

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial Statement - 31 December 2023

## Independent auditor's report

To the Shareholders of Maldives Transport and Contracting Company PLC

## Report on the audit of the financial statements

### Our opinion

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

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

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

### Basis for opinion

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

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

### Independence

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

## 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.

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| Key audit matter | How our audit addressed the Key audit matter |
|------------------|----------------------------------------------|
|------------------|----------------------------------------------|

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### The Company and the Group:

#### *Construction contract revenue*

Refer to the material accounting policy notes 2.12 and 2.23 to the financial statements.

The revenues from construction and dredging contracts are recognised over time. These contracts executed by the Company satisfy the related performance obligations over time and create /enhances assets that the customers have control over, as such assets are created / enhanced. The Group uses the input method to determine the amount of revenue to be recognised in a given period and the stage of completion is measured by reference to total cost incurred relative to total estimated cost.

We focused on this area due to the significance of the revenue recognized during the year from construction and dredging contracts, which amounted to MVR 2,748,068,291 and because the percentage completion of ongoing contracts involved estimation of future costs for each of those contracts. Any error in judgment or intent while estimating future costs could result in an over/understatement of revenue and, therefore we identified the recognition of revenue from construction and dredging contracts as a key audit matter.

Specific work that we performed on the estimated contract costs used to calculate percentage completion of construction and dredging contracts determined by the management in the input method of revenue recognition included the following:

- We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process.
- Checked the reliability of the budgeted costs by comparing the actual costs of selected contracts completed during the year with the respective budgets.
- Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs.

Based on the work performed we found that the process followed by the Company to estimate future costs of contracts used to calculate percentage completion of construction and dredging contracts is reliable and the estimated costs are reasonable.

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

## **Other information**

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

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

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

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

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

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mohamed Siraj Muneer.

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10 June 2024.

For DELOITTE PARTNERS



Mohamed Siraj Muneer  
Partner

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**  
**Financial statements - 31 December 2023**

**Statement of financial position**


(all amounts in Maldivian Rufiyaa unless otherwise stated)


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

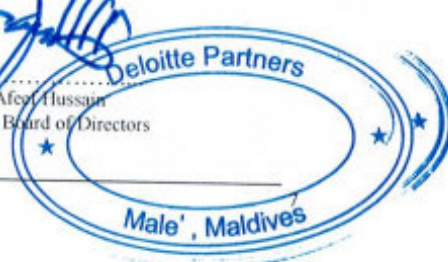
These financial statements were approved by the Board of Directors on 06 June 2024

  
Hussain Mohamed Manik  
Chief Financial Officer

  
Abdulla Zavad  
Chief Executive Officer

  
Mohamed Imran Adnan  
Chairman - Audit & Risk Committee

  
Mohamed Afeef Hussain  
Chairman - Board of Directors

  
Deloitte Partners  
Male', Maldives

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

**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

**Statement of profit or loss**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

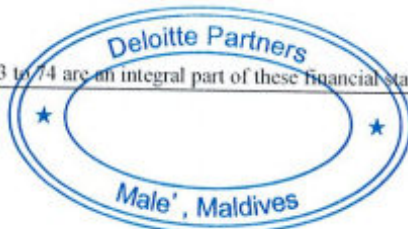
**Financial statements - 31 December 2023**

**Statement of comprehensive income**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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



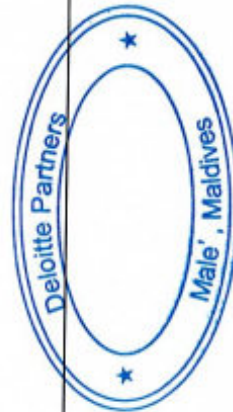
**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**  
**Financial statements - 31 December 2023**

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

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



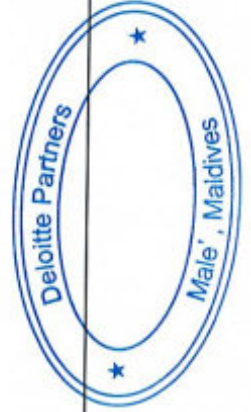
**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**  
**Financial statements - 31 December 2023**

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

**Statement of cash flows**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 1 General Information

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

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

### 2 Material accounting policies

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

#### 2.1 Basis of preparation

##### *(i) Compliance with IFRS*

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

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

##### *(ii) Historical cost convention*

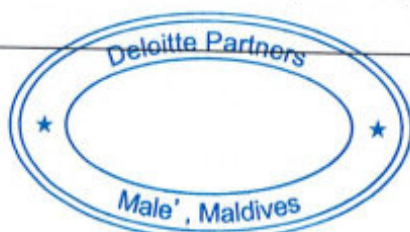
The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

##### *(iii) New and amended standards adopted by the group*

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

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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

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

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

Amendment to IAS 8 – Definition of accounting estimates.

## 2.2 Consolidation

### *Subsidiary*

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

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

### *Associates*

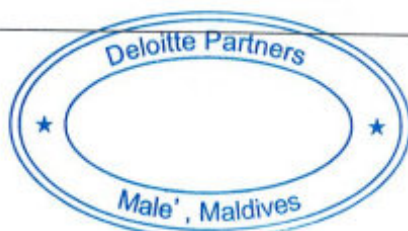
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investment is initially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

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

## 2.3 Segment reporting

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 2.4 Foreign currency translation

##### (a) Functional and presentation currency

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

##### (b) Transactions and balances

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

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

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

#### 2.5 Property, plant and equipment

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

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

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

##### Land improvements and buildings

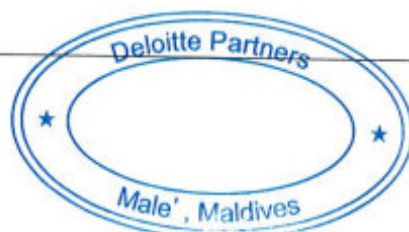
|                                   |          |
|-----------------------------------|----------|
| Buildings (other than MTCC tower) | 10 years |
| MTCC tower                        | 25 years |

##### Plant and machinery

|                     |           |
|---------------------|-----------|
| Plant and machinery | 5 years   |
| Excavators          | 5-7 years |
| Wheel loaders       | 5 years   |
| Cranes              | 5 years   |

##### Motor vehicles

|                |         |
|----------------|---------|
| Motor vehicles | 5 years |
| Dump trucks    | 5 years |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

#### *Vessels*

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

#### *Furniture and office /communication equipment*

|                        |         |
|------------------------|---------|
| Furniture and fittings | 4 years |
| Office equipment       | 3 years |

#### *Sundry assets*

|              |         |
|--------------|---------|
| Tools        | 3 years |
| Other assets | 3 years |

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

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

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

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

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

### 2.6 Investment properties

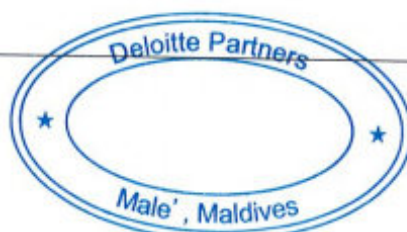
Investment properties, principally office buildings, are held for long-term rental yield and are not occupied by the group. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are accounted for in accordance with the cost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

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

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

### 2.7 Intangible assets

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



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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.8 Impairment of assets**

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

**2.9 Leases**

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

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

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

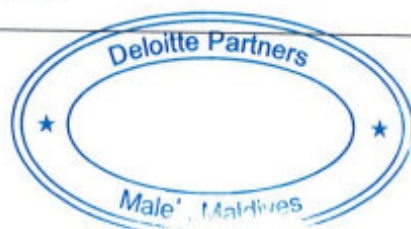
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

To determine the incremental borrowing rate, the group:

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

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



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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.9 Leases (continued)**

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

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

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

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

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

**2.10 Investments and other financial assets**

*(i) Classification*

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

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

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

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

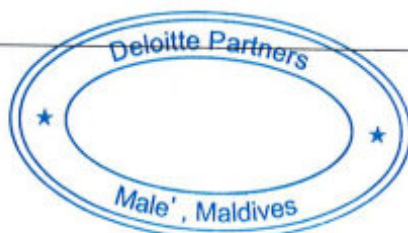
The group reclassifies debt investments when and only when its business model for managing those assets changes.

*(ii) Recognition and derecognition*

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

*(iii) Measurement*

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

#### *Debt instruments*

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

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

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

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

#### *Equity instruments*

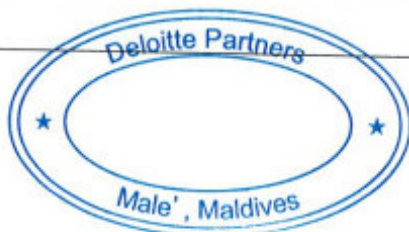
The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the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

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

#### **(iv) Impairment**

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 2.11 Inventories

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

### 2.12 Construction contracts

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

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

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

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

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

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

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

### 2.13 Trade and other receivables

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

### 2.14 Cash and cash equivalents

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



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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.15 Employee benefits**

*(i) Short-term obligations*

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

*(ii) Other long-term employee benefit obligations*

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

*Defined benefit obligation*

The group has voluntarily implemented a defined benefit obligation plan.

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

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

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

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

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

*Defined contribution plan - pension contribution*

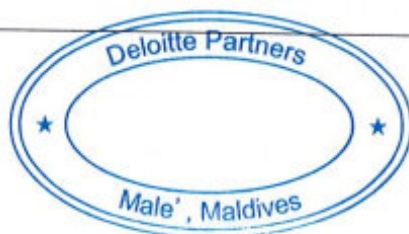
The Group is liable to enroll the employees in the Retirement Pension Scheme with effect from 1 May 2011 based on the Regulation on Maldives Retirement Pension Scheme published by Government of Maldives and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the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

**2.16 Share capital**

Ordinary shares are classified as equity.

**2.17 Dividend distribution**

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



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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.18 Borrowings and loans from shareholders**

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

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

**2.19 Borrowing costs**

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

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

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

**2.20 Trade and other payables**

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

**2.21 Provisions**

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

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

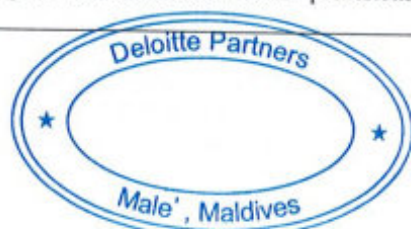
Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value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

**2.22 Current and deferred income tax**

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

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**2.22 Current and deferred income tax (continued)**

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

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

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

**2.23 Revenue recognition**

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

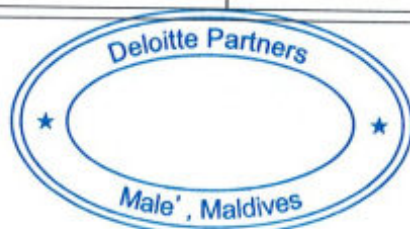
***Performance obligations and revenue recognition policies***

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

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

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

**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.                                                             |

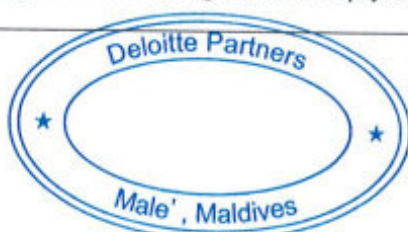
The Group recognizes other income sources as follows:

(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 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 2.23 Revenue recognition (continued)

#### (c) Rental income

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

#### (d) Subsidy income

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

#### *Critical accounting estimates and judgements*

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

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

#### *Financing components*

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

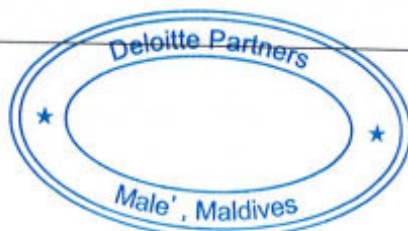
### 2.24 Comparatives

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

### 3 Financial risk management

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## 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

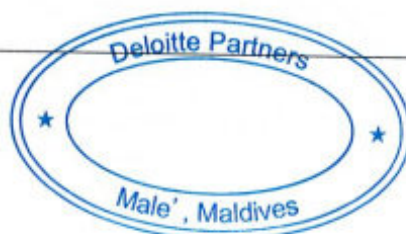
The group has following three types of financial assets which are subject to impairment based on allowance Matrix.

- 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 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 3 Financial risk management (continued)

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

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

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

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

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

#### Economic variable assumptions

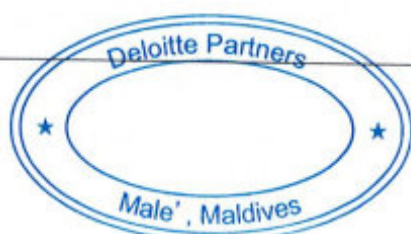
The economic variable assumptions used for the ECL estimate as at 31 December 2023 are set out below:

|                   | 2024  | 2025  | 2026  | 2027  | 2028  |
|-------------------|-------|-------|-------|-------|-------|
| <b>GDP growth</b> | 5.00% | 6.50% | 5.90% | 5.50% | 5.10% |

#### Sensitivity analysis

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3 Financial risk management (continued)**

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

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

*Impairment losses*

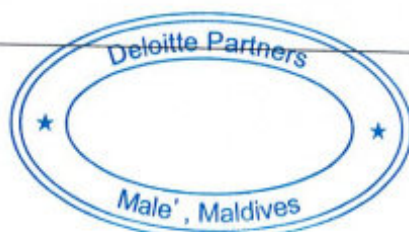
|                                                                                       | Group             |                     | Company           |                     |
|---------------------------------------------------------------------------------------|-------------------|---------------------|-------------------|---------------------|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

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

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

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

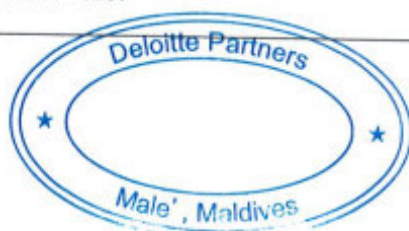
**3 Financial risk management (continued)**

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

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

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

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



Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Interest bearing trade receivables under Tawmil Taksit credit scheme

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

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

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

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

(a) Significant increase in credit risk

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

(b) Definition of default and credit-impaired assets

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

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

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

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 3 Financial risk management (continued)

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

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

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

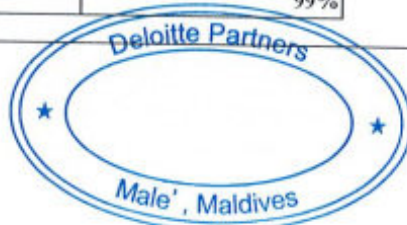
#### Forecasted GDP growth rates

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

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

Economic variable assumptions used by the Company are as follows:

| Stages  | Forward looking adjustment factor |
|---------|-----------------------------------|
| Stage 1 | 94%                               |
| Stage 2 | 99%                               |



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

**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 takstit credit scheme as at 31 December 2023 that would result from reasonably possible changes in the parameter from the actual assumption used in Company's economic variable assumption.

