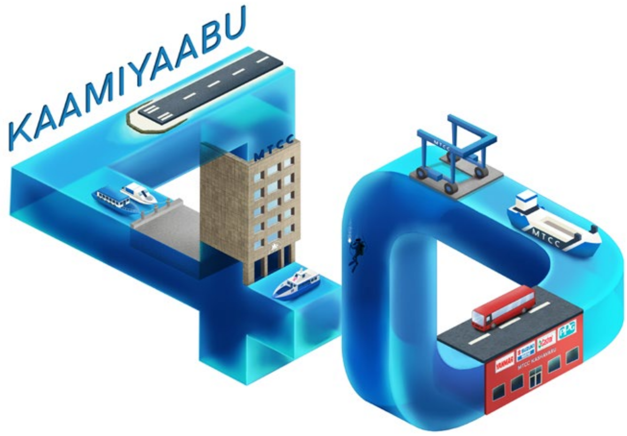
ANNUAL REPORT 2020



ATTENTION

This report (Annual Report) comprises the Annual Report of the Maldives Transport and Contracting Company PLC for 2020 is compiled in accordance with the Companies Act of the Republic Maldives, the Listing Rules of the Stock Exchange, the Securities Act of the Republic of Maldives, the Cooperate Governance Code of Capital Market Development Authority Requirements, Securities (Continuing Disclosure Obligations of Issuers) Regulation and Regulation for Companies.

Unless otherwise stated in this Annual Report, the terms 'MTCC' and 'Company' refer to Maldives Transport and Contracting Company PLC and/or its subsidiaries. In this report currency is, unless otherwise indicated, in Maldivian Rufiyaa (1 US Dollar is MVR 15.42). MTCC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Reference to a 'year' in this report are, unless otherwise indicated, reference to the Company's financial year ending 31st December 2020.

In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date.
This Annual Report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and MTCC plans and objectives to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. MTCC cannot guarantee future results and thus cannot be legally held responsible for levels of activity, performance or achievements.

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Our Company

OUR VISION

To be the leading dredging, construction, transport and engineering solution provider in the Maldives.

OUR MISSION

To maximize shareholders wealth by:

- Delivering innovative, renewable construction and engineering solutions.
- Providing convenient, safe and reliable transport solutions.
- And fostering continuous growth.

VALUES

- Employee Development

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

- Integrity

  We believe that our actions should be honest, ethical and transparent, respecting the diversity of our clients and each other.

- Innovation

  We pursue creative ideas incorporating technological advances that have the potential to shape the industry.

- Excellence

  We deliver a superior experience for all our customers, sensing their needs and exceeding their expectations, through committing ourselves to continuous improvement.

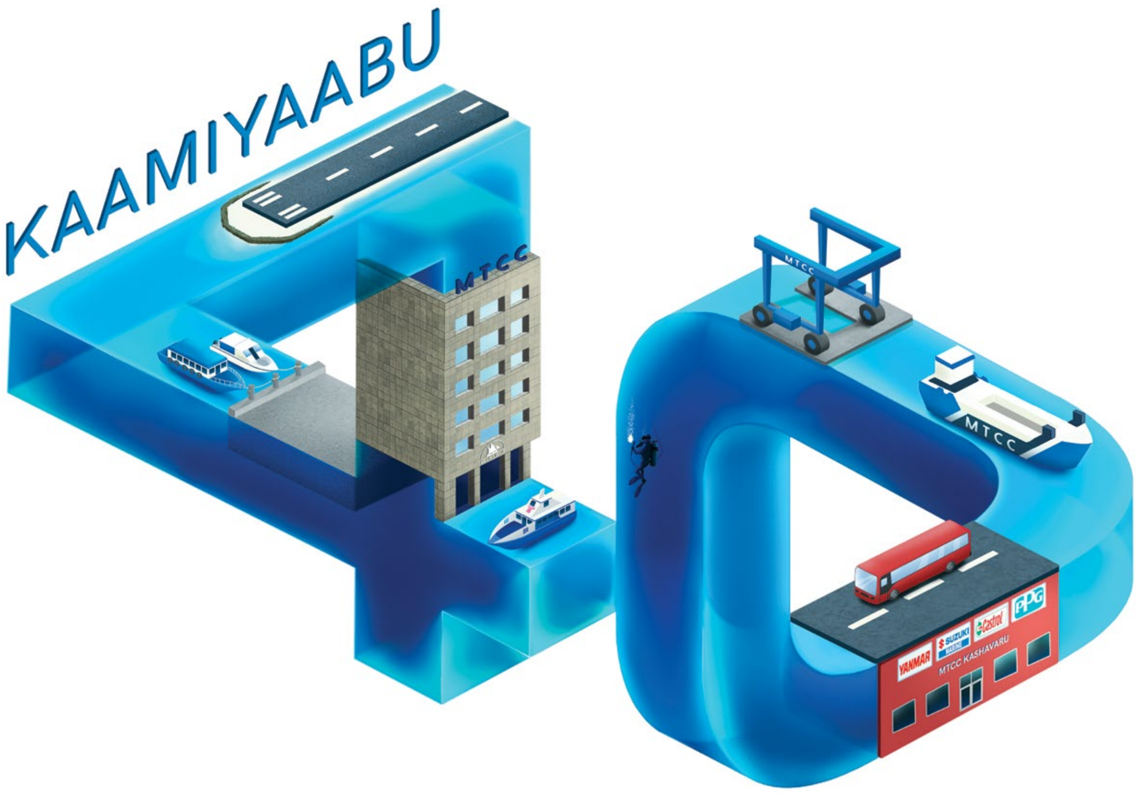
- Community

  We contribute to the development of our society and fulfil our corporate social responsibility.

- Environment

  We strive to reduce our environmental impact on the earth and its resources.

CELEBRATING 40 YEARS OF NATION BUILDING



KAAMIYAABU 40

This year we celebrate forty years of service to the nation. MTCC came into being in December 1980, a time when the country was embarking on its journey of growth.

It was a crucial juncture in the country's economic and social development when the country was in need of basic infrastructure in the form of harbours, schools, health centres and island administrative offices. Since our inception, our focus has been on building the nation, supporting the efforts of the government by providing infrastructure for development, expanding the means for connectivity through transport networks and supporting the modernization of fisheries through creating access to products and technology and facilitating the smooth running of major economic sectors such as tourism and marine transport.

We have evolved with the needs of the country. In construction and infrastructure development we have expanded beyond harbour development to include airports, roads, modern construction projects and major dredging and reclamation works. We serve the marine sector ensuring that the country's transport and fisheries sectors have access to engines, equipment and the services to support their requirements.

We move people to work and goods to the market with our nationwide land and sea transport networks. By pre-empting the needs of the country and its industries, and setting standards for construction, dredging, reclamations and related works, we have played an important role in the development of the economy and various industries of the country.

We continue to build our capacity with investments, introduction of new technology and skills development. Our business strategy revolves around offering the highest quality and reliability in all the products and services we offer. We adhere to international quality control systems and adopt the latest innovations to match local needs. Our focus is on sustainability through strategic diversification and expansion of our customer base. We are committed to ensuring that we lead the way in the businesses we have developed and sustain the position we have achieved both locally and internationally in an increasingly challenging and competitive environment.

INFRASTRUCTURE DEVELOPMENT, CONSTRUCTION & DREDGING

We are the pioneer and leading local contractor in infrastructure development and construction in the Maldives.

While retaining our strengths in key areas of our work, during the last 40 years we have diversified into a variety of new areas of infrastructure development, in line with the changing needs of the country. Our traditional areas of work in the area of harbour development, shore protection and reclamation has expanded and evolved over the years. Dredging, which is one of the Company's core activities commenced in 1995 with just a few excavators. Today we own the largest dredging fleet in the country and have attained a position to offer customers, cutting-edge solutions to meet their requirements. Our dredging fleet, which includes Mahaa Jarraafu, the 3700 cubic meter hopper dredger has revolutionized the dredging industry in the Maldives and established us as one of the largest dredging companies in the region.

Our portfolio of projects completed during the recent years includes the construction of several airports, road in a large number of islands, and water and sewerage infrastructure projects executed across the country. We have diversified into sub-sectors related to our line of work such as environmental consultancy, surveying and architectural design, to serve the growing and evolving needs of the Company and the market. We are recognized for our adaptability and our capacity to mobilize and execute major projects in the area of infrastructure development. With the largest fleet of equipment in the country combined with our team's collective experience in project design, management and execution, we have the capacity to execute several projects simultaneously in multiple locations across the country.

