trade and other receivables approximates its fair value and the movement of provision for trade and other receivables are as follows:

	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:

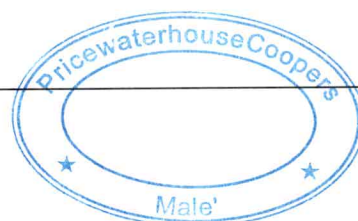
	2021	2020	2021	2020
Cash and cash equivalents	71,855,459	120,292,517	68,839,477	119,344,562
Bank overdrafts (Note 15)	(21,547,750)	(1,172,603)	(21,547,750)	(1,172,603)
	<u>50,307,709</u>	<u>119,119,914</u>	<u>47,291,727</u>	<u>118,171,959</u>

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	8,037,749	40,188,745
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

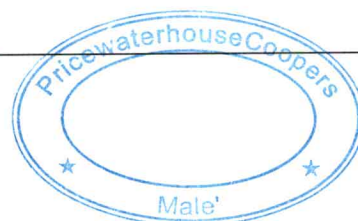
Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower (MVR 68,059,210), Rentals Plaza (MVR 156,000,000), barges (Huvan (10,096,973), kurimagu 8 (MVR 8,219,686) and 10 (MVR 5,379,413)), tug boats (Tango 6 (MVR 3,285,000), 8 (MVR 8,219,686) and 575 (MVR 7,067,250)), steel landing craft (Leema 1 (MVR 12,437,995)), dredgers (Mahaa Jarrafa (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:

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

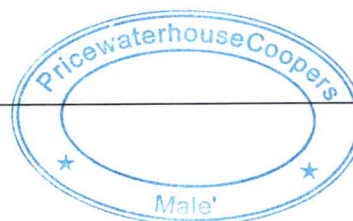
	Group		Company	
	2021	2020	2021	2020
Loans from a shareholder (Note 28 v)	277,344,335	226,500,000	277,344,335	226,500,000
Classified as :				
Non-current	129,094,335	106,500,000	129,094,335	106,500,000
Current	148,250,000	120,000,000	148,250,000	120,000,000
	277,344,335	226,500,000	277,344,335	226,500,000

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:

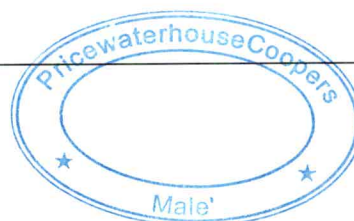
	Group		Company	
	2021	2020	2021	2020
<i>Amount recognized in profit or loss (Note 20)</i>				
Current service cost	9,342,558	9,055,084	9,342,558	8,882,563
Interest cost	1,401,836	1,280,307	1,401,836	1,280,307
	10,744,394	10,335,391	10,744,394	10,162,870

Amount recognized in other comprehensive income

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.

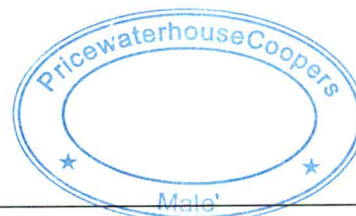
	Group / Company			
	2021 Liability	Change	2020 Liability	Change
1% increase in salary inflation rate	34,379,276	922,548	31,366,521	891,817
1% decrease in salary inflation rate	32,660,747	(795,981)	29,710,441	(764,263)
1% increase in discount rate	30,880,718	(2,576,010)	27,873,143	(2,601,561)
1% decrease 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

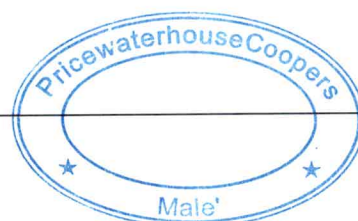
The analysis was performed based on the duration of service by each individual employee.