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

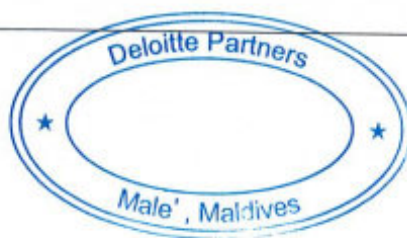
**Impairment losses**

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

**Loss allowance for tawmil takstit 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 2023**

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

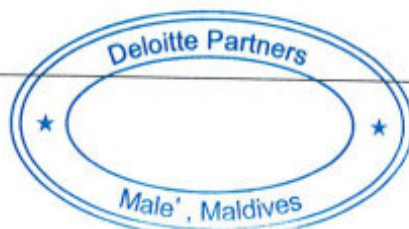
(all amounts in Maldivian Rufiyaa unless otherwise stated)

**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:

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

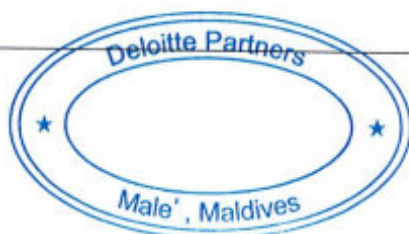
**3 Financial risk management (continued)**

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## 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 2023 reconciles to the opening loss allowances as follows:

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

#### Write-off policy

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

#### Modification of financial assets

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

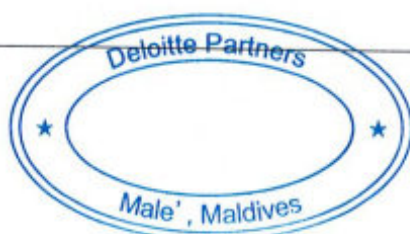
Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept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

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

#### Cash and cash equivalents

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

**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.

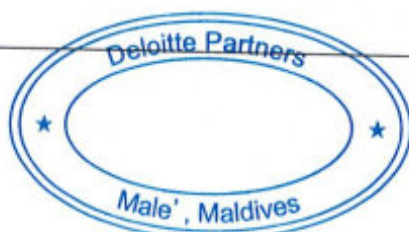
In addition, the group maintains MVR 30,840,000 overdraft facility that is secured.

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3 Financial risk management (continued)**

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

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

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

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

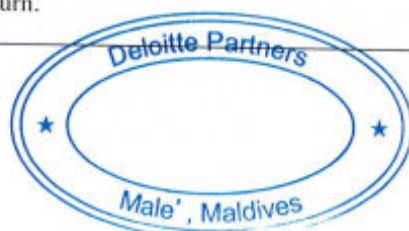
The group had access to the following undrawn borrowing facilities at the end of the reporting period:

|                                                             | 2023              | 2022              |
|-------------------------------------------------------------|-------------------|-------------------|
| Expiring within one year (bank overdraft and TRDL facility) | 48,337,163        | 63,451,020        |
| Expiring beyond one year (bank loans)                       | 5,143,187         | 24,380,707        |
|                                                             | <b>53,480,349</b> | <b>87,831,727</b> |

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

**3.3 Market risk**

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3 Financial risk management (continued)**

**3.3.1 Currency risk**

*Exposure to currency risk*

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

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

The following significant exchange rates have been applied.

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

*Sensitivity analysis*

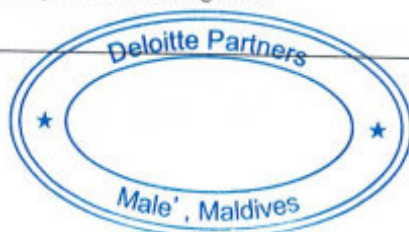
A reasonably possible strengthening (weakening) of the euro, US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that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

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

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

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

**Fair value sensitivity analysis for fixed-rate instruments**

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

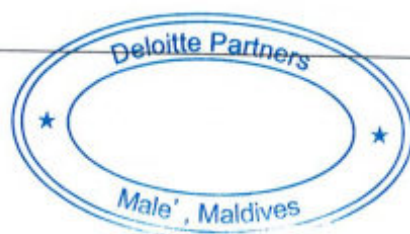
**Cash flow sensitivity analysis for variable-rate instruments**

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

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

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

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 3 Financial risk management (continued)

##### 3.3 Market risk (continued)

##### 3.3.2 Exposure to interest rate risk (continued)

##### Other market price risk

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

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

##### Sensitivity analysis - Equity price risk

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

##### 3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, issue new shares or sell assets to reduce debt. Dividends payable details provided in (Note 25).

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

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

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

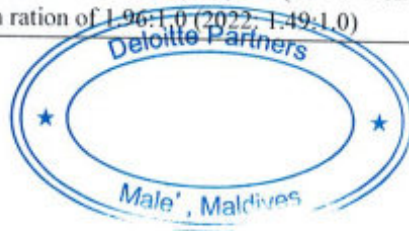
The reason for decrease in gearing ratio is mainly due to increase in equity due to profit earned during the year compared to previous year.

##### 3.4.1 Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- Maintain a tangible net worth of USD 23,000,000
- Maintain a total liabilities to tangible net worth ratio of no more than 4.0:1.0

The group has complied with these covenants throughout the reporting period. As at 31 December 2023, tangible net worth was USD 130,338,211 (2022: USD 118,805,186) and maintained a total liabilities to tangible net worth ratio of 1.96:1.0 (2022: 1.49:1.0)



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3.5 Accounting classifications and fair values**

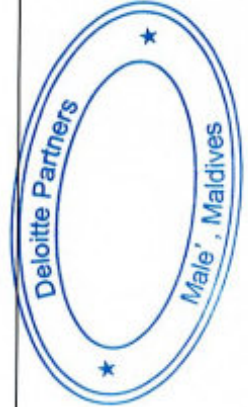
**Group**

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

**As at 31 December 2023**

|                                                         |     | Carrying amount          |                                    | Fair value                              |               |             |         |         |             |
|---------------------------------------------------------|-----|--------------------------|------------------------------------|-----------------------------------------|---------------|-------------|---------|---------|-------------|
|                                                         |     | FVOCI equity instruments | Financial assets at amortized cost | Financial liabilities at amortized cost | Total         | Level 1     | Level 2 | Level 3 | Total       |
| <b>Financial assets measured at fair value</b>          |     |                          |                                    |                                         |               |             |         |         |             |
| Investment in equity securities                         | 9   | 175,276,800              | -                                  | -                                       | 175,276,800   | 175,276,800 | -       | -       | 175,276,800 |
|                                                         |     | 175,276,800              | -                                  | -                                       | 175,276,800   | 175,276,800 | -       | -       | 175,276,800 |
| <b>Financial assets not measured at fair value</b>      |     |                          |                                    |                                         |               |             |         |         |             |
| Trade and other receivables*                            | 11  | -                        | 1,773,694,576                      | -                                       | 1,773,694,576 | -           | -       | -       | -           |
| Cash and cash equivalents                               | 13  | -                        | 52,840,523                         | -                                       | 52,840,523    | -           | -       | -       | -           |
|                                                         |     | -                        | 1,826,535,099                      | -                                       | 1,826,535,099 | -           | -       | -       | -           |
| <b>Financial liabilities not measured at fair value</b> |     |                          |                                    |                                         |               |             |         |         |             |
| Borrowings                                              | 15  | -                        | -                                  | 578,079,898                             | 578,079,898   | -           | -       | -       | -           |
| Shareholder's loan                                      | 16  | -                        | -                                  | 184,802,118                             | 184,802,118   | -           | -       | -       | -           |
| Trade and other payables*                               | 17  | -                        | -                                  | 2,359,961,861                           | 2,359,961,861 | -           | -       | -       | -           |
| Bank overdrafts                                         | 15  | -                        | -                                  | 29,272,836                              | 29,272,836    | -           | -       | -       | -           |
| Lease liabilities                                       | 6.2 | -                        | -                                  | 108,682,543                             | 108,682,543   | -           | -       | -       | -           |
|                                                         |     | -                        | -                                  | 3,260,799,256                           | 3,260,799,256 | -           | -       | -       | -           |

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3.5 Accounting classifications and fair values**

As at 31 December 2022

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

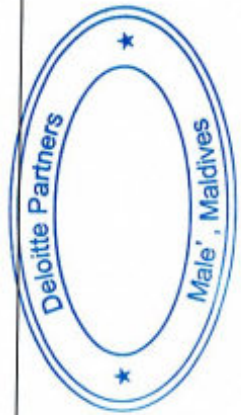
**3.5 Accounting classifications and fair values (continued)**

**Company**

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

| As at 31 December 2023                                  | FVOCI equity instruments | Carrying amount<br>Financial assets at amortized cost | Financial liabilities<br>at amortized cost | Total         | Fair value  |         |         | Total       |
|---------------------------------------------------------|--------------------------|-------------------------------------------------------|--------------------------------------------|---------------|-------------|---------|---------|-------------|
|                                                         |                          |                                                       |                                            |               | Level 1     | Level 2 | Level 3 |             |
| <b>Financial assets measured at fair value</b>          |                          |                                                       |                                            |               |             |         |         |             |
| Investment in equity securities                         | 9                        | 175,276,800                                           | -                                          | 175,276,800   | 175,276,800 | -       | -       | 175,276,800 |
|                                                         |                          | 175,276,800                                           | -                                          | 175,276,800   | 175,276,800 | -       | -       | 175,276,800 |
| <b>Financial assets not measured at fair value</b>      |                          |                                                       |                                            |               |             |         |         |             |
| Trade and other receivables*                            | 11                       | -                                                     | 1,773,701,569                              | 1,773,701,569 | -           | -       | -       | -           |
| Cash and cash equivalents                               | 13                       | -                                                     | 52,324,470                                 | 52,324,470    | -           | -       | -       | -           |
|                                                         |                          | -                                                     | 1,826,026,039                              | 1,826,026,039 | -           | -       | -       | -           |
| <b>Financial liabilities not measured at fair value</b> |                          |                                                       |                                            |               |             |         |         |             |
| Borrowings                                              | 15                       | -                                                     | 578,079,898                                | 578,079,898   | -           | -       | -       | -           |
| shareholder's loan                                      | 16                       | -                                                     | 184,802,118                                | 184,802,118   | -           | -       | -       | -           |
| Trade and other payables*                               | 17                       | -                                                     | 2,359,940,425                              | 2,359,940,425 | -           | -       | -       | -           |
| Bank overdrafts                                         | 15                       | -                                                     | 29,272,836                                 | 29,272,836    | -           | -       | -       | -           |
| Lease liabilities                                       | 6.2                      | -                                                     | 108,682,543                                | 108,682,543   | -           | -       | -       | -           |
|                                                         |                          | -                                                     | 3,260,777,820                              | 3,260,777,820 | -           | -       | -       | -           |

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**3.5 Accounting classifications and fair values (continued)**

As at 31 December 2022

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

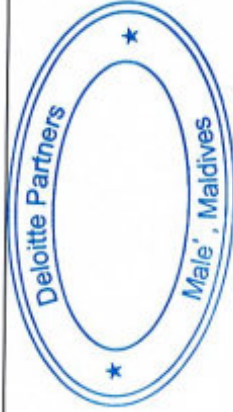
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Equity securities are measured at fair value at Level 1 and measured using the last traded value from the Maldives Stock Exchange as at the reporting date.

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**4 Critical estimates and judgements**

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

**Significant estimates and judgements**

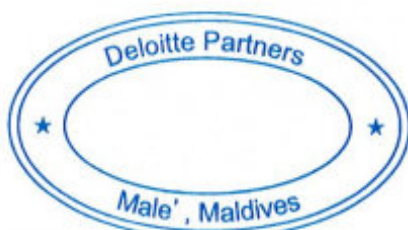
The areas involving significant estimates or judgements are:

- recognition of revenue relating to construction and dredging and other revenue streams - note 2.12 and 2.23
- impairment of financial assets - note 3.1 (iii)
- estimation uncertainties and judgements made in relation to lease
- estimation of defined benefit pension obligation - note 17
- useful lives of PPE and intangible assets - note 2.5 to 2.7
- fair value measurement of financial assets - note 2.10

**5 Revenue from contracts with customers**

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business segments.

| Group / Company               | Trading     | Construction and Dredging | Transport   | Others     | Total         |
|-------------------------------|-------------|---------------------------|-------------|------------|---------------|
| <b>31-Dec-23</b>              |             |                           |             |            |               |
| Revenue                       | 283,767,914 | 2,752,150,822             | 145,070,311 | 20,662,218 | 3,201,651,265 |
| Timing of revenue recognition |             |                           |             |            |               |
| - At a point in time          | 283,767,914 | 4,082,531                 | 145,070,311 | 20,662,218 | 453,582,974   |
| - over time                   | -           | 2,748,068,291             | -           | -          | 2,748,068,291 |
|                               | 283,767,914 | 2,752,150,822             | 145,070,311 | 20,662,218 | 3,201,651,265 |
| <b>31-Dec-22</b>              |             |                           |             |            |               |
| Revenue                       | 297,469,843 | 2,039,051,128             | 109,513,879 | 24,476,029 | 2,470,510,879 |
| Timing of revenue recognition |             |                           |             |            |               |
| - At a point in time          | 297,469,843 | -                         | 109,513,879 | 24,476,029 | 431,459,751   |
| - over time                   | -           | 2,039,051,128             | -           | -          | 2,039,051,128 |
|                               | 297,469,843 | 2,039,051,128             | 109,513,879 | 24,476,029 | 2,470,510,879 |