TRANSPORT

Our transport services began in 1980 with rental of speedboats to cater to the growing needs of the tourism sector and corporate travel.

Our public transport service began in 2001 with ferry services to offer scheduled connectivity between Male' and Villingili. Today our transport service is an integral part of Maldivian life. With our services accessible to more than 90% of the population our transport network connects the atolls and islands of the Maldives from Haa Alifu Atoll in the north to Gaafu Dhaalu Atoll in the south, with inter-atoll and intra-atoll ferry services.

While our comprehensive transport network connects the dispersed island and atolls of the country, our services in the Male' Region consists of passenger and cargo ferry services between the islands of the Greater Male' Region, scheduled bus services in Hulhumale', and scheduled bus services between Hulhumale' and Velana International Airport. We offer a range of value-added travel services with land and sea charter services, speed ferry and premium ferry services on selected routes and contracted travel arrangements for hotels and resorts.

Today we serve more than 8 million passengers a year on our transport network. With well-structured and reliable scheduled transport services we offer the public, the possibility to plan ahead and make travel plans for business or pleasure.

As the country's largest public transport network, our objective is to provides safe, affordable and convenient land and sea transportation services. We continually review our ferry schedules and service standards and adapt them to synchronize with the needs of our customers. While we continue to expand our network, we have introduced modern technology such as automation of fare collection, online platforms to access our services and live updates on various social media platforms for the convenience of our passengers.

TRADING

In 1981, we were entrusted with the task of mechanizing the nation's fishing fleet, a program begun by the government in 1974.

Within the next five years, our focus was on creating convenient access for boat owners to procure engines and on establishing facilities across the country for repair and maintenance of engines. Trading has been one of our core businesses since then. Along with that, we began the supply of spare parts necessary to ensure the smooth operation of the nation's fishing fleet. In 1987 we were designated as the official distributor of Yanmar engines in the Maldives.

With our proactive approach to identify the needs of the marine sector, our product portfolio has evolved tremendously over the last four decades. We have continued to add to our product portfolio to meet the needs of the fisheries and transport sectors, beginning with the introduction of basic products such as engine oil and marine coatings, and later expanding into outboard marine engines, marine generators, steering systems and a range of high-quality marine and boating accessories along with various fibre composites for boat building.

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

ENGINEERING AND DOCKING

Our engineering and docking service was formed to provide maintenance services to the Company’s fleet of vessels and vehicles. Today we are one of the largest docking service providers in the country.

Our boatyard located in Thilafushi, Male’ Atoll has the capacity to accommodate 20 vessels of various sizes at a time. Along with the 200-ton boat hoist installed in 2017, our boatyard boasts the largest capacity for docking services in the Maldives. While our focus remains on ensuring the smooth operation of our fleet, with the expansion of our services, we have begun offering our services to cater to the increasing needs of fleet and boat owners in the marine transport sector.

Our docking service is offered using boat hoist, slipway, boat trailer and air bag technology. We offer a one-stop solution to our customers with a comprehensive range of complementary services which include welding, metal fabrication, marine engineering, electrical works, machining, fibre works and woodworks. We have also added underwater welding and cutting to our service portfolio in recent years. In addition to offering services to individual vessels that require our services, we also offer fleet maintenance services to resorts and other parties on contract.

MAKING A DIFFERENCE!

Here at MTCC, we focus on building the nation, developing harbors, roads, airports and the infrastructure that is needed to move the country forward.

40 Years of Service

Over **507** Nationwide Projects

1,876 Employees

1980

- MTCC Incorporated
- Sawmill services
- Rental of speedboats, tugs and barges

1981

- Mechanization of fishing dhonis begin

YANMAR

1986

- MTCC Rentals Division
- Construction work begins *(Dhoonidhoo fuel tanks, Presidential Jetty)*

1987

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

1988

- MTCC Head Office Construction work begins

1994

- Dealership agreement with Castrol
- First Yanmar Showroom

1995

- 1st Excavator *Acquired to begin harbour construction work*

1997

- Castrol automotive products
- 1st Employee Development Program

1998

- Sheet piling introduced to harbour construction
- Boatbuilding *begins with construction of barge*

1999

- MTCC Tower *Construction work completed*

2001

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

2002

- Work on 1st housing project in Hulhumale'
- 1st Road Project *Fuamulah*

2003

- Public ferry services Male' - Hulhumale'

2004

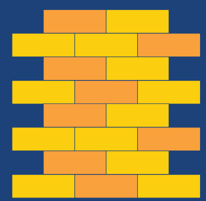
- Public ferry services Male' - Thilafushi

2005

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

2006

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



2007

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

2008

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

2009

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

2010

- High-speed Airport Express *Male' - Airport*

2011

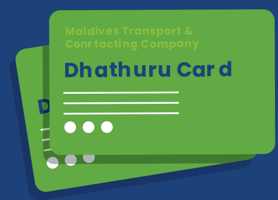
- High-speed Hulhumale' Express *Male' – Hulhumale'*

2012

- 1st Airport Project *– Thimarafushi Airport Runway*

2013

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



2014

- Distributor Caterpillar Heavy Equipment

2015

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

2016

- Scott Bader
- Premium ferry *Male'- Hulhumale*
- Public ferry services in Zones 1, 2, 5 and 6

2017

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

2018

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

2019

- HA & HDh High-speed ferry service

HIGHLIGHTS 2020

A year of exceptional achievements

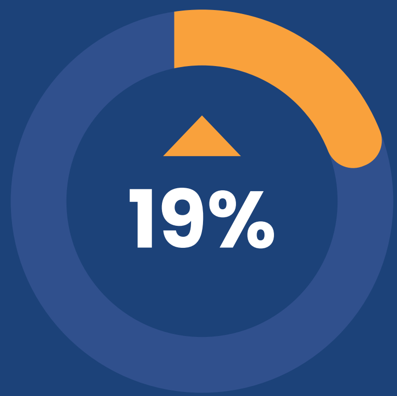
Financial Highlights

Revenue

2020

MVR 1,377.37 million

2019 MVR 1,153.03 million



Net profit before tax

2020

MVR 224.72 million

2019 MVR 63.65 million

Earnings per share

2020

MVR 23.72

2019 MVR 6.63

Dividend per share

2020

MVR 3.00

2019 MVR 2.00

Net asset value per share

2020

MVR 145.01

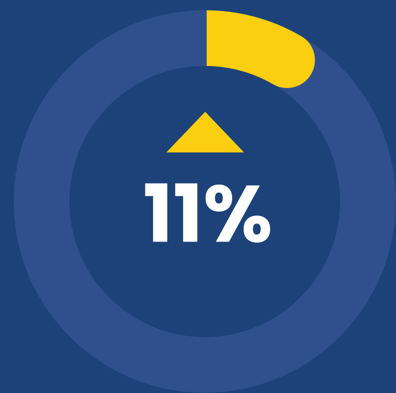
2019 MVR 123.28

Return on equity

2020

16.36%

2019 MVR 5.38%



HIGHEST ANNUAL REVENUE

HIGHEST NET PROFIT

36 Projects Completed

36 Construction, Dredging and Reclamation projects completed.

Hoarafushi Airport Completed in a record 578 days

Dockyard/ Slipway of the Year award 2019.

An all-Maldivian crew on Mahaa Jarraafu

ISO 9001:2015 Quality Management System Certified

16 Atolls Connected

Faafu and Dhallu atoll Public Ferry service inaugurated in 2020.

CELEBRATING KAAMIYAABU 40

The 40th anniversary logo adorn our buildings in celebration of our 40th anniversary

"Kaamiyaabu 40". The program was broadcasted on the night of 18th December on PSM News, Raajje TV and Sangu TV to celebrate the occasion.

President of the Maldives, His Excellency Ibrahim Mohamed Solih launched MTCC's History Book, which documents the progress of the Company since its inception.

Gifting our employees and customers on the occasion.

CHAIRMAN'S STATEMENT

As we begin our 40th year in operation, I would like to extend my deepest gratitude to all the stakeholders who had been part of our journey over the past 40 years.

2020 was a remarkable year for MTCC and with the backing of the board of directors, our CEO Adam Azim, had to perform the greatest balancing act in the company's history in recent months addressing the Covid-19 pandemic while pushing our transformation into result-oriented company. We demonstrated strength and agility working intensely together with all our stakeholders during the year and I am pleased with the resilience of our business, as we reported a record profit before tax of MVR 224.72 million while addressing significant headwinds from the worst pandemic in a century affecting worldwide economic and social disruption.