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

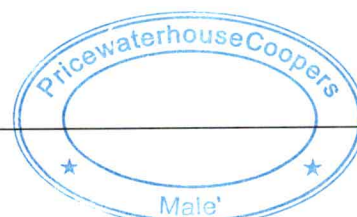
Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	1,269	-	-
Between 1-4 years	795	1,001,641	753,120
Between 5-9 years	592	2,595,946	1,228,704
Between 10-14 years	259	5,131,514	1,483,890
Between 15-19 years	203	21,354,093	5,847,993
20 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

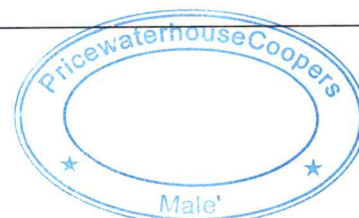
	Group		Company	
	2021	2020	2021	2020
Other income	7,117,508	4,501,369	7,117,508	4,501,369
Dividend income	8,982,936	-	8,982,936	-
Rent income	17,470,039	24,597,526	17,470,039	24,597,526
Government subsidy	144,448,835	101,626,272	144,448,835	101,626,272
Tawmil taksit profit	3,868,634	678,425	3,868,634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

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	<u>1,771,062,596</u>	<u>1,204,448,026</u>	<u>1,771,420,453</u>	<u>1,190,809,886</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)

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:

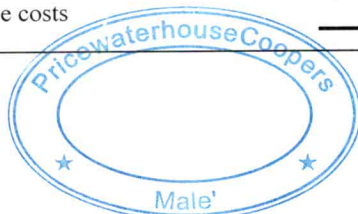
- cost of sales	1,573,253,791	1,060,766,307	1,573,253,791	1,052,259,738
- selling and marketing expenses	9,763,164	7,807,786	9,763,164	8,362,714
- administrative expenses	211,675,081	135,188,575	212,973,992	130,850,604
- other operating expenses	31,708,857	26,861,352	31,050,173	26,861,352
- Impairment 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)
	<u>40,137,198</u>	<u>34,027,811</u>	<u>40,137,198</u>	<u>33,696,696</u>

Reconciliations between income tax expenses and the accounting profit :

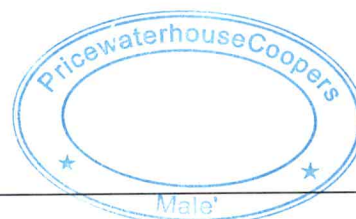
	Group		Company	
	2021	2020	2021	2020
Profit before tax	271,822,281	224,719,834	271,443,761	220,748,339
Tax calculated at the rate of 15%	40,773,342	33,707,975	40,716,564	33,112,251
Add: tax on non-deductible expenses	854,797	1,673,223	854,797	778,330
	<u>41,628,139</u>	<u>35,381,198</u>	<u>41,571,361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

	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	<u>65,891,226</u>	<u>32,498,832</u>	<u>65,956,923</u>	<u>32,512,549</u>

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)	<u>28.82</u>	<u>23.72</u>	<u>28.78</u>	<u>23.27</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)

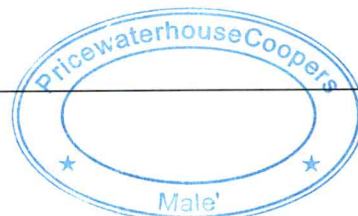
24 Cash generated from operations

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	359,340,285	318,283,621	357,220,278	323,143,165

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	1,273,367	(11,200,670)	1,273,367	(11,200,670)
Proceeds from sale of property, plant and equipment	1,280,913	3,369,643	1,280,913	646,591



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

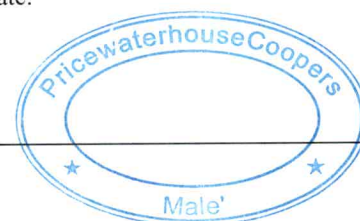
Capital commitment amounting MVR 105,548,875 was outstanding as at 31 December 2021 (2020: MVR 34,684,665).