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

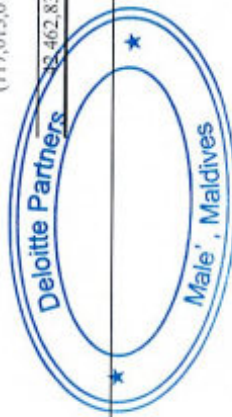
**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

|                                                       | Land improvements and buildings | Plant and machinery | Motor vehicles | Furniture and office / communication equipment | Vessels       | Sundry assets | Capital work-in-progress | Total           |
|-------------------------------------------------------|---------------------------------|---------------------|----------------|------------------------------------------------|---------------|---------------|--------------------------|-----------------|
| <b>At 01 January 2022</b>                             |                                 |                     |                |                                                |               |               |                          |                 |
| Cost                                                  | 150,819,414                     | 1,545,748,213       | 84,094,092     | 80,890,276                                     | 269,533,894   | 61,372,096    | 15,353,535               | 2,207,811,520   |
| Accumulated depreciation                              | (100,009,590)                   | (795,391,886)       | (38,002,943)   | (62,602,329)                                   | (179,937,134) | (49,937,247)  | -                        | (1,225,881,129) |
| Provision for impairment - Reclassification (Note 31) | -                               | -                   | -              | -                                              | -             | -             | (3,315,945)              | (3,315,945)     |
| Net book amount                                       | 50,809,824                      | 750,356,327         | 46,091,149     | 18,287,947                                     | 89,596,760    | 11,434,849    | 12,037,590               | 978,614,446     |
| <b>Year ended 31 December 2022</b>                    |                                 |                     |                |                                                |               |               |                          |                 |
| Opening net book amount                               | 50,809,824                      | 750,356,327         | 46,091,149     | 18,287,947                                     | 89,596,760    | 11,434,849    | 15,353,535               | 981,930,391     |
| Additions                                             | -                               | 475,178,261         | 138,305,117    | 14,729,022                                     | 74,089,106    | 14,336,458    | 85,404,156               | 802,012,120     |
| Transferred from capital work in progress             | 4,110,769                       | 2,956,273           | 607,040        | 137,614                                        | 30,209,219    | -             | (38,020,915)             | -               |
| Transferred from MPL (Note 31)                        | 2,868,382                       | -                   | -              | -                                              | -             | -             | -                        | 2,868,382       |
| Disposals - Cost                                      | -                               | (57,593,830)        | (1,186,988)    | (32,509,751)                                   | (6,792,387)   | (22,479,198)  | -                        | (120,562,154)   |
| Disposals - Accumulated depreciation                  | -                               | 57,593,830          | 1,116,191      | 32,455,664                                     | 6,481,557     | 22,428,637    | -                        | 120,075,879     |
| Depreciation charge (Note 19)                         | (7,832,912)                     | (145,177,836)       | (23,218,377)   | (12,320,522)                                   | (30,892,410)  | (8,677,241)   | -                        | (228,119,298)   |
| Closing net book amount                               | 49,956,063                      | 1,083,313,025       | 161,714,132    | 20,779,974                                     | 162,661,845   | 17,043,505    | 62,736,776               | 1,558,205,320   |
| <b>At 31 December 2022</b>                            |                                 |                     |                |                                                |               |               |                          |                 |
| Cost                                                  | 157,798,565                     | 1,966,288,917       | 221,819,261    | 63,247,161                                     | 367,009,832   | 53,229,356    | 62,736,776               | 2,892,129,868   |
| Accumulated depreciation                              | (107,842,502)                   | (882,975,892)       | (60,105,129)   | (42,467,187)                                   | (204,347,987) | (36,185,851)  | -                        | (1,333,924,548) |
| Provision for impairment                              | -                               | -                   | -              | -                                              | -             | -             | (3,315,945)              | (3,315,945)     |
| Net book amount                                       | 49,956,063                      | 1,083,313,025       | 161,714,132    | 20,779,974                                     | 162,661,845   | 17,043,505    | 59,420,831               | 1,554,889,375   |
| <b>Year ended 31 December 2023</b>                    |                                 |                     |                |                                                |               |               |                          |                 |
| Opening net book amount                               | 49,956,063                      | 1,083,313,025       | 161,714,132    | 20,779,974                                     | 162,661,845   | 17,043,505    | 59,420,831               | 1,554,889,375   |
| Additions                                             | -                               | 194,218,019         | 832,843        | 8,074,579                                      | 114,740,371   | 9,497,493     | 190,716,303              | 518,079,608     |
| Transferred from capital work in progress             | 1,679,285                       | 24,857,889          | 601,702        | -                                              | 13,049,992    | 4,622,345     | (44,811,213)             | -               |
| Transferred to intangible assets                      | -                               | -                   | -              | -                                              | -             | -             | (1,385,487)              | (1,385,487)     |
| Disposals - Cost                                      | -                               | (21,603,512)        | -              | (31,342)                                       | (49,330,419)  | (5,401)       | -                        | (70,970,674)    |
| Disposals - Accumulated depreciation                  | -                               | 21,603,512          | -              | 31,342                                         | 29,241,462    | 5,401         | -                        | 50,881,717      |
| Impairment (Note 19)                                  | -                               | -                   | -              | -                                              | (5,880,131)   | -             | -                        | (5,880,131)     |
| Depreciation charge (Note 19)                         | (9,172,510)                     | (185,226,154)       | (31,958,174)   | (13,244,240)                                   | (40,149,453)  | (11,318,230)  | -                        | (291,068,761)   |
| Closing net book value                                | 42,462,838                      | 1,117,162,779       | 131,190,503    | 15,610,313                                     | 224,333,667   | 19,845,113    | 203,940,434              | 1,754,545,647   |
| <b>At 31 December 2023</b>                            |                                 |                     |                |                                                |               |               |                          |                 |
| Cost                                                  | 159,477,850                     | 2,163,761,313       | 223,253,806    | 71,290,398                                     | 439,589,645   | 67,343,793    | 207,256,379              | 3,331,973,184   |
| Accumulated depreciation                              | (117,015,012)                   | (1,046,598,534)     | (92,063,303)   | (55,680,085)                                   | (215,255,978) | (47,498,680)  | -                        | (1,574,111,592) |
| Provision for impairment                              | -                               | -                   | -              | -                                              | -             | -             | (3,315,945)              | (3,315,945)     |
| Net book amount                                       | 42,462,838                      | 1,117,162,779       | 131,190,503    | 15,610,313                                     | 224,333,667   | 19,845,113    | 203,940,434              | 1,754,545,647   |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

(a) The buildings have been constructed on the land that belongs to the Government of Maldives, for which a rental of MVR 5,701,756 (2022: MVR 4,389,794) is expensed per annum.

(b) Capital work in progress includes construction of ferries and buildings.

(c) Depreciation expense of the Company included in cost of goods sold amounting to MVR 271,364,134 (2022: MVR 209,660,074) and administrative expenses amounting to MVR 19,704,627 (2022: MVR 18,459,224).

(d) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, MTCC Building land, Rentals Plaza, barges (Huvan, kurimagu 8 and 10), tug boats (Tango 6, 7, 8 and 575), steel landing craft (Leema 1 and 2), dredgers (Mahaa Jarrafu, Jarraafa 4 and Jarrafa 3), buses and machineries (excavators, wheel loaders, dump trucks and bulldozers, cranes, crane lorries, mixer trucks) amounting to MVR 1,426,733,937. Mortgaged values are provided in (Note 15).

#### 6.1 Investment properties

| Non-current assets - at cost | Group             |                   | Company           |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | 2023              | 2022              | 2023              | 2022              |
| <b>Cost</b>                  |                   |                   |                   |                   |
| Opening balance              | 23,078,123        | 23,078,123        | 26,863,324        | 26,863,324        |
| Closing balance              | <b>23,078,123</b> | <b>23,078,123</b> | <b>26,863,324</b> | <b>26,863,324</b> |
| <b>Depreciation</b>          |                   |                   |                   |                   |
| Opening balance              | 7,599,054         | 5,291,242         | 8,797,701         | 6,111,369         |
| Depreciation for the year    | 2,307,812         | 2,307,812         | 2,686,332         | 2,686,332         |
| Closing balance              | <b>9,906,866</b>  | <b>7,599,054</b>  | <b>11,484,033</b> | <b>8,797,701</b>  |
| <b>Net book value</b>        | <b>13,171,257</b> | <b>15,479,069</b> | <b>15,379,291</b> | <b>18,065,623</b> |

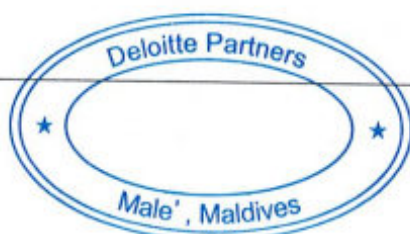
Investment properties are accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

##### (i) Amounts recognised in profit or loss for investment properties

|                                     | Group      |            | Company    |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | 2023       | 2022       | 2023       | 2022       |
| Rental income from operating leases | 10,866,089 | 14,137,157 | 10,866,089 | 14,137,157 |

##### (ii) Leasing arrangements

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

#### 6.1 Investment properties (continued)

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

|                      | Group             |                   | Company           |                   |
|----------------------|-------------------|-------------------|-------------------|-------------------|
|                      | 2023              | 2022              | 2023              | 2022              |
| Within 1 year        | 18,447,909        | 13,918,322        | 18,447,909        | 13,918,322        |
| Between 1 to 2 years | 21,232,648        | 2,329,261         | 21,232,648        | 2,329,261         |
| Between 2 to 3 years | 21,260,000        | -                 | 21,260,000        | -                 |
|                      | <b>60,940,557</b> | <b>16,247,583</b> | <b>60,940,557</b> | <b>16,247,583</b> |

The fair value of the investment properties as of 31 December 2023 in accordance with the valuation made by the directors of the Company amounting to MVR 236,308,491. The valuation was performed based on the discounted rental income from the properties, which is level 3 input.

#### 6.2 Leases

This note provides information for leases where the group is a lessee.

##### (i) Amounts recognised in the statement of financial position

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

| Right-of-use assets | Group             |                   | Company           |                   |
|---------------------|-------------------|-------------------|-------------------|-------------------|
|                     | 31-Dec-23         | 31-Dec-22         | 31-Dec-23         | 31-Dec-22         |
| Lands               | 66,470,584        | 74,249,271        | 66,470,584        | 74,249,271        |
| Building            | 10,255,096        | 12,765,487        | 10,255,096        | 12,765,487        |
| Houses              | 35,702            | 212,736           | 35,702            | 212,736           |
| Vessels             | 17,452,309        | 11,304,758        | 17,452,309        | 11,304,758        |
|                     | <b>94,213,691</b> | <b>98,532,252</b> | <b>94,213,691</b> | <b>98,532,252</b> |

|                                      | Group             |                   | Company           |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                      | 31-Dec-23         | 31-Dec-22         | 31-Dec-23         | 31-Dec-22         |
| Opening balance                      | 98,532,252        | 84,538,116        | 98,532,252        | 84,538,116        |
| Add: new lease assets                | 26,354,626        | 57,864,641        | 26,354,626        | 57,864,641        |
| Less: Lease derecognition            | -                 | (15,209,450)      | -                 | (15,209,450)      |
| Depreciation charge of ROU (Note 19) | (30,673,187)      | (28,661,055)      | (30,673,187)      | (28,661,055)      |
| Closing balance                      | <b>94,213,691</b> | <b>98,532,252</b> | <b>94,213,691</b> | <b>98,532,252</b> |

| Lease liabilities | Group              |                    | Company            |                    |
|-------------------|--------------------|--------------------|--------------------|--------------------|
|                   | 31-Dec-23          | 31-Dec-22          | 31-Dec-23          | 31-Dec-22          |
| Current           | 20,651,689         | 25,443,271         | 20,651,689         | 25,443,271         |
| Non-current       | 88,030,854         | 83,142,566         | 88,030,854         | 83,142,566         |
|                   | <b>108,682,543</b> | <b>108,585,837</b> | <b>108,682,543</b> | <b>108,585,837</b> |

Movement in the lease liability during the year as follows:



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

#### 6.2 Leases (continued)

|                                         | Group              |                    | Company            |                    |
|-----------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                         | 31-Dec-23          | 31-Dec-22          | 31-Dec-23          | 31-Dec-22          |
| Opening balance                         | 108,585,837        | 93,425,871         | 108,585,837        | 93,425,871         |
| Add: New lease liabilities recognised   | 26,354,626         | 57,864,641         | 26,354,626         | 57,864,641         |
| Add: Accrued interest (Note 21)         | 14,661,796         | 9,785,013          | 14,661,796         | 9,785,013          |
| Less: Interest paid                     | (14,661,796)       | (9,785,013)        | (14,661,796)       | (9,785,013)        |
| Less: Lease derecognition               | -                  | (16,007,941)       | -                  | (16,007,941)       |
| Less: Principal elements of leases paid | (26,257,920)       | (26,696,734)       | (26,257,920)       | (26,696,734)       |
| Closing balance                         | <b>108,682,543</b> | <b>108,585,837</b> | <b>108,682,543</b> | <b>108,585,837</b> |

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

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

|          |                     |                     |                     |                     |
|----------|---------------------|---------------------|---------------------|---------------------|
| Lands    | (4,404,456)         | (3,492,112)         | (4,404,456)         | (3,492,112)         |
| Building | (2,243,322)         | (1,869,426)         | (2,243,322)         | (1,869,426)         |
| Houses   | (355,545)           | (1,448,985)         | (355,545)           | (1,448,985)         |
| Vessels  | (23,669,864)        | (21,850,532)        | (23,669,864)        | (21,850,532)        |
|          | <b>(30,673,187)</b> | <b>(28,661,055)</b> | <b>(30,673,187)</b> | <b>(28,661,055)</b> |

Expense relating to short-term leases of the group included in cost of goods sold amounting to MVR 373,015,557 (2022: MVR 114,496,303) and administrative expenses amounting to MVR 15,476,525 (2022: MVR 11,003,732).

Interest expense included in finance costs (Note 21)

|  |                     |                    |                     |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | (14,661,796)        | (9,785,013)        | (14,661,796)        | (9,785,013)        |
|  | <b>(14,661,796)</b> | <b>(9,785,013)</b> | <b>(14,661,796)</b> | <b>(9,785,013)</b> |

The total cash outflow for leases in 2023 was MVR 40,919,717 (2022: MVR 36,481,747) and prepaid leases related to 2023 was MVR 49,294 (2022: MVR 147,863).

### 7 Intangible assets

| At 01 January                             | Group             |                   | Company           |                   |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                           | 2023              | 2022              | 2023              | 2022              |
| Opening net book amount                   | 23,631,693        | 27,339,164        | 23,631,693        | 27,339,164        |
| Additions                                 | 268,991           | 1,135,779         | 268,991           | 1,135,779         |
| Transferred from capital work in progress | 1,385,487         | -                 | 1,385,487         | -                 |
| Amortization charge (Note 19)             | (4,660,935)       | (4,843,250)       | (4,660,935)       | (4,843,250)       |
| Closing net book amount                   | <b>20,625,236</b> | <b>23,631,693</b> | <b>20,625,236</b> | <b>23,631,693</b> |
| Cost                                      | 38,498,696        | 36,844,218        | 38,493,904        | 36,839,426        |
| Amortization charge                       | (17,873,460)      | (13,212,525)      | (17,868,668)      | (13,207,733)      |
| Net book amount                           | <b>20,625,236</b> | <b>23,631,693</b> | <b>20,625,236</b> | <b>23,631,693</b> |

Intangible assets include Enterprise Resource Plan (ERP) software with a carrying value of MVR 15,453,306 with a remaining amortisation period of 6 years.



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 8 Investment in subsidiary and associate

#### 8.1 Investment in subsidiary

|                                                                     | Group |      | Company |             |
|---------------------------------------------------------------------|-------|------|---------|-------------|
|                                                                     | 2023  | 2022 | 2023    | 2022        |
| Maldives Real Estate Investment Corporation Private Limited (MREIC) | -     | -    | 346,565 | 346,565     |
| Opening balance                                                     | -     | -    | 346,565 | 4,228,449   |
| Less: Provision for impairment (Note 19)                            | -     | -    | -       | (3,881,884) |
| Closing balance                                                     | -     | -    | 346,565 | 346,565     |

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

In accordance with the shareholders' decision on 23 July 2020, to initiate the liquidation of the Company, a subsequent resolution was reached on 30 January 2024, by the majority shareholder, concurring to forgo the liquidation process. The Company will proceed with its operations following the formulation of a new business plan.