Overall, our performance proved resilient while some of our businesses were affected by lower demands due to the lock down due to the covid pandemic, while our dredging and construction segment significantly improved their performance during the year. I would like to express my admiration and gratitude for the way in which the extended MTCC family – our management, employees, our suppliers and partners pulled together to arrive at a stella record performance in company's 40-year history.

We have intensified our reform initiatives and implemented strict controls over our investment plans and cost of sales. Over the past year, our focus on transformation of growth and structural adjustments allowed us to improve the quality and efficiency of our assets as well as upgrade our operations leading to a better end product on all our core business segments. In addition to fortifying our core business segments we also remained focused on transforming underperforming business segments and creating long-term sustainable growth that creates value for our shareholders and to maintain our lead in all our business segments.

In our relentless effort to improve our overall performance we have introduced a leaner, flatter organizational structure, stripping away tiers of management. We are now more centralized, more agile and better integrated enabling us to maximize value creation in a rapidly evolving markets through economics of scale and by exploiting synergies and driving continuous improvement in operational performance. Our purpose is clear, so is our firm belief in our potential to grow and create more value. Reflecting our confidence in the road ahead and the importance we attach to dividend stability, we propose to declare a dividend of MVR 3.00 per share for the year.

"In our relentless effort to improve our overall performance we have introduced a leaner, flatter organizational structure, stripping away tiers of management"

Our operating profitability improved by 156% compared to the previous year. However, our trading segment had a challenging year due to the decrease in demand following the covid pandemic with the segment recording a less satisfactory performance compared to previous years. A decline in revenue coupled with increased operational costs reflected heavily on the operational profitability of the segment, with a drop of 40% compared to 2019.

Our Dredging and Reclamation Segment performed well with improved revenue and earnings compared to the previous year. We worked on several significant dredging and reclamation projects during the year, notably K.

Huraa, K. Maafushi, K. Guraidhoo and Centara Resort island reclamation project. We recorded a growth of 159% in operating profitability compared to the previous year. We are exploring further possible avenues to expand the segment through capacity development and greater technological innovations.

The Construction segment had a solid year with improved revenue and earnings, further securing the leading market positions with good scope for expansion. We successfully introduced improved techniques and methodologies towards better and effective project implementation and resource planning, improving the revenue and operating profitability of this segment by 62% and 609% respectively compared to the previous year.

Revenue from our transport segment declined by 43% compared to the previous year, mostly attributing to the covid pandemic, but we were able to close the year with breakeven financial result following the subsidy approved by the Ministry of Finance for the year.
In the face of considerable challenges, we continue to look first and foremost to improve operational excellence. We remain firmly focused on meeting our customers; needs, while at the same time taking actions to innovate compelling solutions, improve supply chains and boost productivity.

Looking ahead, we see significant opportunities to further increase the value we deliver, by boosting growth in our existing core business segments while driving customer and operational excellence. We will continue to improve our operating results overall through unrelenting joint efforts to explore new markets, optimize our operations, reduce costs and improve risk management.

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

I would also like to assure our majority shareholder, the Government of Maldives and the general public that we are firm and focused on the task of building and developing the infrastructure of the Nation.

“Looking ahead, we see significant opportunities to further increase the value we deliver, by boosting growth in our existing core business segments while driving customer and operational excellence”

I wish to thank our customers, shareholders and other stakeholders for the support they continue to give to MTCC. I would also like to applaud with gratitude all our employees for their engagement, perseverance and hard work over the past year, that has paved the way for the company to make successive strides towards achieving our strategic goals.

We assure our shareholders that we will maintain a prudent and proactive approach to business development and vigorously implement our strategies. We will further our efforts in internal reform and structure adjustments and promote innovation-driven growth with improved quality and efficiency. MTCC will continue to make progress in all our business segments, growing stronger and deliver great value to our shareholders and our society.

Chairman
Mohamed Faheem

CEO'S STATEMENT

Interview with Chief Executive Officer

Adam Azim

In spite of the challenges faced due to the Covid-19 pandemic, 2020 has been by far, the most successful year in MTCC's history in terms of revenue and profitability. What are the key factors behind this success?
MTCC has huge potential. We have the largest equipment fleet in the country, incomparable skills in our team and years of accumulated know-how and experience. It is a matter of focusing on a single goal, working towards operational efficiency, establishing a data driven, result-oriented approach towards execution of projects and maximizing the synergies between various departments and divisions of the Company. In fact, there were many challenges during last year due to the Covid-19 pandemic, that were not there before. It comes down to re-organization and re-orientation of our work culture, our strategies and goals.

"MTCC has huge potential. We have the largest equipment fleet in the country, incomparable skills in our team and years of accumulated know-how and experience"

The potential you mentioned would have been there in previous years. In your view what were the hurdles that deterred such performance in the past?
When I joined the Company as CEO in January 2020, the operations of the Company were fairly disjointed. While the Company's operations were made up of distinct departments, there was no unified goal for all departments to work towards. While the structure that existed at the time may have been intended to maximise the performance of each of the operational segments, it has resulted in each department working towards achieving their own objectives instead of contributing to the overall benefit of the Company as a whole.

What we have to understand about MTCC is that all operational divisions are not revenue centres. In fact, our revenue is mainly generated from construction and infrastructure development, while trading and transport services also generate revenue in their own right. These revenue centres, especially construction, and to a large extent transport services, heavily depend on the support of the other operational divisions, namely logistical services and engineering and docking services. It is crucial for the logistics department to utilize their resources to ensure timely delivery of projects undertaken by the Company and for the engineering and docking division to ensure all vessels are in perfect operating condition.

MTCC also has a strong logistics fleet and the largest docking service in the country. Wouldn't you say that they can also generate significant revenue for the Company?
MTCC is not only one of the largest logistics service providers in the country. It is also the largest logistics consumer. Although our logistics fleet is one of the largest in the country, it still lacks adequate capacity to cater to all the internal logistics needs of the Company. Hence, it only makes business sense that our logistics fleet is used for our own needs, rather than focusing our efforts to cater to external demand. In the case of engineering and docking services, we do have the capacity to sell our services to other parties. However, we have to understand that we have one of the largest fleet of vessels in the country, and a significant requirement for docking and engineering services for our vessels. Meeting this requirement has to be our top priority. Furthermore, in order

to operate these services as independent commercial ventures, we need a minimum level of investment in order to compete in the market. We are talking about significant investments here. But when we think of re-investing our retained earnings it should go to areas that would bring us the highest returns.

"MTCC is not only one of the largest logistics service providers in the country. It is also the largest logistics consumer"

You mentioned work culture as one of the areas that needed to change.

That is a very broad area we are still working on, to reach the high standards expected in a Company such as ours. There are several aspects to this. Attendance and punctuality, and accountability for individual and divisional performance are some of the basic areas that had to be improved. Adherence to established guidelines and procedures of the Company was an area of greater concern. In order to achieve results, there was also an urgent need for everyone to focus on the Company's main sources of income, and establish a culture of all working in unity, supporting each other to achieve success for the Company rather than for individual departments and divisions. Divisional or departmental rivalry had to give way to proactive cooperation. There needs to be greater urgency in making crucial decisions relating to every aspect of the work of the Company. Time lost due to such delays translate to lost revenue. We have made much progress in these areas during last year, but there is still huge room for improvement.

How were the divisions reorganized to achieve those changes?

Major changes were brought about to the functions of the key operational departments and divisions. In broad terms, the functions of the Company as a whole, had to be more centralized, with specialized tasks and responsibilities assigned to each department and division, thus enabling greater accountability through implementation of measurable performance targets for each.

By merging dredging and construction, the responsibility of project execution was brought under a single division. Fleet management was made the responsibility of the logistics division, so that the accountability for managing and scheduling the use of equipment is entrusted to those who are also responsible for moving them to various project sites. A new Repair and Maintenance Division was created, so that multidisciplinary engineering and technical staff are pooled together. The new division is responsible for repair and maintenance of the whole fleet of construction equipment, and minimising downtime for each piece of equipment in the fleet.

With these changes, project managers in the Dredging and Construction Division could focus solely on project execution. Along with the changes in structure, measurable targets were given for each division. Reporting procedures were established and performance of each were reviewed in order to make further improvements. The results were remarkable. We were able to reduce the average project execution time from from 1534 days in 2019 to 446 days in 2020.

"Major changes were brought about to the functions of the key operational departments and divisions"

What are the areas of change and improvement you are focussing on now and for the near future?