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:

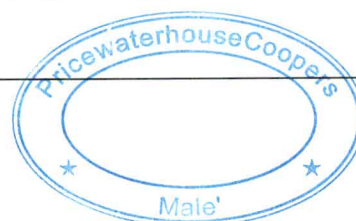
	Group		Company	
	2021	2020	2021	2020
Construction revenue	1,403,924,935	879,738,280	1,403,924,935	903,328,444
Trading revenue	33,122,647	48,571,776	33,122,647	48,571,776
Others sales and services	43,094,928	22,205,484	43,094,928	22,205,484
Government subsidy	144,448,835	101,626,272	144,448,835	101,626,272
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
	<u>277,344,335</u>	<u>226,500,000</u>	<u>277,344,335</u>	<u>226,500,000</u>

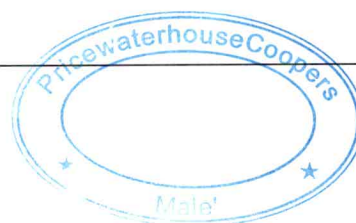
	Group		Company	
	2021	2020	2021	2020
The movement in the year can be analysed as follows;				
Beginning of the year	226,500,000	233,000,000	226,500,000	233,000,000
Loans received during the year	50,844,335	-	50,844,335	-
Loans paid during the year	-	(6,500,000)	-	(6,500,000)
End of the year	<u>277,344,335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

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 2021	2020	Company 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	20,972,772	-	20,972,772	-

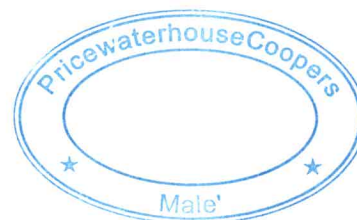
The amount payable to MPL is unsecured, carries no interest and payable on a monthly equal installments over the period of 10 years, and classified as follows;

	Group 2021	2020	Company 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	-
	20,972,772	-	20,972,772	-

(viii) Key management remuneration

	Group 2021	2020	Company 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
	12,816,601	11,096,092	12,816,601	10,598,415

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.

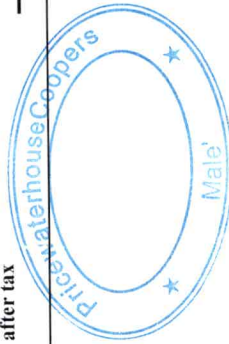
- (1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.
- (2) Construction: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.
- (3) Dredging: Dredging 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



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 (continued)

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

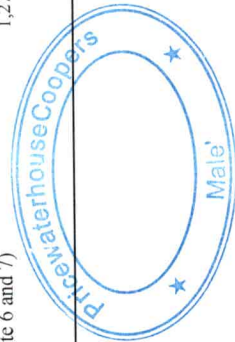
	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Year ended 31 December 2021							
Depreciation (Note 6)	1,680,675	76,414,531	38,874,817	24,644,702	-	12,977,488	154,592,213
Impairment for trade receivables (Note 11)	463,873	2,267,332	488,981	44,482	-	1,233,831	4,498,500
Impairment loss 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



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 - Company

At 31 December 2021, the Company is organized into five main business segments.

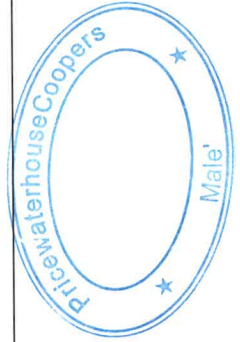
- (1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.
- (2) Construction: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.
- (3) Dredging: Dredging 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



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 - Company (continued)

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

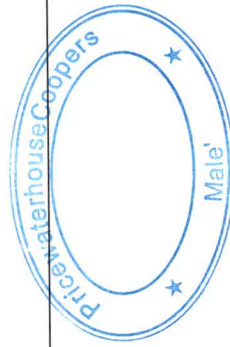
	Trading	Construction	Dredging	Transport	Others	Total
Year ended 31 December 2021						
Depreciation (Note 6)	1,680,675	76,414,531	38,874,817	24,644,702	12,977,488	154,592,213
Impairment loss on financial and contract assets (Note 11)	463,873	2,267,332	488,981	44,482	972,124	4,236,793
Provision for impairment 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

Financial statements - 31 December 2021

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)	(563,965)
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.