Management has determined the recoverable amount from investment in the subsidiary by assessing the fair value less cost of disposal of the underlying assets. The valuation is considered to level 3 in the fair value hierarchy due to unobservable input used in the valuation. During the year, management has made a provision for impairment amounting to Nil (2022: MVR 3,882,071) over the investments considering the decision to continue the operation with a new business plan. The impairment loss is included in other operating expenses in the statement of profit or loss of the Company, which does not impact the group's profit or loss.

#### 8.2 Investment in associate

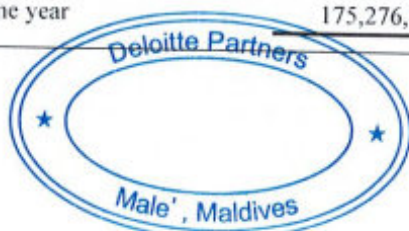
|                           | Group |              | Company |              |
|---------------------------|-------|--------------|---------|--------------|
|                           | 2023  | 2022         | 2023    | 2022         |
| Opening balance           | -     | -            | -       | -            |
| Acquisition of new shares | -     | 16,275,500   | -       | 16,275,500   |
| Provision for impairment  | -     | (16,275,500) | -       | (16,275,500) |
| Closing balance           | -     | -            | -       | -            |

During the year 2022 the board of directors of the associate company ("Airport Investments Maldives PVT LTD") decided to settle its due by issuing new shares to the existing shareholders and subsequently liquidate the company. Accordingly, the Company has invested MVR 16,275,500 in the associate company and the management has decided to make a full impairment provision on the new investment made following the director's decision to liquidate the associate company.

Further, no audited financial statements for the year ended 31 December 2023 are available for the associate company. The latest available audited financial statements relating to the associate company is as of 31 December 2017.

### 9 Financial assets at fair value through other comprehensive income

|                                | Group       |             | Company     |             |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | 2023        | 2022        | 2023        | 2022        |
| Shares in Bank of Maldives Plc | 175,276,800 | 169,799,400 | 175,276,800 | 169,799,400 |
| At the end of the year         | 175,276,800 | 169,799,400 | 175,276,800 | 169,799,400 |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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

Movement of the equity investments is as follows;

| As at 31 December 2023        | Movement        |                 |                 |
|-------------------------------|-----------------|-----------------|-----------------|
|                               | Opening balance | during the year | Closing balance |
| Number of shares              | 219,096         | -               | 219,096         |
| Cost                          | 2,389,302       | -               | 2,389,302       |
| Fair value                    | 169,799,400     | 5,477,400       | 175,276,800     |
| <b>As at 31 December 2022</b> |                 |                 |                 |
| Number of shares              | 219,096         | -               | 219,096         |
| Cost                          | 2,389,302       | -               | 2,389,302       |
| Fair value                    | 51,487,560      | 118,311,840     | 169,799,400     |

#### 10 Deferred tax asset

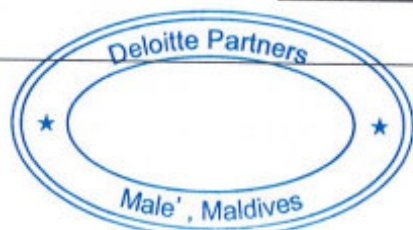
|                                         | Group       |              | Company     |              |
|-----------------------------------------|-------------|--------------|-------------|--------------|
|                                         | 2023        | 2022         | 2023        | 2022         |
| Balance as at 1 January                 | 72,266,110  | 78,856,017   | 72,266,110  | 78,856,017   |
| Amounts recognized in profit and loss   | 16,804,649  | 12,499,138   | 16,804,649  | 12,499,138   |
| Amounts recognized in OCI               |             |              |             |              |
| - Financial assets at FVOCI             | (821,610)   | (17,746,776) | (821,610)   | (17,746,776) |
| - Effect on employee retirement benefit | (1,021,005) | (1,342,269)  | (1,021,005) | (1,342,269)  |
| Balance as at 31 December               | 87,228,144  | 72,266,110   | 87,228,144  | 72,266,110   |

#### Deferred tax asset as at 31 December 2023

|                               | Group                |              | Company              |              |
|-------------------------------|----------------------|--------------|----------------------|--------------|
|                               | Temporary difference | Tax effect   | Temporary difference | Tax effect   |
| Property, plant and equipment | 564,154,772          | 84,623,216   | 564,154,772          | 84,623,216   |
| Provisions and impairments    | 154,771,646          | 23,215,747   | 154,771,646          | 23,215,747   |
| Financial assets at FVOCI     | (172,887,498)        | (25,933,125) | (172,887,498)        | (25,933,125) |
| Employee retirement benefit   | 35,482,037           | 5,322,306    | 35,482,037           | 5,322,306    |
|                               | 581,520,957          | 87,228,144   | 581,520,957          | 87,228,144   |

#### Deferred tax asset as at 31 December 2022

|                               | Group                |              | Company              |              |
|-------------------------------|----------------------|--------------|----------------------|--------------|
|                               | Temporary difference | Tax effect   | Temporary difference | Tax effect   |
| Property, plant and equipment | 495,350,524          | 74,302,579   | 495,350,524          | 74,302,579   |
| Provisions and impairments    | 121,733,865          | 18,260,080   | 121,733,865          | 18,260,080   |
| Financial assets at FVOCI     | (167,410,098)        | (25,111,515) | (167,410,098)        | (25,111,515) |
| Employee retirement benefit   | 32,099,774           | 4,814,966    | 32,099,774           | 4,814,966    |
|                               | 481,774,065          | 72,266,110   | 481,774,065          | 72,266,110   |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

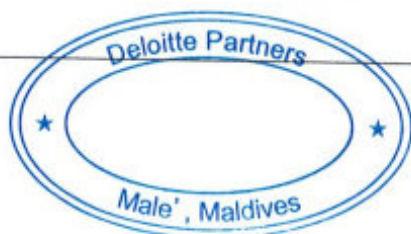
(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 11 Contract assets, trade and other receivables

| Financial assets                                            | Group         |               | Company       |               |
|-------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                             | 2023          | 2022          | 2023          | 2022          |
| Trade receivables                                           | 183,790,747   | 153,433,988   | 180,105,749   | 142,341,747   |
| Retention receivable from contracts                         | 6,406,578     | 9,445,981     | 6,406,578     | 9,445,981     |
| Less: provision for impairment of trade receivables         | (29,047,743)  | (42,069,186)  | (25,362,745)  | (30,976,945)  |
| Trade receivables and retention receivable from contracts   | 161,149,582   | 120,810,783   | 161,149,582   | 120,810,783   |
| Deposits                                                    | 30,489,210    | 16,625,257    | 30,489,210    | 16,625,257    |
| Other receivables                                           | 448,472,039   | 384,789,572   | 448,472,039   | 384,789,572   |
| Receivables from related parties [Note 28 (ii)]             | 1,163,662,753 | 626,901,221   | 1,163,669,746 | 629,651,860   |
| Less: provision for impairment of related party receivables | (30,079,008)  | (32,031,412)  | (30,079,008)  | (32,031,412)  |
| Balance C/F                                                 | 1,773,694,576 | 1,117,095,421 | 1,773,701,569 | 1,119,846,060 |
| <b>Non-financial assets</b>                                 |               |               |               |               |
| Other receivables                                           | 52,560,589    | 43,669,172    | 52,560,589    | 43,669,172    |
| Contract assets                                             | 595,386,076   | 334,814,048   | 595,386,076   | 334,814,048   |
| Prepayments                                                 | 179,518,819   | 109,635,634   | 179,518,819   | 109,635,634   |
| Less : Provision for impairment of contract assets          | (963,429)     | (292,293)     | (963,429)     | (292,293)     |
| Less : Provision for impairment of other receivables        | (35,959,897)  | (37,800,394)  | (35,959,897)  | (37,800,394)  |
|                                                             | 790,542,158   | 450,026,167   | 790,542,158   | 450,026,167   |
|                                                             | 2,564,236,734 | 1,567,121,588 | 2,564,243,727 | 1,569,872,227 |
| <i>Classified as:</i>                                       |               |               |               |               |
| <b>Trade and other receivables</b>                          |               |               |               |               |
| - Non-current                                               | 3,245,066     | 8,820,662     | 3,245,066     | 8,820,662     |
| - Current                                                   | 1,965,605,592 | 1,223,486,878 | 1,965,612,585 | 1,226,237,517 |
| <b>Contract assets</b>                                      |               |               |               |               |
|                                                             | 595,386,076   | 334,814,048   | 595,386,076   | 334,814,048   |
|                                                             | 2,564,236,734 | 1,567,121,588 | 2,564,243,727 | 1,569,872,227 |

Group's prepayments and deposits mainly consist of supplier prepayments of MVR 105,181,828 (2022: MVR 64,706,407), prepaid LC payments of MVR 51,825,306 (2022: MVR 29,003,251), prepaid insurance MVR 18,113,698 (2022: MVR 12,471,440) and refundable deposits of MVR 30,489,210 (2022: MVR 16,625,257).

Group's other receivables mainly consist of subsidy income of MVR 430,094,699 (2022: MVR 346,715,481), LC margin of MVR 15,876,256 (2022: MVR 35,254,157) and other receivables (non-financial assets) consist of input tax of MVR 7,555,801 (2022: MVR 6,043,310), advance paid to suppliers MVR 35,567,986 (2022: MVR 28,919,927) and cash advance of MVR 9,493,432 (2022: MVR 8,706,025).



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

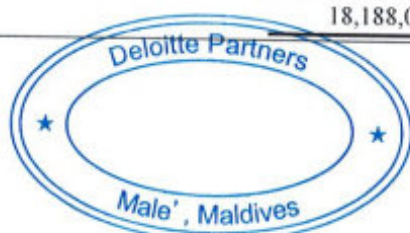
The Group provision for trade and other receivables comprise collective provision for trade receivables amounting to MVR 54,457,328 (2022: MVR 58,423,392), contract assets amounting to MVR 963,428 (2022: MVR 292,294), retention receivables amounting to MVR 969,032 (2022: MVR 462,307), provision for tawmil taksit credit scheme amounting to MVR 3,700,392 (2022: MVR 4,122,657) and provision for other receivables and deposits amounting to MVR 35,959,897 (2022: MVR 37,800,394). The provision for other receivable is estimated by the management by assessing creditworthiness and other available information of those parties which the company has transacted. Since the estimated impairment of other receivables are significant unobservable input, the fair value of the other receivables is classified as a level 3 fair value. The impairment loss is included in other operating expenses in the statement of profit or loss of the group. The movement of provision for trade and other receivables are as follows:

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

|                                                       | Group        |              | Company      |              |
|-------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                       | 2023         | 2022         | 2023         | 2022         |
| Opening balance                                       | 112,193,284  | 137,909,244  | 101,101,043  | 130,580,037  |
| Reclassification (Note 31)                            | -            | (3,315,945)  | -            | (3,315,945)  |
| Amounts written-off during the year                   | (25,238,383) | -            | (17,831,140) | -            |
| Provisions (reversed) / made during the year (Note19) | 9,095,176    | (22,400,015) | 9,095,176    | (26,163,049) |
| Closing balance                                       | 96,050,077   | 112,193,284  | 92,365,079   | 101,101,043  |
|                                                       | Group        |              | Company      |              |
|                                                       | 2023         | 2022         | 2023         | 2022         |
| Provision for impairment of trade receivables         | 25,347,351   | 37,946,528   | 21,662,353   | 26,854,287   |
| Provision for impairment of related party receivables | 30,079,008   | 32,031,412   | 30,079,008   | 32,031,412   |
| Provision for impairment of contract assets           | 963,429      | 292,293      | 963,429      | 292,293      |
| Provision for tawmil taksit credit scheme             | 3,700,392    | 4,122,657    | 3,700,392    | 4,122,657    |
| Provision for other receivables and deposits          | 35,959,897   | 37,800,394   | 35,959,897   | 37,800,394   |
|                                                       | 96,050,077   | 112,193,284  | 92,365,079   | 101,101,043  |

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 18,188,085 (2022: MVR 31,414,640) net of deferred profit of MVR 1,573,125 (2022: MVR 3,763,780), the movement of the scheme is as follows:

|                                      | Group        |              | Company      |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | 2023         | 2022         | 2023         | 2022         |
| At the beginning of the year         | 35,178,420   | 43,089,456   | 35,178,420   | 43,089,456   |
| - Sales made during the year         | 4,139,777    | 16,091,988   | 4,139,777    | 16,091,988   |
| - Payments received during the year  | (19,556,987) | (24,003,024) | (19,556,987) | (24,003,024) |
| At the end of the year               | 19,761,210   | 35,178,420   | 19,761,210   | 35,178,420   |
| Less : deferred tawmil taksit profit | (1,573,125)  | (3,763,780)  | (1,573,125)  | (3,763,780)  |
|                                      | 18,188,085   | 31,414,640   | 18,188,085   | 31,414,640   |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

| Maturity of the tawmil taksit scheme: | Group             |                   | Company           |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                       | 2023              | 2022              | 2023              | 2022              |
| Below 1 year                          | 14,943,019        | 22,593,978        | 14,943,019        | 22,593,978        |
| Between 1 to 2 years                  | 3,245,066         | 8,820,662         | 3,245,066         | 8,820,662         |
|                                       | <u>18,188,085</u> | <u>31,414,640</u> | <u>18,188,085</u> | <u>31,414,640</u> |

### 12 Inventories

|                                     | Group              |                    | Company            |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | 2023               | 2022               | 2023               | 2022               |
| Work in progress - projects         | 70,354,846         | 82,237,330         | 70,354,846         | 82,237,330         |
| Materials - contracting department  | 550,365,488        | 444,015,835        | 550,365,488        | 444,015,835        |
| Lubricants, paints and materials    | 51,235,630         | 41,603,596         | 51,235,630         | 41,603,596         |
| Engines, generators and spare parts | 113,077,919        | 132,626,772        | 113,077,919        | 132,626,772        |
| Consumables                         | 225,613,998        | 190,191,614        | 225,613,998        | 190,191,614        |
| Provision for non moving items      | (60,243,791)       | (47,769,046)       | (60,243,791)       | (47,769,046)       |
|                                     | <u>950,404,090</u> | <u>842,906,101</u> | <u>950,404,090</u> | <u>842,906,101</u> |

### 13 Cash and cash equivalents

|                          | Group             |                   | Company           |                   |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                          | 2023              | 2022              | 2023              | 2022              |
| Cash in hand             | 162,782           | 78,871            | 154,613           | 70,702            |
| Cash at bank             | 52,677,741        | 49,097,657        | 52,169,857        | 46,002,145        |
| Cash at bank and in hand | <u>52,840,523</u> | <u>49,176,528</u> | <u>52,324,470</u> | <u>46,072,847</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:

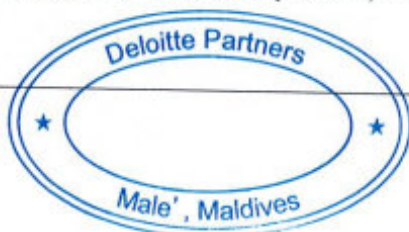
|                           | 2023              | 2022              | 2023              | 2022              |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents | 52,840,523        | 49,176,528        | 52,324,470        | 46,072,847        |
| Bank overdrafts (Note 15) | (29,272,836)      | (7,407,216)       | (29,272,836)      | (7,407,216)       |
|                           | <u>23,567,687</u> | <u>41,769,312</u> | <u>23,051,634</u> | <u>38,665,631</u> |

### 14 Share capital and reserves

#### a) Share capital and share premium

|                     | Number of shares | Amount MVR        |
|---------------------|------------------|-------------------|
| At 1 January 2022   | 8,037,749        | 40,188,745        |
| At 31 December 2022 | 8,037,749        | 40,188,745        |
| At 31 December 2023 | <u>8,037,749</u> | <u>40,188,745</u> |

The total authorized number of ordinary shares are 25,000,000 shares (2022: 25,000,000 shares) with a par value of MVR 5.00 per share (2022: MVR 5.00 per share). All the issued shares are fully paid.