There is much to be done. There still needs to be greater cohesion among teams at various levels. The process of decision making has to be more data-driven, so that time is not wasted on the process of making everyday decisions, that have to be made in the course of regular operations. Members of the executive management team must be able to spend more time thinking and devising creative means to improve performance. Some of the SOPs that are in place need to be reviewed and updated, not only to match them with the times, but also with a view to enhancing performance and reducing duplication of tasks.

The largest proportion of our operational costs are on human resources. Our monthly payroll is over MVR 25 million. So, we have to ensure that there are mechanisms in place to evaluate the contribution of each and every staff on a daily basis. It is the efficient utilization of both the capital and human resources, that would enable us to optimize productivity. Our team knows that they would benefit from the any success the Company achieves. In 2020, we were able to increase monthly pay for each and every member of staff of the Company.

“The process of decision making has to be more data-driven, so that time is not wasted on the process of making everyday decisions, that have to be made in the course of regular operations”

In terms of the various lines of business of the Company, what areas are you looking at for potential expansion in the future?
I don’t believe the Company’s value should be at its current level of MVR 2.4 billion. MTCC has huge scope for expansion and become a company of international or regional standing. We should not be content with an annual profit of MVR 200 million. Moving into the future, we have to focus on what we are good at, in order to achieve unprecedented growth year after year.

Dredging has huge potential for expansion even at a regional level. We need to diversify into housing. We have immense strength in construction. and the capacity to compete with international firms, especially those that work in the Maldives in key housing projects. With our strategic location in the Indian Ocean, the development of an international dockyard, that can cater to the requirements of the fleets in the country as well as ships in the region, has the potential to transform our business. In trading, there is huge scope for expansion with new trading infrastructure, online trading platforms and further expansion of our product portfolio.

In conclusion I would also like to thank and congratulate all our employees for the success we have achieved and applaud their perseverance and hard work during a very difficult year in which all our lives were disrupted. I express my sincere gratitude to all those who supported the Company during the year and wish to thank our customers, shareholders and other stakeholders for their support.

CEO
Adam Azim

BOARD OF DIRECTORS

Mr. Mohamed Faheem

Chairman

Mr. Mohamed Faheem was appointed to the Board as the Chairman by the majority shareholder (Government) on 11th February 2019. Mr. Faheem is an entrepreneur with over twenty years of experience in business in various leadership positions. During his long business career, Mr. Faheem has introduced new products and brands in the Maldives and has helped expand businesses in the area of trade and retail.

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

Mr. Faheem holds a Certificate in Teaching from the Institute of Teacher Training, Maldives.

Mr. Adam Azim

Chief Executive Officer

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

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

Mr. Azim holds a Master of Business Administration in Financial Studies from the University of Nottingham, UK and a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK. He has also participated in a wide range of courses and training programs in the areas of accounting, finance and management.

Mr. Shahid Hussain Moosa

Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd. for two years as the General Manager of LinkServe Plus, Hulhumale.

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

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

Mr. Sinaan Ali

Non-Executive Independent Director

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

Mr. Sinaan Ali has had a long career in broadcasting and journalism spanning over 20 years and currently serves as the Chief Executive Officer and Editor in one of the largest media companies in the Maldives. He has also been a senior contributor and columnist for various publications. Mr. Sinaan Ali is a Senior Fellow Journalist of the Royal Institute of Journalism and received the National Award in Journalism in 2015. From 2016 to 2018 he served as a member of the Board of Directors of Island Aviation Limited.

Mr. Sinaan Ali holds a Master of Business Management (MBA) from the Angela Ruskin University, London and a Postgraduate Diploma in Journalism from the Asian College of Journalism, Chennai, India.

Uz. Mohamed Fareed

Non-Executive Independent Director

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

Mr. Mohamed Fareed is a lawyer and since May 2014 he has served as a Managing Partner at Prime Strategy LLP. With over 18 years of professional experience, he has contributed to various institutions in the field of journalism and legal counselling. From 2002 to 2007 Mr. Fareed worked as an Associate Editor and Reporter at Adduvas Maldives, and in 2008 he worked as a reporter at Jazeera Daily News, He served as a member of the Maldives Media Council from 2010 to 2014. Mr. Fareed has also worked as a Coordinator at Elections Commission in the 2008 elections, coordinating the work of officers handling complains reported to the Commission and has also carried out volunteer legal work and conducted various forums to create awareness amongst the public regarding the state of the Judiciary of Maldives.

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

Mr. Nasrath Mohamed

Non-Executive Independent Director

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

He had also served as a Director of the Board of Maldives Real Estate Investment Corporation, a fully owned subsidiary of MTCC during the period 2013 to 2016. Mr. Nasrath holds a Master of Business Administration (MBA) from Victoria University, Australia, a Bachelor of Business (Management and Marketing) Degree from Edith Cowan University, Australia and an Associate Degree of Business from Perth Institute of Business & Technology, Australia

Mr. Mohamed Imran Adnan

Non-Executive Independent Director

Mr. Mohamed Imran Adnan was appointed as a Non-Executive Independent Director of the Board elected by public shareholders. on 15 November 2020. Mr Mohamed Imran Adnan also served as a member of the board from May 2014 to June 2017.

Mr. Mohamed Imran Adnan joins the board with 17 years of experience serving at various posts at the Maldives Water and Sewerage Company Ltd. He was appointed as General Manager Engineering in 2015 and has subsequently served as General Manager Supply and Logistics and in his current capacity as General Manager Debt Recovery during the last five years. Prior to that he served as Manager Planning and Design from 2012 to 2015.

Mr. Mohamed Imran Adnan holds a Master of Business Management with specialisation in project management from the University of Southern Queensland, Australia and a Diploma in Architecture & Building from I.T.J, Malaysia.


M T

EXECUTIVE TEAM

Adam Azim

Chief Executive Officer

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

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

Mr. Azim holds a Master of Business Administration in Financial Studies from the University of Nottingham, UK and a Bachelor of Arts (Hons) in Accounting and Finance from the University of East London, UK. He has also participated in a wide range of courses and training programs in the areas of accounting, finance and management.

Shahid Hussain Moosa

Chief Operating Officer

Mr. Shahid Hussain Moosa was appointed as the Chief Operating Officer on 6th March 2019 and was appointed as an Executive Director of the Board of Directors on 25th March 2019. Prior to his appointment at MTCC, Mr. Shahid served at LinkServe Pvt. Ltd. for two years as the General Manager of LinkServe Plus, Hulhumale.

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

Island Resort during its construction.

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

Waseem Akram

Chief Financial Officer

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

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

Aminath Shiuna Ahmed Saeed

Company Secretary

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

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

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

Ali Nashath

Chief Internal Auditor

Mr. Ali Nashath joined MTCC in 2017. With more than 19 years of experience in auditing and assurance, and with his deep understanding of finance and trade, he has brought extensive developments to the internal audit function of MTCC.

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

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

Ahmed Latheef

Chief Risk Officer

Mr. Ahmed Latheef joined MTCC in 1999. Prior to his current post Mr. Ahmed Latheef served as Assistant General Manager in charge of the Construction and Dredging Division of the Company. During his 22 years of service at MTCC, Mr. Ahmed Latheef has served the Company in various technical and managerial capacities including the position of Engineer and Senior Engineer of Construction & Project Management Department.

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

Mariyam Shamiha

Executive Secretary – CEO Bureau

Ms. Mariyam Shamiha was appointed to the post of Executive Director of the CEO Bureau in December 2020. Ms. Shamiha joined the Company in 2009 as an Administrative Officer. She has served in various managerial posts since 2019 and prior to her current post as Executive Secretary, she served as the Senior Manager of the Construction and Dredging Division.

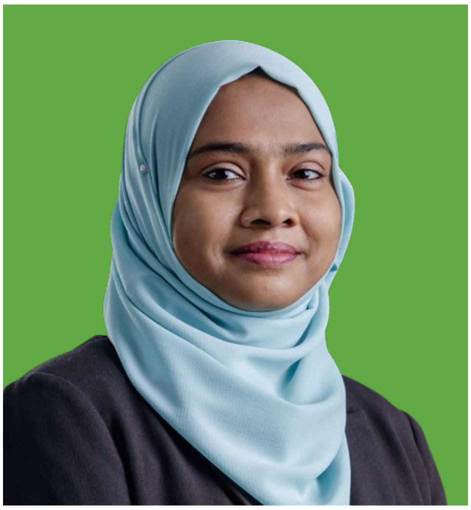
Ms. Mariyam Shamiha holds a Master's in Business Administration from the Australian Institute of Business, South Australia.