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## 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            |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                           | 2023               | 2022               | 2023               | 2022               |
| Bank and other borrowings | 331,265,475        | 376,833,026        | 331,265,475        | 376,833,026        |
| <b>Current</b>            |                    |                    |                    |                    |
| Bank overdrafts (Note 13) | 29,272,836         | 7,407,216          | 29,272,836         | 7,407,216          |
| Bank and other borrowings | 246,814,423        | 216,325,057        | 246,814,423        | 216,325,057        |
|                           | 276,087,259        | 223,732,273        | 276,087,259        | 223,732,273        |
| <b>Total borrowings</b>   | <b>607,352,734</b> | <b>600,565,299</b> | <b>607,352,734</b> | <b>600,565,299</b> |

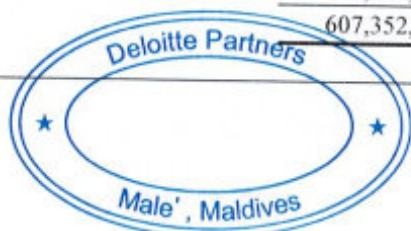
Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower (MVR 74,059,210), Rentals Plaza (MVR 198,100,000), MTCC building land (MVR 42,000,000), barges (Huvan (9,868,800), kurimagu 8 (MVR 2,245,424) and 10 (MVR 2,287,068)), tug boats (Tango 6 (MVR 8,468,750), 7 (MVR 9,868,800), 8 (MVR 9,654,958) and 575 (MVR 5,535,899)), steel landing craft (Leema 1 (MVR 4,549,753), 2 (MVR 9,115,995)), dredgers (Mahaa Jarrafu (MVR 507,009,279), Bodu Jarraafu (MVR 156,464,717) Jarraafa 4 (MVR 33,537,072) and Jarrafa 3 (19,654,714)) machineries (excavators (MVR 116,225,135), wheel loaders (MVR 4,824,366) bulldozers (MVR 3,890,943), crane (MVR 26,113,781) crane lorry (MVR 3,438,332), Dump Truck (MVR 45,448,256), mixer truck (MVR 4,423,400)) and vehicles ((Bus MVR 108,806,752), Pickup (MVR 5,800,719)), and others (MVR 15,341,813).

Maturity of non-current borrowings:

|                      | Group       |             | Company     |             |
|----------------------|-------------|-------------|-------------|-------------|
|                      | 2023        | 2022        | 2023        | 2022        |
| Between 1 to 2 years | 261,070,479 | 284,490,336 | 261,070,479 | 284,490,336 |
| Between 3 to 5 years | 70,194,996  | 92,342,690  | 70,194,996  | 92,342,690  |
|                      | 331,265,475 | 376,833,026 | 331,265,475 | 376,833,026 |

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

|                    |             |             |             |             |
|--------------------|-------------|-------------|-------------|-------------|
| - at floating rate | 136,970,524 | 162,344,564 | 136,970,524 | 162,344,564 |
| - at fixed rates   | 470,382,210 | 438,220,735 | 470,382,210 | 438,220,735 |
|                    | 607,352,734 | 600,565,299 | 607,352,734 | 600,565,299 |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 16 Shareholder loan

|                                      | Group       |             | Company     |             |
|--------------------------------------|-------------|-------------|-------------|-------------|
|                                      | 2023        | 2022        | 2023        | 2022        |
| Loans from a shareholder (Note 28 v) | 184,802,118 | 277,344,335 | 184,802,118 | 277,344,335 |
| <b>Classified as :</b>               |             |             |             |             |
| Non-current                          | 48,925,468  | 92,259,901  | 48,925,468  | 92,259,901  |
| Current                              | 135,876,650 | 185,084,434 | 135,876,650 | 185,084,434 |
|                                      | 184,802,118 | 277,344,335 | 184,802,118 | 277,344,335 |

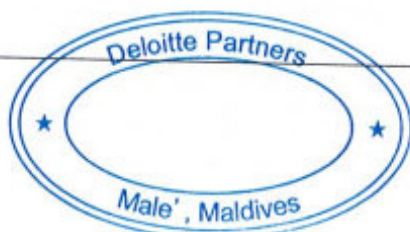
Terms and conditions of loans are set out in Note 28.

### 17 Contract liabilities, trade and other payables

|                                           | Group         |               | Company       |               |
|-------------------------------------------|---------------|---------------|---------------|---------------|
|                                           | 2023          | 2022          | 2023          | 2022          |
| Trade payables                            | 1,026,452,266 | 740,596,149   | 1,026,452,266 | 740,596,149   |
| Accrued expenses                          | 14,479,442    | 32,033,424    | 14,479,442    | 32,033,424    |
| Payables to related parties (Note 28 iii) | 1,239,150,745 | 546,609,121   | 1,239,150,745 | 546,609,121   |
| Contract liabilities                      | 214,808,117   | 121,048,638   | 214,808,117   | 121,048,638   |
| Employee retirement benefit - Note 17(a)  | 36,863,663    | 33,481,400    | 36,863,663    | 33,481,400    |
| Payable for acquisition of land           | -             | 36,000,000    | -             | 36,000,000    |
| Payable for acquisition of MPL Assets     | 19,050,489    | 21,353,296    | 19,050,489    | 21,353,296    |
| Other payables                            | 443,638,889   | 160,178,871   | 443,617,453   | 160,172,395   |
|                                           | 2,994,443,611 | 1,691,300,899 | 2,994,422,175 | 1,691,294,423 |
| <i>Classified as:</i>                     |               |               |               |               |
| <b>Non-current</b>                        |               |               |               |               |
| Trade and other payables                  | 54,383,262    | 114,858,676   | 54,383,262    | 114,858,676   |
| Employee retirement benefit               | 36,863,663    | 33,481,400    | 36,863,663    | 33,481,400    |
|                                           | 91,246,925    | 148,340,076   | 91,246,925    | 148,340,076   |
| <b>Current</b>                            |               |               |               |               |
| Trade and other payables                  | 2,688,388,569 | 1,421,912,185 | 2,688,367,133 | 1,421,905,709 |
| Contract liabilities                      | 214,808,117   | 121,048,638   | 214,808,117   | 121,048,638   |
|                                           | 2,903,196,686 | 1,542,960,823 | 2,903,175,250 | 1,542,954,347 |

Other payables of the Group consist of unpaid dividend amounting to MVR 38,576,986 (2022: MVR 57,926,383), GST payable amounting to MVR 239,374,200 (2022: MVR 51,991,364), advance received from customers amounting to MVR 43,157,634 (2022: MVR 29,050,596), retention payable MVR 2,431,399 (2022: MVR 2,428,928), refundable deposits MVR 6,979,061 (2022: MVR 6,675,161), provision for defects amounting to MVR 1,399,056 (2022: MVR 2,091,557) and miscellaneous payable amounting to MVR 111,720,553 (2022: MVR 10,014,882).

Payable for acquisition of land (accounted under inventories in Note 12) for which the Group has a commitment to pay for the acquisition of the land to construct housing units for the Company staff and other customers.



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

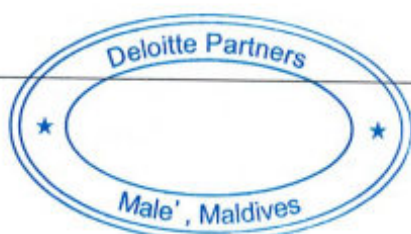
| a) Employee retirement benefit | Group       |             | Company     |             |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | 2023        | 2022        | 2023        | 2022        |
| Opening balance                | 33,481,400  | 33,456,728  | 33,481,400  | 33,456,728  |
| Current service cost           | 10,063,877  | 9,267,191   | 10,063,877  | 9,267,191   |
| Interest cost                  | 1,540,144   | 1,539,009   | 1,540,144   | 1,539,009   |
| Actuarial gain                 | (6,806,698) | (8,948,458) | (6,806,698) | (8,948,458) |
|                                | 38,278,723  | 35,314,470  | 38,278,723  | 35,314,470  |
| Less: payments during the year | (1,415,060) | (1,833,070) | (1,415,060) | (1,833,070) |
| Closing balance                | 36,863,663  | 33,481,400  | 36,863,663  | 33,481,400  |

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

|                                                        | Group       |             | Company     |             |
|--------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                        | 2023        | 2022        | 2023        | 2022        |
| <i>Amount recognized in profit or loss (Note 20)</i>   |             |             |             |             |
| Current service cost                                   | 10,063,877  | 9,267,191   | 10,063,877  | 9,267,191   |
| Interest cost                                          | 1,540,144   | 1,539,009   | 1,540,144   | 1,539,009   |
|                                                        | 11,604,021  | 10,806,200  | 11,604,021  | 10,806,200  |
| <i>Amount recognized in other comprehensive income</i> |             |             |             |             |
| Actuarial gain due to changes in assumptions           | (440,793)   | (4,006,641) | (440,793)   | (4,006,641) |
| Actuarial gain due to changes in experience            | (6,365,905) | (4,941,817) | (6,365,905) | (4,941,817) |
| Actuarial gain                                         | (6,806,698) | (8,948,458) | (6,806,698) | (8,948,458) |

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2023 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

|                           | Group              |                    | Company            |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
|                           | 2023               | 2022               | 2023               | 2022               |
| Expected salary inflation | 1% from 2024       | 1% from 2023       | 1% from 2024       | 1% from 2023       |
| Discount rate             | 4.60%              | 4.60%              | 4.60%              | 4.60%              |
| Mortality rate            | Age 67-70          | Age 67-70          | Age 67-70          | Age 67-70          |
| Staff turnover rate       | 13% - 29% - Age 55 | 15% - 31% - Age 55 | 13% - 29% - Age 55 | 15% - 31% - Age 55 |
| Disability / illness rate | 10% - Age 67-70    | 10% - Age 67-70    | 10% - Age 67-70    | 10% - Age 67-70    |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

#### Significant estimates: actuarial assumptions and sensitivity

#### Sensitivity of assumptions employed in actuarial valuation

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

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

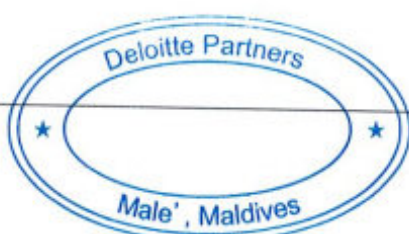
|                                      | Group / Company |             |            |             |
|--------------------------------------|-----------------|-------------|------------|-------------|
|                                      | 2023            |             | 2022       |             |
|                                      | Liability       | Change      | Liability  | Change      |
| 1% increase in salary inflation rate | 37,606,347      | 742,684     | 34,156,536 | 675,136     |
| 1% decrease in salary inflation rate | 36,209,871      | (653,792)   | 32,886,010 | (595,390)   |
| 1% increase in discount rate         | 34,630,228      | (2,233,435) | 31,463,649 | (2,017,751) |
| 1% decrease in discount rate         | 39,388,571      | 2,524,908   | 35,760,942 | 2,279,542   |
| 1% increase in staff turnover rate   | 36,204,561      | (659,102)   | 32,869,158 | (612,242)   |
| 1% decrease in staff turnover rate   | 37,582,594      | 718,931     | 34,145,755 | 664,355     |

#### Analysis of maturity profile

The analysis was performed based on the future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

Group / Company as at 31 December 2023

| Future expected working life | Number of employees | Average future expected working life | Retirement benefit obligation |
|------------------------------|---------------------|--------------------------------------|-------------------------------|
| Within the next 12 months    | 28                  | 0.57                                 | 789,995                       |
| Between 1-2 years            | 21                  | 1.48                                 | 1,222,793                     |
| Between 2-5 years            | 2,528               | 3.92                                 | 10,473,690                    |
| Between 5-10 years           | 2,115               | 5.78                                 | 24,377,185                    |
| Beyond 10 years              | -                   | -                                    | -                             |
| <b>Total</b>                 | <b>4,692</b>        | <b>4.73</b>                          | <b>36,863,663</b>             |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

*Group / Company as at 31 December 2022*

| Future expected working life | Number of employees | Average future expected working life | Retirement benefit obligation |
|------------------------------|---------------------|--------------------------------------|-------------------------------|
| Within the next 12 months    | 20                  | 0.48                                 | 744,383                       |
| Between 1-2 years            | 21                  | 1.58                                 | 1,271,767                     |
| Between 2-5 years            | 1,325               | 4.07                                 | 9,627,778                     |
| Between 5-10 years           | 2,646               | 5.73                                 | 21,837,472                    |
| Beyond 10 years              | -                   | -                                    | -                             |
| <b>Total</b>                 | <b>4,012</b>        | <b>5.14</b>                          | <b>33,481,400</b>             |

#### Analysis of duration of service

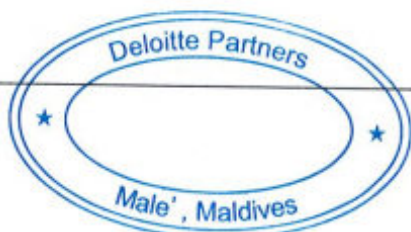
The analysis was performed based on the duration of service by each individual employee.