Shifau Ali

General Manager – Business Development & Administration Division

Mr. Shifau Ali joined MTCC in 2007 and currently holds the position of General Manager Business Development and Administration Division of the Company. During his 14 years of service at MTCC, Mr. Shifau Ali has also served the Company as the Division Head of Support Service Division, Financial Controller of the Company and as the Department Head of Procurement Department and Accounts & Finance Department.

At present Mr. Shifau Ali also serves as a member of the Board of Directors of Maldives Real Estate Investment Corporation Private Limited (MREIC), a fully owned subsidiary of MTCC.
Mr. Shifau Ali holds a Bachelor's (Hons) Degree in Accounting and Finance from the University of East London.



Uza. Fathimath Inasha

General Manager – Legal Affairs Division

Uza. Fathimath Inasha was appointed to the post of General Manager – Legal Division in May 2019. She joined the Company in 2008 and has served the company in various capacities during the 12 years of her tenure in the Company. Uza. Inasha began her career at the Company in the capacity of Administrative Office in which capacity she served from 2008 to 2010. Prior to her current post of General Manager – Legal Affairs Division, Uza. Inasha served as a Senior Contract Administrator.

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

Ramzee Aboobakuru

General Manager – Construction & Dredging Division

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

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

Mr. Ramzee holds a Bachelor of Arts

(First-Class Honours) in Marketing from the University of Hertfordshire.

Ahmed Iruhash

General Manager – Trading Division

Mr. Ahmed Iruhash joined MTCC in 2009 and currently serves as the General Manager – Trading Division. During his 12 years of service at the Company, Mr. Ahmed Iruhash has held various technical and managerial posts, including the position of Technical Executive of Engineering Department and Unit Head of Engineering Workshop.

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

Ahmed Naseem

General Manager – Engineering & Docking Division

Mr. Ahmed Naseem was appointed to the post of General Manager Engineering and Docking Division in December 2020. He joined the Company in 2006 as a Systems Administrator and has served the Company in various technical and managerial posts. Prior to his current post Mr. Naseem serves as the Head of Executive Bureau and Head of Business Development. He has also served the Company in the capacity of Head of Human Resources and ICT Departments. Mr. Naseem was appointed to the post of General Manager of Maldives Real Estate Investment Corporation, a wholly owned subsidiary of the Company and also served in the Board of the Directors of MREIC as an Executive Director.

Mr. Naseem holds a Bachelor of Science (Hons) Degree in Network Computing from the School of Computing and Information Technology, Coventry, United Kingdom.

Mohamed Nazim

General Manager – Transport Services Division

Mr. Mohamed Nazim joined the Company in 2000 and currently holds the position of General Manager in charge of the Transport Service Division of the Company. Prior to his current post he served as the Assistant General Manager of the Division. During his 21 years of service at MTCC, Mr. Mohamed Nazim has served the Company in the capacity of Senior Manager of Transport Services Department and Manager of several Departments which includes, Transport Services Department, Procurement Department, Thilafushi Business Department and Logistics Department.

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

Fathimath Jabeen

General Manager – Human Resources Division

Ms. Fathmath Jabeen joined MTCC in 1996 and currently holds the position of General Manager, Human Resources Division of the Company. She served as the Assistant General Manager of the Department prior to her appointment to her current post. During her 25 years of service at MTCC, Ms. Jabeen has also served the Company in the capacity of Senior Manager of several Departments which includes Human Resources Department and Trading Department.

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

Ibrahim Latheef

General Manager – Logistical Operations Division

Mr. Ibrahim Latheef joined MTCC in 1999 and currently holds the position of General Manager in charge of the Logistical Operations Division. During his 22 years of service, Mr. Ibrahim Latheef has served the Company in the capacity of Department Head of several Departments which includes Human Resource and Administration Department, Business Development Department, Administration Department, Procurement Department and Building Security and Services Department. He has also served as the Division Head of Transport and Engineering & Docking Department.

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

Ahmed Salam

General Manager – Information, Communication & Technology Division

Mr. Ahmed Salaam joined MTCC in 1997, and currently holds the position of General Manager in charge of the Information Communication & Technology Division of the Company. During his 24 years of service at MTCC, Mr. Ahmed Salaam has also served the Company in various technical and managerial positions including the post of Software Programmer and Manager of Information Systems Department

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

Abdulla Shafeeu Mahmood

General Manager – Procurement Division

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

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

Ahmed Thiham

General Manager – Repair & Maintenance Division

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

Command. Between 2011 and 2015 he was engaged in leading and conducting VIP and VVIP security operations and conducting security related programs.

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


MTCC
MTCC TOWER
MTCC
SINCE 1980

Business Review 2020

ORGANIZATIONAL CHANGES TO DELIVER RESULTS

TOWARDS A SINGLE UNIFIED GOAL

The objective for the year was to establish a mechanism to ensure the Company as a whole works towards a single unified goal, achieving results for the Company. One of the main steps taken to achieve the objective was the restructuring of the Company's divisions with highly defined roles and responsibilities and a set of measurable deliverables.

The reorganization was aimed at eliminating duplication of tasks and resource allocation. Well-defined, highly specific divisional responsibilities ensured focus on performance, high standards through pooling and development of specialized skills and enabling the development of systems and protocols for their specialized areas of work. It also enabled application of measurable performance targets to ensure accountability.

COMBINED PROJECT-BASED OPERATIONS

The Reclamation and Dredging Department and the Construction and Project Management Department was merged to form the Construction and Dredging Division with the objective of facilitating the employment of a uniform result-oriented approach to drive project-based activities undertaken by the Company. This includes the efficient allocation of assets and manpower to various projects and the ability to schedule the deployment of logistical services required for the projects, reducing overall project costs, project completion and delivery times and enhancing the overall operational and financial performance of the Company.

Repair and maintenance of machinery on-site was transferred to the newly created Repair and Maintenance Division and Administrative units were added on, to onsite project teams to manage the daily administrative and reporting responsibilities, freeing the management and technical staff to focus on the work of the project and creating an effective channel to receive updates and progress of the projects.

OPTIMISED ASSET UTILISATION

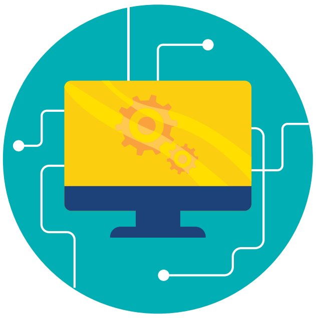
The newly formed Repair and Maintenance Division (RMD) was tasked with gaining the highest productivity from assets utilized in project-based operations and in transport services. The new division offers dedicated focus and accountability on ensuring peak performance of all such assets of the Company.

The Division brings together the specialized multidisciplinary technical manpower in the Company under a unified team. The division is responsible to minimise down time and ensure machinery and equipment offer peak performance at all times through the highest quality of services, rigorous preventive maintenance regimes and the maintenance of all required spare parts, with the added responsibility to provide quick solutions on-site, as and when required.

CONSOLIDATED MANAGEMENT OF THE MACHINERY AND VESSELS FLEET

Under the new structure the management of the Company’s marine vessels fleet apart from the vessels used by Transport Division is assigned to the Logistics Operations Division, allowing for well-organised asset allocation for projects executed by the Constructing and Dredging Division.

In addition to allowing greater ability to track and trace assets deployed across the country and optimum scheduling and allocation of assets for various projects, it offers synergies when combined with the Division’s traditional role in providing logistical services for project mobilisation and demobilisation. Furthermore, the Logistics Division has in its fleet, tugs and barges that require international statutory compliance. Hence it is only logical that other vessels such as Mahaa Jarraafu, which requires similar compliance be placed under the same division in order to avoid duplication of tasks.



REVOLUTIONISED WORKFLOW WITH ERP

The year saw the commissioning and implementation of the ERP across the Company, integrating the Company's core processes under a single system.

With the integration of finance, HR, project management, logistics, procurement, and other functions of the Company, the system provides intelligence, visibility, and efficiency across every aspect of the Company's business. In addition to up-to-date access to information, KPIs, and analytics can now be accessed to assist in quick and informed decision-making in all aspects of the Company's operations.

The ERP system has enabled the Company to streamline and automate core business processes to achieve more with fewer resources, accelerate reporting and gain efficiencies in operations. With the deployment of ERP on the Company's cloud computing platform during the year, staff can access the system from anywhere with access to internet.