*Group as at 31 December 2023*

| Period of service in years | Number of employees | Retirement benefit obligation | Current service cost |
|----------------------------|---------------------|-------------------------------|----------------------|
| Less than 12 months        | 1,215               | -                             | -                    |
| Between 1-4 years          | 2,358               | 1,118,784                     | 859,199              |
| Between 5-9 years          | 601                 | 1,473,899                     | 637,617              |
| Between 10-14 years        | 248                 | 3,615,877                     | 1,021,835            |
| Between 15-19 years        | 254                 | 26,188,589                    | 6,693,148            |
| 20 years and above         | 16                  | 4,466,514                     | 852,078              |
| <b>Total</b>               | <b>4,692</b>        | <b>36,863,663</b>             | <b>10,063,877</b>    |

*Group as at 31 December 2022*

| Period of service in years | Number of employees | Retirement benefit obligation | Current service cost |
|----------------------------|---------------------|-------------------------------|----------------------|
| Less than 12 months        | 1,335               | -                             | -                    |
| Between 1-4 years          | 1,653               | 1,001,641                     | 753,120              |
| Between 5-9 years          | 549                 | 2,595,946                     | 1,228,704            |
| Between 10-14 years        | 225                 | 5,131,514                     | 1,483,890            |
| Between 15-19 years        | 236                 | 21,354,093                    | 5,847,993            |
| 20 years and above         | 14                  | 3,373,535                     | 592,816              |
| <b>Total</b>               | <b>4,012</b>        | <b>33,456,728</b>             | <b>9,906,522</b>     |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

Company as at 31 December 2023

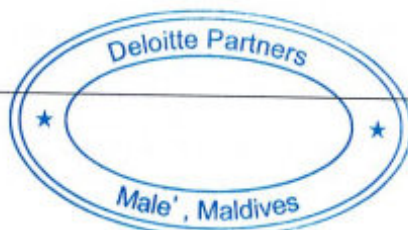
| Period of service in years | Number of employees | Retirement benefit obligation | Current service cost |
|----------------------------|---------------------|-------------------------------|----------------------|
| Less than 12 months        | 1,215               | -                             | -                    |
| Between 1-4 years          | 2,358               | 1,118,784                     | 859,199              |
| Between 5-9 years          | 601                 | 1,473,899                     | 637,617              |
| Between 10-14 years        | 248                 | 3,615,877                     | 1,021,835            |
| Between 15-19 years        | 254                 | 26,188,589                    | 6,693,148            |
| 20 years and above         | 16                  | 4,466,514                     | 852,078              |
| <b>Total</b>               | <b>4,692</b>        | <b>36,863,663</b>             | <b>10,063,877</b>    |

Company as at 31 December 2022

| Period of service in years | Number of employees | Retirement benefit obligation | Current service cost |
|----------------------------|---------------------|-------------------------------|----------------------|
| Less than 12 months        | 1,335               | -                             | -                    |
| Between 1-4 years          | 1,653               | 758,045                       | 618,923              |
| Between 5-9 years          | 549                 | 1,517,798                     | 668,369              |
| Between 10-14 years        | 225                 | 3,359,294                     | 966,813              |
| Between 15-19 years        | 236                 | 23,985,984                    | 6,280,030            |
| 20 years and above         | 14                  | 3,860,279                     | 733,056              |
| <b>Total</b>               | <b>4,012</b>        | <b>33,481,400</b>             | <b>9,267,191</b>     |

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

|                                                                                                       | Group              |                    | Company            |                    |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                       | 2023               | 2022               | 2023               | 2022               |
| Current contract assets relating to construction contracts                                            | 595,386,076        | 334,814,048        | 595,386,076        | 334,814,048        |
| Less: loss allowance                                                                                  | (963,429)          | (292,293)          | (963,429)          | (292,293)          |
| <b>Total contract assets</b>                                                                          | <b>594,422,647</b> | <b>334,521,755</b> | <b>594,422,647</b> | <b>334,521,755</b> |
| Current contract liabilities relating to construction contracts                                       | 214,808,117        | 121,048,638        | 214,808,117        | 121,048,638        |
| <b>Total current contract liabilities</b>                                                             | <b>214,808,117</b> | <b>121,048,638</b> | <b>214,808,117</b> | <b>121,048,638</b> |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 112,078,640        | 37,956,765         | 112,078,640        | 37,956,765         |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 18 Other income

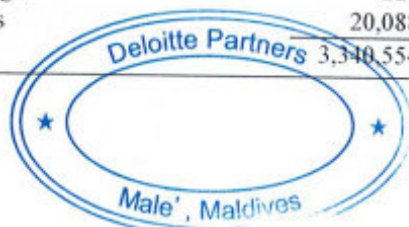
|                                                              | Group       |             | Company     |             |
|--------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                              | 2023        | 2022        | 2023        | 2022        |
| Other income                                                 | 25,358,865  | 5,226,100   | 25,188,994  | 5,221,937   |
| Dividend income                                              | 8,763,840   | 10,516,608  | 8,763,840   | 10,516,608  |
| Rent income                                                  | 13,751,392  | 17,175,604  | 13,751,392  | 17,175,604  |
| Government subsidy                                           | 459,942,836 | 346,180,912 | 459,942,836 | 346,180,912 |
| Tawmil taksit profit                                         | 2,965,031   | 3,949,458   | 2,965,031   | 3,949,458   |
| Profit on sale of property, plant and equipment              | 346,328     | 346,167     | 346,328     | 346,167     |
| Reversal of impairment loss on other receivables             | 1,840,497   | 116,943     | 1,840,497   | 3,879,977   |
| Reversal of impairment loss on financial and contract assets | -           | 22,283,072  | -           | 22,283,072  |
| Reversal of provision for defects liability                  | 692,501     | 24,873      | 692,501     | 24,873      |
|                                                              | 513,661,290 | 405,819,737 | 513,491,419 | 409,578,608 |

The Government of Maldives has granted a subsidy of MVR 459,942,836 (2022: MVR 346,180,912) to compensate the total losses incurred from the transport segment of the Company, which is shown under other receivables.

Other income mainly consist of commission income from auction sales, sales rebate income from suppliers, advertisement income and fine charges collected from customers.

#### 19 Expenses

|                                                       | Group         |               | Company       |               |
|-------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                       | 2023          | 2022          | 2023          | 2022          |
| Depreciation - PPE (Note 6)                           | 291,068,761   | 228,119,298   | 291,068,761   | 228,119,298   |
| Depreciation - Investment property (Note 6.1)         | 2,307,812     | 2,307,812     | 2,686,332     | 2,686,332     |
| Depreciation charge of right-of-use assets (Note 6.2) | 30,673,187    | 28,661,055    | 30,673,187    | 28,661,055    |
| Impairment of PPE (Note 6)                            | 5,880,131     | -             | 5,880,131     | -             |
| Amortization of intangible assets (Note 7)            | 4,660,935     | 4,843,250     | 4,660,935     | 4,843,250     |
| Employee benefit expense (Note 20)                    | 759,981,728   | 605,771,711   | 759,981,728   | 605,771,711   |
| Materials and consumables                             | 1,632,340,837 | 1,268,906,887 | 1,632,340,837 | 1,268,906,887 |
| Director fees                                         | 1,074,167     | 1,142,000     | 1,074,167     | 1,142,000     |
| Lease rent and hiring expenses                        | 388,492,082   | 125,500,035   | 388,492,082   | 125,500,035   |
| Sub contract expenses                                 | 5,060,099     | 14,303,329    | 5,060,099     | 14,303,329    |
| Repairs and maintenance                               | 32,018,286    | 29,057,536    | 32,018,286    | 29,057,536    |
| Transportation, travel and inspection                 | 33,165,632    | 30,722,823    | 33,165,632    | 30,722,823    |
| Utilities and communication expense                   | 80,291,747    | 69,190,424    | 80,291,747    | 69,190,424    |
| Accounting and professional charges                   | 774,573       | 3,669,332     | 766,344       | 3,669,332     |
| Consultation, legal and service charges               | 5,410,057     | 7,361,097     | 5,410,057     | 7,361,097     |
| Bank charges                                          | 17,522,677    | 19,244,110    | 17,515,593    | 19,244,110    |
| Advertising, promotion and marketing                  | 6,985,120     | 12,328,836    | 6,985,120     | 12,328,836    |
| Training expenses                                     | 12,235,012    | 13,298,677    | 12,235,012    | 13,298,677    |
| License and registration fees                         | 5,397,336     | 4,489,362     | 5,397,336     | 4,489,362     |
| Printing and stationery                               | 4,901,397     | 7,112,542     | 4,901,397     | 7,112,542     |
| Security charges                                      | 224,368       | 410,390       | 224,368       | 410,390       |
| Loss of assets                                        | 20,088,957    | 484,987       | 20,088,957    | 484,987       |
| Balance c/f                                           | 3,340,554,901 | 2,476,925,493 | 3,340,918,108 | 2,477,304,013 |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 19 Expenses (continued)

|                                                                  | Group                |                      | Company              |                      |
|------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                  | 2023                 | 2022                 | 2023                 | 2022                 |
| Balance b/f                                                      | 3,340,554,901        | 2,476,925,493        | 3,340,918,108        | 2,477,304,013        |
| Provision for defects liability                                  | -                    | -                    | -                    | -                    |
| Provision for obsolete inventory                                 | 17,721,132           | 11,144,452           | 17,721,132           | 11,144,452           |
| Provision for impairment of investments in subsidiary (Note 8.1) | -                    | -                    | -                    | 3,881,884            |
| Provision for impairment of investments in associate (Note 8.2)  | -                    | 16,275,500           | -                    | 16,275,500           |
| Impairment loss on financial and contract assets                 | 10,935,673           | -                    | 10,935,673           | -                    |
| Other expenses                                                   | 68,387,679           | 47,822,548           | 68,374,179           | 47,699,534           |
| <b>Total</b>                                                     | <b>3,437,599,385</b> | <b>2,552,167,993</b> | <b>3,437,949,092</b> | <b>2,556,305,383</b> |
| <b>Classified as:</b>                                            |                      |                      |                      |                      |
| - cost of sales                                                  | 2,984,485,253        | 2,177,682,581        | 2,984,485,253        | 2,177,682,581        |
| - selling and marketing expenses                                 | 6,985,120            | 12,328,836           | 6,985,120            | 12,328,836           |
| - administrative expenses                                        | 373,391,885          | 323,702,684          | 373,755,092          | 324,081,204          |
| - other operating expenses                                       | 61,801,454           | 38,453,892           | 61,787,954           | 42,212,762           |
| - Impairment loss on financial and contract assets               | 10,935,673           | -                    | 10,935,673           | -                    |
|                                                                  | <b>3,437,599,385</b> | <b>2,552,167,993</b> | <b>3,437,949,092</b> | <b>2,556,305,383</b> |

#### 20 Employee benefit expense

|                              | Group              |                    | Company            |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | 2023               | 2022               | 2023               | 2022               |
| Wage and salaries            | 440,314,693        | 358,964,966        | 440,314,693        | 358,964,966        |
| Other allowance              | 251,881,580        | 189,224,279        | 251,881,580        | 189,224,279        |
| Pension contribution         | 14,282,863         | 12,594,261         | 14,282,863         | 12,594,261         |
| Staff food allowance         | 22,209,597         | 18,303,483         | 22,209,597         | 18,303,483         |
| Staff medical expenses       | 305,781            | 1,022,740          | 305,781            | 1,022,740          |
| Retirement benefit (Note 17) | 11,604,021         | 10,806,200         | 11,604,021         | 10,806,200         |
| Visa fees                    | 14,120,526         | 8,831,009          | 14,120,526         | 8,831,009          |
| Staff welfare                | 5,262,667          | 6,024,773          | 5,262,667          | 6,024,773          |
|                              | <b>759,981,728</b> | <b>605,771,711</b> | <b>759,981,728</b> | <b>605,771,711</b> |

#### 21 Finance costs (net)

|                                      | Group              |                    | Company            |                    |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                      | 2023               | 2022               | 2023               | 2022               |
| Finance cost                         |                    |                    |                    |                    |
| - Interest expense on leases         | 14,661,796         | 9,785,013          | 14,661,796         | 9,785,013          |
| - Interest expense on other payables | 10,922,816         | 7,396,825          | 10,922,816         | 7,396,825          |
| - Interest expense on borrowings     | 77,509,471         | 60,091,807         | 77,509,471         | 60,091,807         |
| - Interest expense on bank overdraft | 2,342,381          | 2,525,653          | 2,342,381          | 2,525,653          |
| - Net foreign exchange loss / (gain) | 68,540,966         | 25,741,423         | 68,540,966         | 25,741,423         |
|                                      | <b>173,977,430</b> | <b>105,540,721</b> | <b>173,977,430</b> | <b>105,540,721</b> |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 21 Finance costs (net) - continued

|                                                 | Group               |                     | Company             |                     |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                 | 2023                | 2022                | 2023                | 2022                |
| Finance income                                  |                     |                     |                     |                     |
| - Interest income from projects under financing | (11,603,495)        | (10,462,833)        | (11,603,495)        | (10,462,833)        |
| - Interest income                               | (10,754)            | (447,222)           | (10,754)            | (447,222)           |
|                                                 | <u>(11,614,249)</u> | <u>(10,910,055)</u> | <u>(11,614,249)</u> | <u>(10,910,055)</u> |
| Net finance costs                               | 162,363,181         | 94,630,666          | 162,363,181         | 94,630,666          |

### 22 Tax expense

|                        | Group             |                   | Company           |                   |
|------------------------|-------------------|-------------------|-------------------|-------------------|
|                        | 2023              | 2022              | 2023              | 2022              |
| Current tax expense    | 35,028,716        | 45,931,718        | 35,028,716        | 45,931,718        |
| Deferred tax (Note 10) | (16,804,649)      | (12,499,138)      | (16,804,649)      | (12,499,138)      |
|                        | <u>18,224,067</u> | <u>33,432,580</u> | <u>18,224,067</u> | <u>33,432,580</u> |

Reconciliations between income tax expenses and the accounting profit :

|                                     | Group             |                   | Company           |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | 2023              | 2022              | 2023              | 2022              |
| <b>Profit before tax</b>            | 115,349,989       | 229,531,957       | 114,830,411       | 229,153,438       |
| Tax calculated at the rate of 15%   | 17,302,498        | 34,429,794        | 17,224,562        | 34,373,016        |
| Add: tax on non-deductible expenses | 3,824,287         | 758,289           | 3,902,223         | 815,067           |
|                                     | <u>21,126,785</u> | <u>35,188,083</u> | <u>21,126,785</u> | <u>35,188,083</u> |
| Less: tax on deductible expenses    | (2,902,718)       | (1,755,503)       | (2,902,718)       | (1,755,503)       |
| Income tax expense                  | 18,224,067        | 33,432,580        | 18,224,067        | 33,432,580        |
| <b>Tax charge during the year</b>   | <u>18,224,067</u> | <u>33,432,580</u> | <u>18,224,067</u> | <u>33,432,580</u> |

|                              | Group             |                   | Company           |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | 2023              | 2022              | 2023              | 2022              |
| <b>Income tax payable:</b>   |                   |                   |                   |                   |
| At the beginning of the year | 57,286,227        | 65,891,226        | 57,286,227        | 65,956,923        |
| Current tax expense          | 35,028,716        | 45,931,718        | 35,028,716        | 45,931,718        |
| Tax paid during the year     | (41,340,751)      | (54,536,717)      | (41,340,751)      | (54,602,414)      |
| At the end of the year       | <u>50,974,192</u> | <u>57,286,227</u> | <u>50,974,192</u> | <u>57,286,227</u> |

### 23 Earnings per share

Basic/diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

|                                                  | Group      |             | Company    |             |
|--------------------------------------------------|------------|-------------|------------|-------------|
|                                                  | 2023       | 2022        | 2023       | 2022        |
| Profit attributable to equity holders            | 97,125,922 | 196,099,377 | 96,606,344 | 195,720,858 |
| Weighted average number of ordinary shares       | 8,037,749  | 8,037,749   | 8,037,749  | 8,037,749   |
| Basic/diluted earnings per share (MVR per share) | 12.08      | 24.40       | 12.02      | 24.35       |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

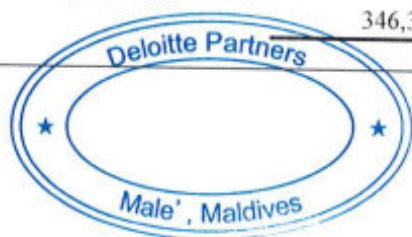
### 24 Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

|                                                       | Group         |               | Company       |               |
|-------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                       | 2023          | 2022          | 2023          | 2022          |
| Profit before tax for the year                        | 115,349,989   | 229,531,957   | 114,830,411   | 229,153,438   |
| Adjustments for:                                      |               |               |               |               |
| -Depreciation - (Note 6 and 6.1)                      | 293,376,573   | 230,427,110   | 293,755,093   | 230,805,630   |
| -Depreciation of right-of-use assets - (Note 6.2)     | 30,673,187    | 28,661,055    | 30,673,187    | 28,661,055    |
| -Amortization of intangible assets (Note 7)           | 4,660,935     | 4,843,250     | 4,660,935     | 4,843,250     |
| -Loss on sale of property, plant and equipment        | 20,088,957    | 484,987       | 20,088,957    | 484,987       |
| -Profit on sale of property, plant and equipment      | (346,328)     | (346,167)     | (346,328)     | (346,167)     |
| -Impairment of PPE (Note 6)                           | 5,880,131     | -             | 5,880,131     | -             |
| - Provision / (reversal of provision) for receivables | 10,935,673    | -             | 9,095,176     | (26,163,049)  |
| -Provision for slow/non moving inventories            | 17,721,132    | 11,144,452    | 17,721,132    | 11,144,452    |
| -Provision for investments in subsidiary (Note 8.1)   | -             | -             | -             | 3,881,884     |
| -Provision for investments in associate (Note 8.2)    | -             | 16,275,500    | -             | 16,275,500    |
| -Provision for retirement benefit (Note 17)           | 11,604,021    | 10,806,200    | 11,604,021    | 10,806,200    |
| -Provision for defects liability (Note 19)            | (692,501)     | (24,873)      | (692,501)     | (24,873)      |
| -Interest expenses on borrowings and overdrafts       | 79,851,852    | 62,617,460    | 79,851,852    | 62,617,460    |
| -Interest expenses on other payables                  | 10,922,816    | 7,396,825     | 10,922,816    | 7,396,825     |
| -Interest expenses on leases                          | 14,661,796    | 9,785,013     | 14,661,796    | 9,785,013     |
| -Government subsidy (Note 18)                         | (459,942,836) | (346,180,912) | (459,942,836) | (346,180,912) |
| -Dividend income (Note 18)                            | (8,763,840)   | (10,516,608)  | (8,763,840)   | (10,516,608)  |
| -Interest income (Note 21)                            | (11,614,249)  | (10,910,055)  | (11,614,249)  | (10,910,055)  |
| <b>Changes in working capital:</b>                    |               |               |               |               |
| - trade and other receivables                         | (548,107,983) | 196,175,661   | (543,523,840) | 217,845,387   |
| - inventories                                         | (125,219,121) | (413,795,749) | (125,219,121) | (413,795,749) |
| - trade and other payables                            | 1,308,879,531 | 646,965,752   | 1,308,864,571 | 647,555,188   |
| Cash generated from operations                        | 769,919,735   | 673,340,858   | 772,507,363   | 673,318,856   |

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

|                                                     |              |           |              |           |
|-----------------------------------------------------|--------------|-----------|--------------|-----------|
| Net book amount (Note 6)                            | 20,088,957   | 486,275   | 20,088,957   | 486,275   |
| Loss on sale of property, plant and equipment       | (19,742,629) | (138,820) | (19,742,629) | (138,820) |
| Proceeds from sale of property, plant and equipment | 346,328      | 347,455   | 346,328      | 347,455   |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 25 Dividends

Dividends payable are not accounted for until they have been ratified at the Annual General Meeting. Dividend of MVR 3.50 per share amounting to MVR 28,132,122 has been declared in the annual general meeting held on 19 May 2022 and has been shown in the statement of changes in equity during the year 2022.

#### 26 Contingencies

##### *Contingent liabilities*

The Company enjoyed a letter of credit, bank guarantee and trust receipts facilities of MVR 121,151,573 (2022: MVR 164,884,350) as at the reporting date from local banks.

A claim amounting US\$ 2,707,995 for damages was lodged during the year 2019 against the Company by Ms. Viktoria Riiako as compensation for wrongful death of her daughter caused by an MTCC bus. However, the judge dismissed the case on the ground that two criminal cases are being filed by the state against the driver, and as such, the court could not proceed with the case as long as the criminal cases are ongoing. The Company has disclaimed the liability. No provision in relation to the claim has been recognised in the financial statements as the legal case against the Company has been dismissed and the amount of damage cannot be measured with sufficient reliability.

There were no material contingent liabilities other than disclosed above as at the reporting date.

##### *Contingent assets*

There were no material contingent assets recognized at the reporting date.

#### 27 Commitments

##### *Capital commitments*

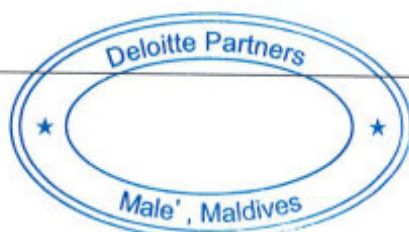
Capital commitment amounting MVR 46,469,852 was outstanding as at 31 December 2023 (2022: MVR 170,337,750).

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

|                               | Group                        |                              | Company                      |                              |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                               | 2023                         | 2022                         | 2023                         | 2022                         |
|                               | Less than<br>one year<br>MVR | Less than<br>one year<br>MVR | Less than<br>one year<br>MVR | Less than<br>one year<br>MVR |
| <i>Lease rentals falling:</i> |                              |                              |                              |                              |
| Houses                        | 2,391,600                    | 2,227,383                    | 2,391,600                    | 2,227,383                    |
| Vessels                       | -                            | 8,508,600                    | -                            | 8,508,600                    |
| Male' land plots              | 3,297,864                    | 4,389,794                    | 3,297,864                    | 4,389,794                    |
|                               | <b>5,689,464</b>             | <b>15,125,777</b>            | <b>5,689,464</b>             | <b>15,125,777</b>            |

##### *Financial commitments*

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



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 28 Related party transactions

The Government of Maldives holds 64.20% (2022: 64.20%) of the voting rights of the Company as at 31 December 2023 and has significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Maldives as a related party according to IAS 24 Related Party Disclosures. During the year ended 31 December 2023, the Company has carried out transactions with the Government of Maldives and other Government related entities in the ordinary course of business.

##### (i) Transactions

The following transactions were carried out, on commercial terms and conditions, with related parties:

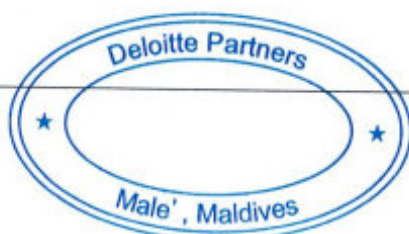
|                                  | Group         |               | Company       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2023          | 2022          | 2023          | 2022          |
| Construction revenue             | 3,003,892,885 | 2,279,598,647 | 3,003,892,885 | 2,279,598,647 |
| Trading revenue                  | 59,185,033    | 30,887,022    | 59,185,033    | 30,887,022    |
| Others sales and services        | 73,153,530    | 67,761,329    | 73,153,530    | 67,761,329    |
| Government subsidy               | 459,942,836   | 346,180,912   | 459,942,836   | 346,180,912   |
| Construction materials purchased | 1,235,182,509 | 907,818,996   | 1,235,182,509 | 907,818,996   |
| Dividends paid                   | -             | 19,369,980    | -             | 19,369,980    |

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

|                           | Group         |             | Company       |             |
|---------------------------|---------------|-------------|---------------|-------------|
|                           | 2023          | 2022        | 2023          | 2022        |
| Construction revenue      | 819,150,580   | 406,744,128 | 819,157,573   | 409,494,767 |
| Trading revenue           | 25,888,092    | 7,988,404   | 25,888,092    | 7,988,404   |
| Others sales and services | 84,970,517    | 64,131,930  | 84,970,517    | 64,131,930  |
| Retention receivables     | 233,653,564   | 148,036,759 | 233,653,564   | 148,036,759 |
|                           | 1,163,662,753 | 626,901,221 | 1,163,669,746 | 629,651,860 |

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

|                                     | Group         |             | Company       |             |
|-------------------------------------|---------------|-------------|---------------|-------------|
|                                     | 2023          | 2022        | 2023          | 2022        |
| Construction materials purchased    | 89,981,719    | 39,918,607  | 89,981,719    | 39,918,607  |
| Dividends                           | -             | 19,369,980  | -             | 19,369,980  |
| Project advances                    | 974,403,908   | 381,280,858 | 974,403,908   | 381,280,858 |
| Others goods and services purchased | 174,765,118   | 106,039,676 | 174,765,118   | 106,039,676 |
|                                     | 1,239,150,745 | 546,609,121 | 1,239,150,745 | 546,609,121 |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 28 Related party transactions (continued)

#### (iv) Transactions with subsidiary

| Name of the Company                                                                      | Nature of the transaction      | For the year ended |         | Net payable balance as at 31 December |             |
|------------------------------------------------------------------------------------------|--------------------------------|--------------------|---------|---------------------------------------|-------------|
|                                                                                          |                                | 2023               | 2022    | 2023                                  | 2022        |
| Maldives Real Estate Investments Corporation Private Limited<br>(Fully owned subsidiary) | Purchase of goods and services | -                  | -       |                                       |             |
|                                                                                          | Payments made                  | (2,743,646)        | 145,458 | (6,993)                               | (2,750,639) |

#### (v) Loans from a shareholder

Ministry of Finance and Treasury (Note 16)

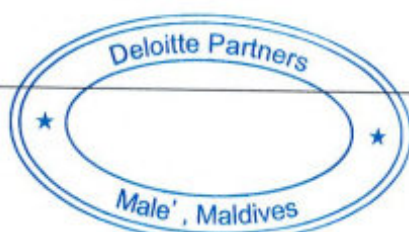
|                          | Group              |                    | Company            |                    |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
|                          | 2023               | 2022               | 2023               | 2022               |
| Trade loan               | 16,500,000         | 16,500,000         | 16,500,000         | 16,500,000         |
| Five year subsidy loan   | -                  | 90,000,000         | -                  | 90,000,000         |
| Ten year subsidy loan    | 48,302,118         | 50,844,335         | 48,302,118         | 50,844,335         |
| Mudarabah equity finance | 120,000,000        | 120,000,000        | 120,000,000        | 120,000,000        |
|                          | <u>184,802,118</u> | <u>277,344,335</u> | <u>184,802,118</u> | <u>277,344,335</u> |

|                                                      | Group              |                    | Company            |                    |
|------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                      | 2022               | 2021               | 2022               | 2021               |
| The movement in the year can be analysed as follows; |                    |                    |                    |                    |
| Beginning of the year                                | 277,344,335        | 277,344,335        | 277,344,335        | 277,344,335        |
| Loans received during the year                       | -                  | -                  | -                  | -                  |
| Loans settled during the year                        | (92,542,217)       | -                  | (92,542,217)       | -                  |
| End of the year                                      | <u>184,802,118</u> | <u>277,344,335</u> | <u>184,802,118</u> | <u>277,344,335</u> |

Trade loan received from Ministry of Finance and Treasury amounting to MVR 16,500,000 (2022: MVR 16,500,000), which is unsecured and payable in three years on a monthly equal instalments and carries an interest rate of 8% per annum.

Subsidiary loan received from Ministry of Finance and Treasury was fully settled during the year (2022: MVR 90,000,000), which was unsecured and payable in five years on a quarterly equal instalments and carries an interest rate of 7% per annum.

Mudarabah equity finance obtained from Ministry of Finance and Treasury amounting to MVR 120 million (2022: MVR 120 million), which is unsecured, payable within 3 months with the profit share arrangement of 13% per annum from the gross profit of trading division, accordingly the amount has been shown as falling due within one year classified under amortized cost.



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2023

## Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 28 Related party transactions (continued)

#### (vi) Collectively, but not individually significant transactions

The Group has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Group has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities.

#### (vii) Payable to Maldives Ports Limited (MPL) for the acquisition of assets

|                                     | Group       |             | Company     |             |
|-------------------------------------|-------------|-------------|-------------|-------------|
|                                     | 2023        | 2022        | 2023        | 2022        |
| Beginning balance                   | 21,353,296  | 20,972,772  | 21,353,296  | 20,972,772  |
| Net assets acquired during the year | -           | 2,868,382   | -           | 2,868,382   |
| Amounts paid                        | (2,302,806) | (2,487,858) | (2,302,806) | (2,487,858) |
| Closing balance                     | 19,050,490  | 21,353,296  | 19,050,490  | 21,353,296  |

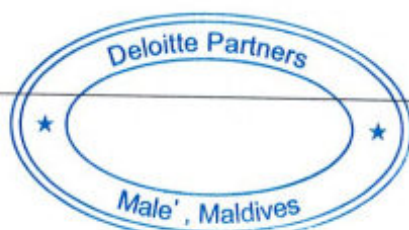
The amount payable to MPL is unsecured, carries no interest and payable on a monthly equal installments over the period of 10 years, and classified as follows;

|                       | Group      |            | Company    |            |
|-----------------------|------------|------------|------------|------------|
|                       | 2023       | 2022       | 2023       | 2022       |
| Within 1 year         | 2,721,498  | 2,512,152  | 2,721,498  | 2,512,152  |
| Between 2 to 5 years  | 10,048,608 | 10,048,608 | 10,048,608 | 10,048,608 |
| Between 6 to 10 years | 6,280,384  | 8,792,536  | 6,280,384  | 8,792,536  |
|                       | 19,050,490 | 21,353,296 | 19,050,490 | 21,353,296 |

#### (viii) Key management remuneration

|                             | Group      |            | Company    |            |
|-----------------------------|------------|------------|------------|------------|
|                             | 2023       | 2022       | 2023       | 2022       |
| Directors' remuneration     | 1,074,167  | 1,142,000  | 1,074,167  | 1,142,000  |
| Key management remuneration | 12,030,160 | 12,186,351 | 12,030,160 | 12,186,351 |
|                             | 13,104,327 | 13,328,351 | 13,104,327 | 13,328,351 |

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



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

**Financial statements - 31 December 2023**

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**29 Segment information - Group**

At 31 December 2023, the Group is organized into five main business segments.