CONSTRUCTION DREDGING & RECLAMATION

SERVICE PORTFOLIO

- Dredging & Reclamation
- Coastal Protection
- Harbor Construction
- Airport Construction
- Building Construction
- Road & Bridge Construction
- Water & Sewerage
- Electrification
- Surveying (Topographic, Hydrographic, Engineering)
- Environmental Consultation
- Architectural Design
- Design Consultation

KEY PROJECTS COMPLETED DURING THE YEAR

DREDGING, RECLAMATION & SHORE PROTECTION

Hoarafushi

HA.ATOLL

Land Reclamation and Shore Protection for Hoarafushi Airport

Area 399,416 sqm	Shore Protection Length 1,120m
Volume 842, 200cbm	

Thilafushi

K.ATOLL

Reclamation and Shore Protection of Waste Collection Area

Reclamation 15.01 ha	Construction of Revetment 877 m
Construction Of Quay Wall 911 m	Construction of Ramp

Hura

K.ATOLL

Land Reclamation and Shore Protection

Dredging & Excavation 346,718 cbm	Construction of Groynes 150 m	
Reclamation 13 ha	Construction of Revetment 1,626 m	Construction of Breakwater 152 m

Fohdhoo

N.ATOLL

Design and Build - Coastal Protection

Sand Filtering Works 1,400 cbm	Sand Filling for Geo Bags 570 bags
Sand Backfilling Works 5,000 cbm	Placing of Geo Bags 570 m

DREDGING, RECLAMATION & SHORE PROTECTION

Rasdhoo

AA.ATOLL

Design and Build
Coastal Protection

Construction of Revetment	Construction of Groynes
39 m	175 m

AIRPORTS

Hoarafushi Airport

H.A. ATOLL

Construction of Runway,
Taxiway & Apron

Service roads at air & land side in front of terminal with parking area	9,473 sqm
Runway 1200 m	Apron & Taxiway 8,635 sqm
Airport Security & Beach Fence 720m	Fire Access Road 1,718 sqm

HARBOURS

S. MARADHOO
Breakwater Reconstruction

HA. KELAA
Harbour Phase2

H. DH. KULHUDHUFFUSHI
Harbor Expansion

N. HENBADHOO
Harbour Upgrade

AA. HIMANDHOO
Harbor Construction

R. VANDHOO
Harbour Repair and Dredging

SH. KOMANDOO
Harbour Upgrade

V. KEYODHOO
Harbor Project Phase 2

G.A. KANDUHULHUDHOO
Quaywall Construction

GA. VILINGILI
Harbour Phase 2

GDH. MAAVARULU
Harbour Extension

L. MAAVAH
Harbour construction

V. FELIDHOO
Harbour Extension

L. MAABAIDHOO
New Channel

G. DH. THINADHOO
Ice Plant Area Quaywall

S. FEYDHOO
Breakwater

BUILDING CONSTRUCTION

Maavarulu Airport

G.DH ATOLL

- Terminal Building
- Fire Station
- Restaurant
- Staff Quarter
- Guard Post
- Powerhouse
- RO Plant

Hoarafushi

HA.ATOLL

- Passenger Terminal
- Fire Building at HA. Hoarafushi

Thinadhoo

G.DH ATOLL

COVID Emergency Health Facility

- A 22-bed Covid Isolation and ICU Facility

ROADS

Fuamulah

GN. ATOLL

Ring road - Installation of Light Post, sidewalk paving and hard shoulder

Carriageway 20,650 sqm	
Road Marking 2,950 m	Sidewalk- Curb on both sides 2,950 m

FOOTBALL GROUNDS

DHUVAAFARU	R. Atoll
VILUFUSHI	Th. Atoll
THIMARAFUSHI	Th. Atoll
VILLINGILI	G.A. Atoll
HOARAFUSHI	H.A. Atoll
THINADHOO	G.Dh. Atoll
HULHUDHOO	Addu City
FUVAMULAH CITY	
GAN	L. Atoll
FEYDHOO	Addu City

TRADING

PRODUCT PORTFOLIO 2020

YANMAR

First choice of Maldivian fisherman and vessel owners for the last four decades.

Marine engines, generators and water pumps

- Introduced to Maldives in 1987.
- First marine engine widely used in the country.
- 80% of market share.

Castrol

Market leader in the Maldives

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

SUZUKI MARINE

A global market leader in marine engines

- Introduced to the Maldives by MTCC in 2007
- Quality, reliability and low fuel consumption.
- Suzuki's dual prop outboard engines is a revolutionary innovation in outboard engines.

PPG Protective & Marine Coatings

One of the most trusted marine and protective coating brands in the world

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

- Trusted for their durability.

One of the most established names for synthetic resins and polymers in the world

Resins, gelcoats, pigment pastes, chemicals and waxes

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

An advanced engineering and technology brand

Hydraulic and electronic controls for the marine sector.

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

Propellers and thrusters for marine vessels

• Brand introduced to our portfolio in 2019.
• Optimized, integrated solutions for all types of vessels from small motorboats to large commercial vessels such as tankers and container carriers.

Industrial Gas

Oxygen, acetylene and argon, carbon dioxide.

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

Other Products

• Donaldson Filters,
• Hamilton water jets

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

Aftersales Servicing

MTCC operates its own service center to provide an after-sale services such as product installation, configuration, maintenance, and repairs.

Aftersales service is one of our competitive advantage, however, our competitors are also developing their workshops with state-of-the-art technology as aftersales service is a vital component due to the technicality of the products and because customers expect complete solution.

KEY ACTIVITIES & DEVELOPMENTS

PROMOTIONS

Special Offer On Suzuki DF250 OBMS

February to May 2020

A special offer on Suzuki DF250 models with up to 15% cash discounts was offered with the objective of reducing inventory of Suzuki DF250 Outboard Motors and increase cash sales.

'Maabodahves Aguheyo Vejje' Campaign Launching

September 2020

Our prices were revised as result of the ratification of bill to remove import duties levied on marine engines and boat building materials. The campaign was designed and launched ahead of competitors to inform customers of the reduced prices for Suzuki OBMs, Yanmar Engines and Scott Bader Resin. The campaign was launched by CEO Adam Azim at MTCC Kashavaru showroom in the presence of media.

Suzuki 20/25 Special Offer

Male' & Hulhumale October 2020
Vilimale' & Hulhumale' November 2020

A special offer for Suzuki DF20 & DF25 engine models. The first series of outdoor events were held at Male' North Harbour, South Harbour & Hulhumale' Kanneli Jetty, Hulhumale' Express Jetty & WAMCO.

The second series of events were held at Villimale' – Harbour & Water Sports Area, Hulhumale' Kanneli Jetty, Hulhumale' Express Jetty & Fishing Launch's Harbour.

The events were promoted with distribution of flyers from points of sale, showroom and during outdoor events.

EXHIBITIONS

Maldives Business Expo

Dharubaaruge, Male', February 2020,

Participated in the Maldives Business Expo to gain exposure, provide product information and identify potential sales prospects. Decision makers in the tourism industry visited the expo. Information on our products and services was provided to visitors to our stall.

Maldives Marine Expo 2020

Virtual Edition 20th – 22nd December 2020

Maldives Marine Expo is a well-recognized expo among key stakeholders of the marine industry. The objective was to gain exposure for our portfolio of leading marine products. Suzuki Marine featured as a co-sponsor of the event.

SOCIAL MEDIA MARKETING

With nationwide lockdown and restriction of movement, social media marketing was made a priority during the year. Special emphasis was given to ensure our target audience are well informed of our products and services through our social media platforms on Facebook, Twitter, Instagram and Viber Communities.

MARKET VISITS

Market visits are an important part of our annual activities. However, due to the restrictions placed on travel during the year, market visits were halted completely between March and November.

Thilafushi

January 2020

A market visit was conducted to Thilafushi to meet with PPG customers on the island and to understand their requirements. During the visit information was provided about the PPG Seminar scheduled for the month.

Aa. Ukulhas

December – 19th December

The visit was conducted to carry out the inspection of engines under warranty and to provide service and information for existing Suzuki customers.

Shaviyani Atoll & Raa Atoll

January - February 2020

Separate visits were made to Shaviyani and Raa Atoll. In each of the visits. Meetings were held with existing customers to identify potential prospects for future sales and to promote marine products in our portfolio by consolidating sales for Suzuki, Castrol, Yanmar, Sigma and Scott Bader. Customers from 13 islands including local agents, boat builders and boat owners participated in the event in Shaviyani Atoll and customers from nine islands took part in the event in Raa Atoll. During the visits, one-on-one meetings were held with existing and potential customers. Vessel inspections were conducted at boat building sites and recommendations were given to customers.