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

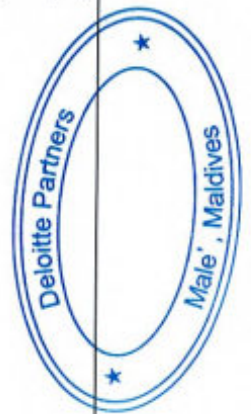
Construction and Dredging segments were aggregated into a single operating business segment considering earnings releases from the same clients, quarterly & other external reports (MMA surveys) and based on the information which regularly reviewed by the management and board of directors.

The segment results of the Group for the year ended 31 December 2023 are as follows:

|                                   | Trading      | Construction and Dredging | Transport    | Real estate | Others        | Total           |
|-----------------------------------|--------------|---------------------------|--------------|-------------|---------------|-----------------|
| Total revenue                     | 290,202,916  | 3,439,054,014             | 165,019,625  | -           | 256,589,197   | 4,837,768,944   |
| Less: Inter-segment revenue       | (6,435,002)  | (686,903,192)             | (19,949,314) | -           | (235,926,979) | (1,636,117,679) |
| Revenue                           | 283,767,914  | 2,752,150,822             | 145,070,311  | -           | 20,662,218    | 3,201,651,265   |
| Other income                      | 3,778,940    | 20,950,549                | 470,903,123  | 169,871     | 17,858,807    | 513,661,290     |
| Operating profit                  | 77,183,408   | 161,081,584               | 19,863,561   | 141,058     | 19,443,559    | 277,713,170     |
| Finance costs - net (Note 21)     | (16,212,652) | (122,429,215)             | (22,024,807) | -           | (1,696,507)   | (162,363,181)   |
| <b>Profit / (loss) before tax</b> | 60,970,756   | 38,652,369                | (2,161,246)  | 141,058     | 17,747,052    | 115,349,989     |
| Income tax                        | (9,676,314)  | (6,134,293)               | 342,999      | -           | (2,756,459)   | (18,224,067)    |
| <b>Profit / (loss) after tax</b>  | 51,294,442   | 32,518,076                | (1,818,247)  | 141,058     | 14,990,593    | 97,125,922      |

The segment results of the Group for the year ended 31 December 2022 are as follows:

|                                   | Trading     | Construction and Dredging | Transport    | Real estate | Others        | Total         |
|-----------------------------------|-------------|---------------------------|--------------|-------------|---------------|---------------|
| Total revenue                     | 298,045,013 | 2,433,292,035             | 131,123,634  | -           | 210,060,599   | 3,072,521,281 |
| Less: Inter-segment revenue       | (575,170)   | (394,240,907)             | (21,609,755) | -           | (185,584,570) | (602,010,402) |
| Revenue                           | 297,469,843 | 2,039,051,128             | 109,513,879  | -           | 24,476,029    | 2,470,510,879 |
| Other income                      | 4,577,401   | 25,014,767                | 354,205,974  | -           | 22,021,595    | 405,819,737   |
| Operating profit / (loss)         | 67,308,476  | 232,083,646               | 10,987,649   | (3,881,883) | 17,664,735    | 324,162,623   |
| Finance costs - net (Note 21)     | (8,738,396) | (71,685,264)              | (13,111,621) | -           | (1,095,385)   | (94,630,666)  |
| <b>Profit / (loss) before tax</b> | 58,570,080  | 160,398,382               | (2,123,972)  | (3,881,883) | 16,569,350    | 229,531,957   |
| Income tax                        | (8,545,143) | (23,401,489)              | 309,879      | -           | (1,795,827)   | (33,432,580)  |
| <b>Profit / (loss) after tax</b>  | 50,024,937  | 136,996,893               | (1,814,093)  | (3,881,883) | 14,773,523    | 196,099,377   |



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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

|                                                            | Trading     | Construction and Dredging | Transport  | Real estate | Others      | Total        |
|------------------------------------------------------------|-------------|---------------------------|------------|-------------|-------------|--------------|
| <b>Year ended 31 December 2023</b>                         |             |                           |            |             |             |              |
| Depreciation (Note 6)                                      | 2,560,719   | 205,660,013               | 60,778,400 | -           | 22,069,630  | 291,068,761  |
| Impairment of PPE (Note 6)                                 | -           | 5,880,131                 | -          | -           | -           | 5,880,131    |
| Impairment for trade receivables (Note 11)                 | 1,197,313   | 7,114,376                 | 114,814    | -           | 2,509,170   | 10,935,673   |
| Reversal of impairment loss on other receivables (Note 11) | -           | -                         | -          | -           | (1,840,497) | (1,840,497)  |
| Impairment for inventories (Note 12)                       | -           | 9,476,751                 | -          | -           | 8,244,381   | 17,721,132   |
| Amortisation (Note 7)                                      | 97,417      | 30,214                    | -          | -           | 4,533,304   | 4,660,935    |
| <b>Year ended 31 December 2022</b>                         |             |                           |            |             |             |              |
| Depreciation (Note 6)                                      | 2,471,216   | 163,128,245               | 43,823,887 | -           | 18,695,949  | 228,119,298  |
| Impairment for trade receivables (Note 11)                 | (2,439,705) | (14,496,607)              | (233,951)  | -           | (5,112,809) | (22,283,072) |
| Impairment loss on other receivables (Note 11)             | -           | -                         | -          | -           | (116,943)   | (116,943)    |
| Impairment for inventories (Note 12)                       | -           | -                         | -          | -           | 11,144,452  | 11,144,452   |
| Amortisation (Note 7)                                      | 101,227     | 31,396                    | -          | -           | 4,710,627   | 4,843,250    |

The segment assets and liabilities of the Group at 31 December 2023 and capital expenditure for the year then ended are as follows:

|                                    | Trading     | Construction and Dredging | Transport   | Real estate | Others      | Total         |
|------------------------------------|-------------|---------------------------|-------------|-------------|-------------|---------------|
| Assets                             | 272,169,887 | 3,941,806,733             | 810,438,233 | -           | 688,127,269 | 5,712,542,122 |
| Liabilities                        | 207,801,062 | 3,047,008,645             | 437,858,872 | -           | 253,586,619 | 3,946,255,198 |
| Capital expenditure (Note 6 and 7) | 3,878,923   | 445,050,043               | 53,644,836  | -           | 15,774,797  | 518,348,599   |

The segment assets and liabilities of the Group at 31 December 2022 and capital expenditure for the year then ended are as follows:

|                                    | Trading     | Construction and Dredging | Transport   | Real estate | Others      | Total         |
|------------------------------------|-------------|---------------------------|-------------|-------------|-------------|---------------|
| Assets                             | 287,415,446 | 2,752,962,444             | 789,216,961 | -           | 564,207,265 | 4,393,802,116 |
| Liabilities                        | 199,708,466 | 1,879,306,475             | 398,146,881 | -           | 257,920,775 | 2,735,082,597 |
| Capital expenditure (Note 6 and 7) | 4,077,410   | 494,353,177               | 267,508,491 | -           | 40,077,203  | 806,016,281   |



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

**29 Segment information - Company**

At 31 December 2023, the Company is organized into four main business segments.

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

Construction and Dredging segments were aggregated into a single operating business segment considering earnings releases from the same clients, quarterly & other external reports (MMA surveys) and based on the information which regularly reviewed by the management and board of directors.

The segment results of the Company for the year ended 31 December 2023 are as follows:

|                                   | Trading      | Construction and Dredging | Transport    | Others        | Total         |
|-----------------------------------|--------------|---------------------------|--------------|---------------|---------------|
| Total revenue                     | 290,202,916  | 3,439,054,014             | 165,019,625  | 256,589,197   | 4,150,865,752 |
| Less: Inter-segment revenue       | (6,435,002)  | (686,903,192)             | (19,949,314) | (235,926,979) | (949,214,487) |
| Revenue                           | 283,767,914  | 2,752,150,822             | 145,070,311  | 20,662,218    | 3,201,651,265 |
| Other income                      | 3,778,940    | 20,950,549                | 470,903,123  | 17,858,807    | 513,491,419   |
| Operating profit                  | 77,183,408   | 161,081,584               | 19,863,561   | 19,065,039    | 277,193,592   |
| Finance costs - net (Note 21)     | (16,212,652) | (122,429,215)             | (22,024,807) | (1,696,507)   | (162,363,181) |
| <b>Profit / (loss) before tax</b> | 60,970,756   | 38,652,369                | (2,161,246)  | 17,368,532    | 114,830,411   |
| Income tax                        | (9,676,314)  | (6,134,293)               | 342,999      | (2,756,459)   | (18,224,067)  |
| <b>Profit / (loss) after tax</b>  | 51,294,442   | 32,518,076                | (1,818,247)  | 14,612,073    | 96,606,344    |

The segment results of the Company for the year ended 31 December 2022 are as follows:

|                                   | Trading     | Construction and Dredging | Transport    | Others        | Total         |
|-----------------------------------|-------------|---------------------------|--------------|---------------|---------------|
| Total revenue                     | 298,045,013 | 2,433,292,035             | 131,123,634  | 210,060,599   | 3,072,521,281 |
| Less: Inter-segment revenue       | (575,170)   | (394,240,907)             | (21,609,755) | (185,584,570) | (602,010,402) |
| Revenue                           | 297,469,843 | 2,039,051,128             | 109,513,879  | 24,476,029    | 2,470,510,879 |
| Other income                      | 4,577,401   | 28,777,801                | 354,205,974  | 22,017,432    | 409,578,608   |
| Operating profit / (loss)         | 67,308,476  | 232,083,646               | 10,987,649   | 13,404,333    | 323,784,104   |
| Finance costs - net (Note 21)     | (8,738,396) | (71,685,264)              | (13,111,621) | (1,095,385)   | (94,630,666)  |
| <b>Profit / (loss) before tax</b> | 58,570,080  | 160,398,382               | (2,123,972)  | 12,308,948    | 229,153,438   |
| Income tax                        | (8,545,143) | (23,401,489)              | 309,879      | (1,795,827)   | (33,432,580)  |
| <b>Profit / (loss) after tax</b>  | 50,024,937  | 136,996,893               | (1,814,093)  | 10,513,121    | 195,720,858   |



**MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC**

Financial statements - 31 December 2023

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

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

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

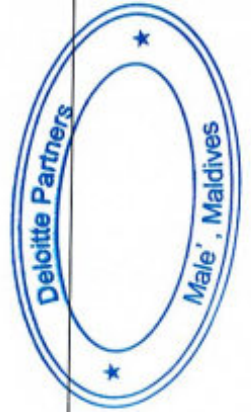
|                                                                        | Trading     | Construction and Dredging | Transport  | Others      | Total        |
|------------------------------------------------------------------------|-------------|---------------------------|------------|-------------|--------------|
| <b>Year ended 31 December 2023</b>                                     |             |                           |            |             |              |
| Depreciation (Note 6)                                                  | 2,560,719   | 205,660,013               | 60,778,400 | 22,069,630  | 291,068,761  |
| Impairment of PPE (Note 6)                                             | -           | 5,880,131                 | -          | -           | 5,880,131    |
| Impairment loss on financial and contract assets (Note 11)             | 1,197,313   | 7,114,376                 | 114,814    | 2,509,170   | 10,935,673   |
| Reversal of impairment loss on other receivables (Note 11)             | -           | -                         | -          | (1,840,497) | (1,840,497)  |
| Impairment for inventories (Note 12)                                   | -           | 9,476,751                 | -          | 8,244,381   | 17,721,132   |
| Amortisation (Note 7)                                                  | 97,417      | 30,214                    | -          | 4,533,304   | 4,660,935    |
| <b>Year ended 31 December 2022</b>                                     |             |                           |            |             |              |
| Depreciation (Note 6)                                                  | 2,471,216   | 163,128,245               | 43,823,887 | 18,695,949  | 228,119,298  |
| Reversal of impairment loss on financial and contract assets (Note 11) | (2,439,705) | (14,496,607)              | (233,951)  | (5,112,809) | (22,283,072) |
| Impairment of investments (Note 08)                                    | -           | -                         | -          | 3,881,884   | 3,881,884    |
| Reversal of impairment loss on other receivables (Note 11)             | -           | -                         | -          | (3,879,977) | (3,879,977)  |
| Impairment for inventories (Note 12)                                   | -           | -                         | -          | 11,144,452  | 11,144,452   |
| Amortisation (Note 7)                                                  | 101,227     | 31,396                    | -          | 4,710,627   | 4,843,250    |

The segment assets and liabilities of the Company at 31 December 2023 and capital expenditure for the year then ended are as follows:

|                                    | Trading     | Construction and Dredging | Transport   | Others      | Total         |
|------------------------------------|-------------|---------------------------|-------------|-------------|---------------|
| Assets                             | 272,169,887 | 3,941,806,733             | 810,438,233 | 690,172,808 | 5,714,587,661 |
| Liabilities                        | 207,801,062 | 3,047,008,645             | 437,858,872 | 253,565,183 | 3,946,233,762 |
| Capital expenditure (Note 6 and 7) | 3,878,923   | 445,050,043               | 53,644,836  | 15,774,797  | 518,348,599   |

The segment assets and liabilities of the Company at 31 December 2022 and capital expenditure for the year then ended are as follows:

|                                    | Trading     | Construction and Dredging | Transport   | Others      | Total         |
|------------------------------------|-------------|---------------------------|-------------|-------------|---------------|
| Assets                             | 287,415,446 | 2,752,962,444             | 789,216,961 | 566,787,342 | 4,396,382,193 |
| Liabilities                        | 199,708,466 | 1,879,306,475             | 398,146,881 | 257,914,299 | 2,735,076,121 |
| Capital expenditure (Note 6 and 7) | 4,077,410   | 494,353,177               | 267,508,491 | 40,077,203  | 806,016,281   |



# MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

## Financial statements - 31 December 2023

### Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 30 Summary of acquisition

On 1 July 2021 MTCC Plc acquired public transport services of Maldives Ports Limited. The acquisition has increased the scale of operation under the transport division.

The assets and liabilities recognised at cost as a result of the acquisition are as follows:

|                                        | 2023     | 2022             |
|----------------------------------------|----------|------------------|
| Property, plant and equipment (Note 6) | -        | 2,868,382        |
| <b>Net assets acquired</b>             | <b>-</b> | <b>2,868,382</b> |

Purchase consideration of MVR 22,083,083 payable to Maldives Ports Limited was accounted as part of the acquisition during the year 2021. New properties amounting to MVR 2,868,323 was acquired during the year 2022. The payable balance after accounting for the repayment of MVR 2,302,806 (2022 : MVR 2,487,858) is shown under Note 28 (vii).

#### 31 Reclassification of comparative information

*Financial year ended 31 Dec 2022 (Group / Company)*

| Statement of Financial Position reclassification | Previous presentation | Reclassification | Current presentation |
|--------------------------------------------------|-----------------------|------------------|----------------------|
| Property, plant and equipment                    | 1,558,205,320         | (3,315,945)      | 1,554,889,375        |
| Trade and other receivables                      | 1,222,921,572         | 3,315,945        | 1,226,237,517        |

The reclassification of MVR 3,315,945 from the provision for impairment within the capital work in progress account was made to ensure a more accurate representation of the financial position of the company.

#### 32 Events after the reporting date

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