PRODUCT AWARENESS & TECHNICAL TRAINING

PPG Seminar

January 2020, Thilafushi

The seminar was held to educate and train customers in the marine and industrial sectors on the range of PPG products and was conducted in collaboration with PPG Colombo, with delegates who visited the Maldives to conduct the sessions. Theory and practical sessions were held at MTCC Boat Yard at Thilafushi. Twenty nine participants from the current corporate customer base in Thilafushi, participated in the training.

Suzuki Marine Webinar

Online, October 2020

The online seminar, the first of its kind held due to the restrictions placed on travel as a result of the Covid-19 pandemic, was held for customers based in Alif Alif Atoll. The main objective of the webinar was to provide training on ways to resolve frequent issues faced in operating Suzuki OBM engines.

SURVEY

Customer Satisfaction Survey

February 2020

A customer satisfaction survey was conducted for a period of three weeks at Kashavaru showroom. The survey was conducted to assess customers views on the quality of products in our portfolio, product information provided by showroom staff, value for money in the products we offer, product availability, aftersales support, service delivery time and customer service support.

BRAND RELATIONS

Castrol Regional Distributors Introductory Meeting

April 2020 via TEAMS

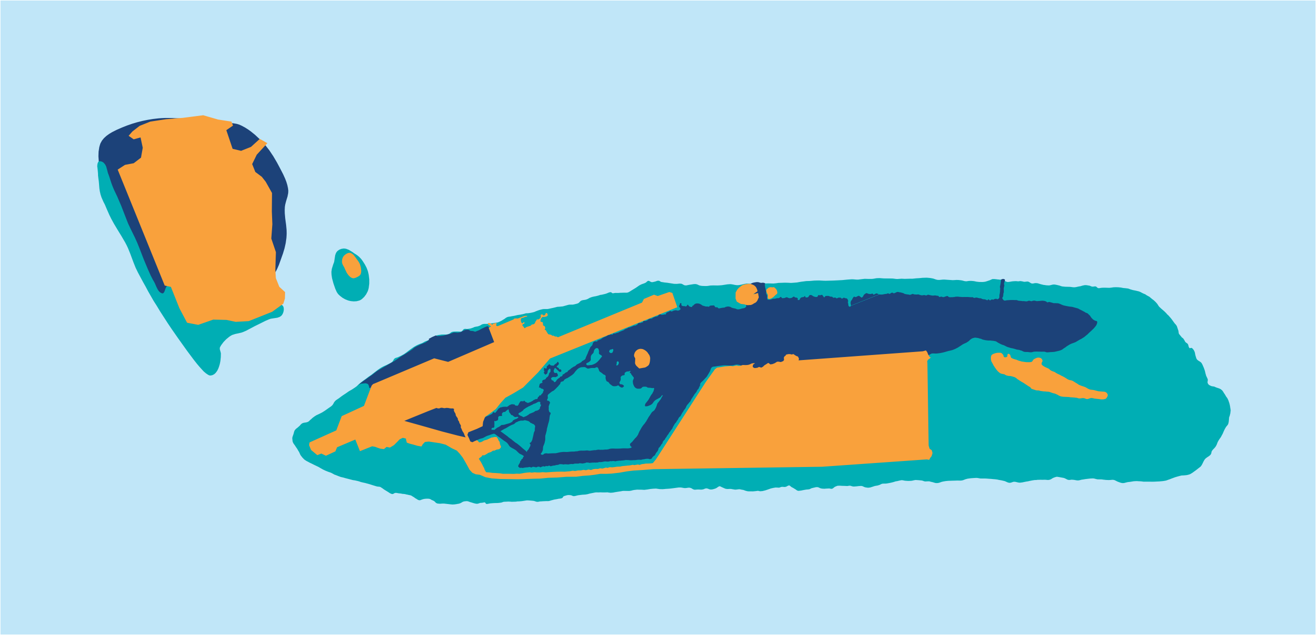
The Company participated in the BP Dubai and BP India meetings held to introduce the regional distributors to our staff.

TRANSPORT SERVICES

SERVICE PORTFOLIO

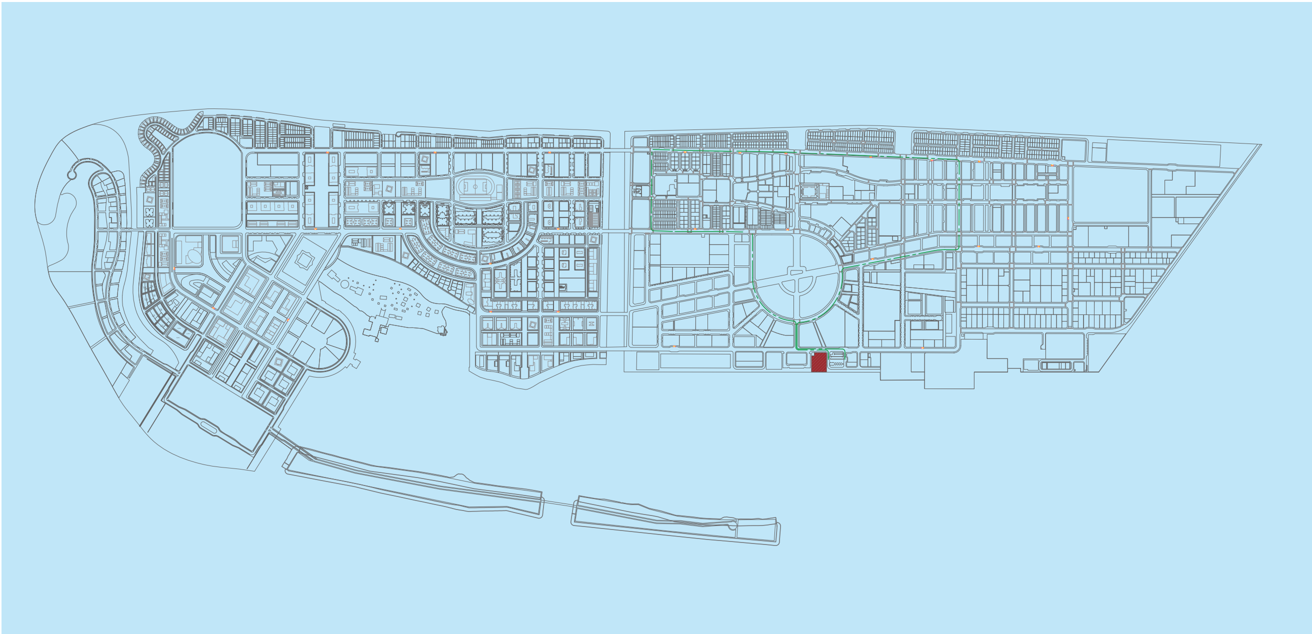
HULHUMALE' FERRY AND BUS SERVICES

Premium Link



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

Metro Bus



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

Private Hire

Bus and car hire service within Hulhumale and between Hulhumale' and VIA.

VILLINGILI FERRY SERVICE

Ferry Link West

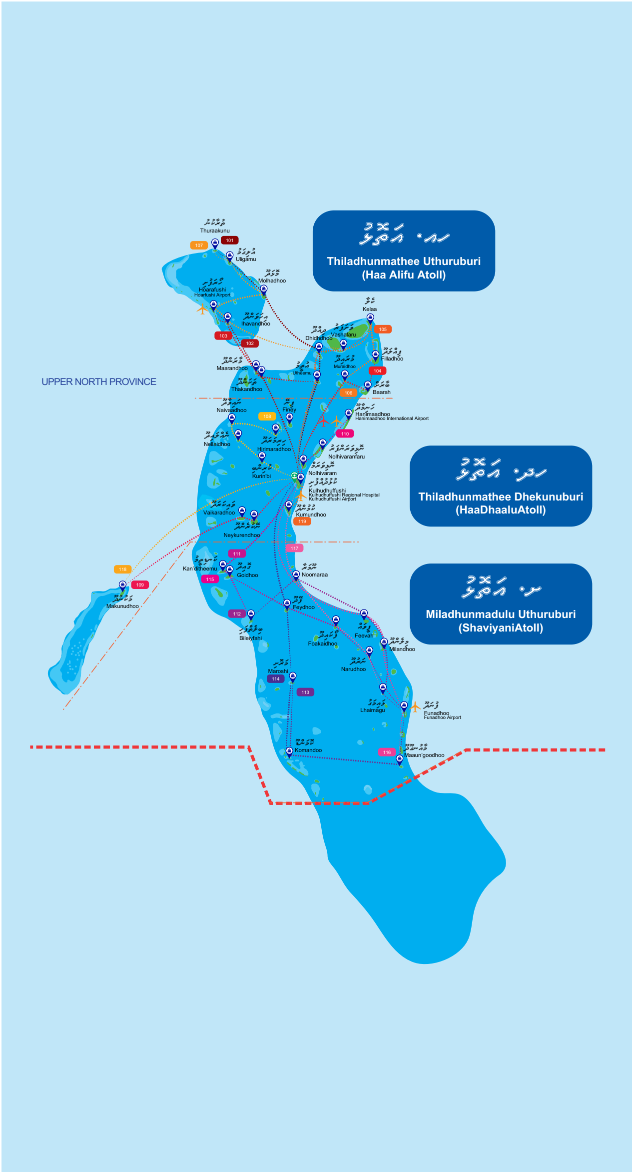
Ferry service between Male' and Villingili, Male' and Thilafushi & Male' and Gulhifalhu.

Cargo Service

Cargo delivery service to and from Male', Villingili, Gulhifalhu & Thilafushi.

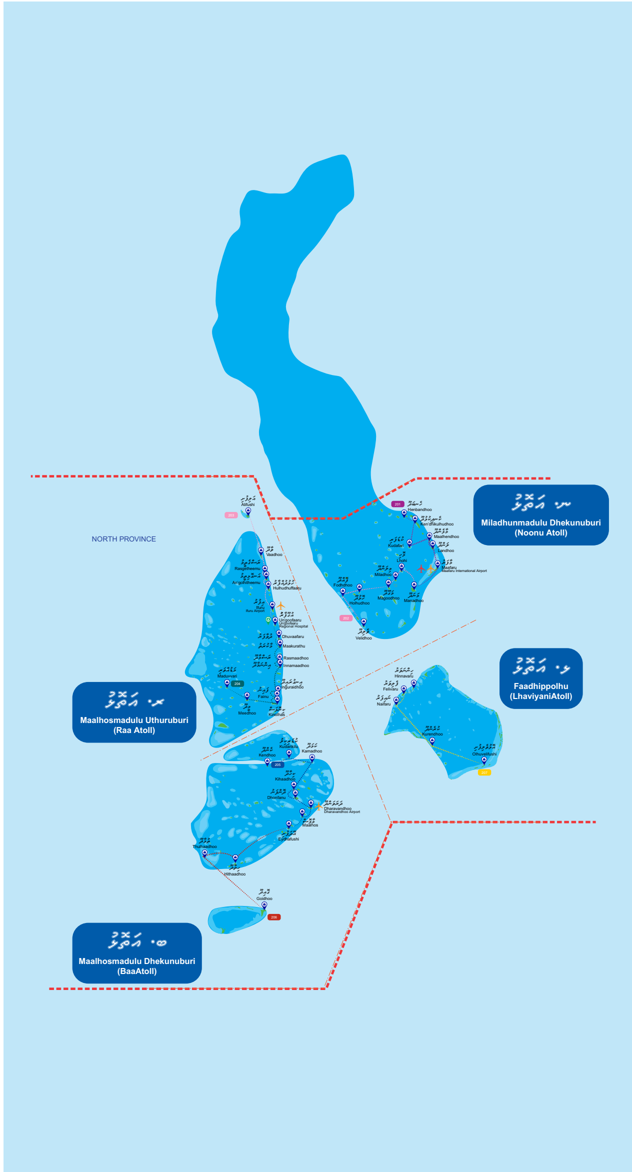
INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 1



Haa Alifu, Haa Dhaalu & Shaviyani Atoll

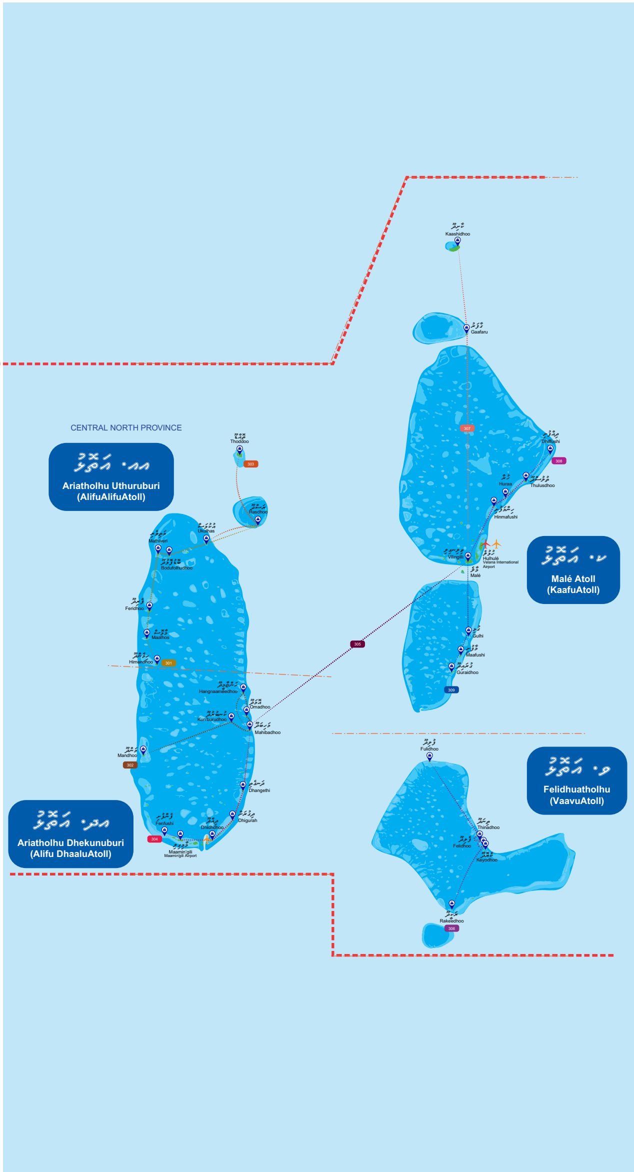
Zone 2



Noonu, Raa & Baa Atoll

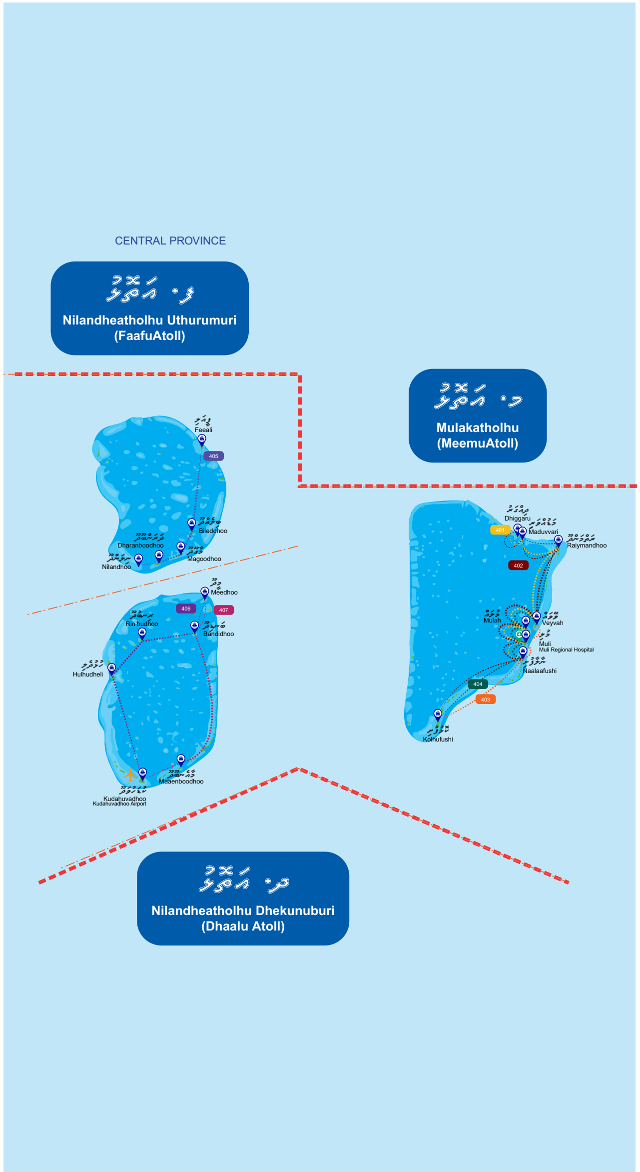
INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 3



Kaafu, Alifu Alifu, Alifu Dhaalu & Vaavu Atoll

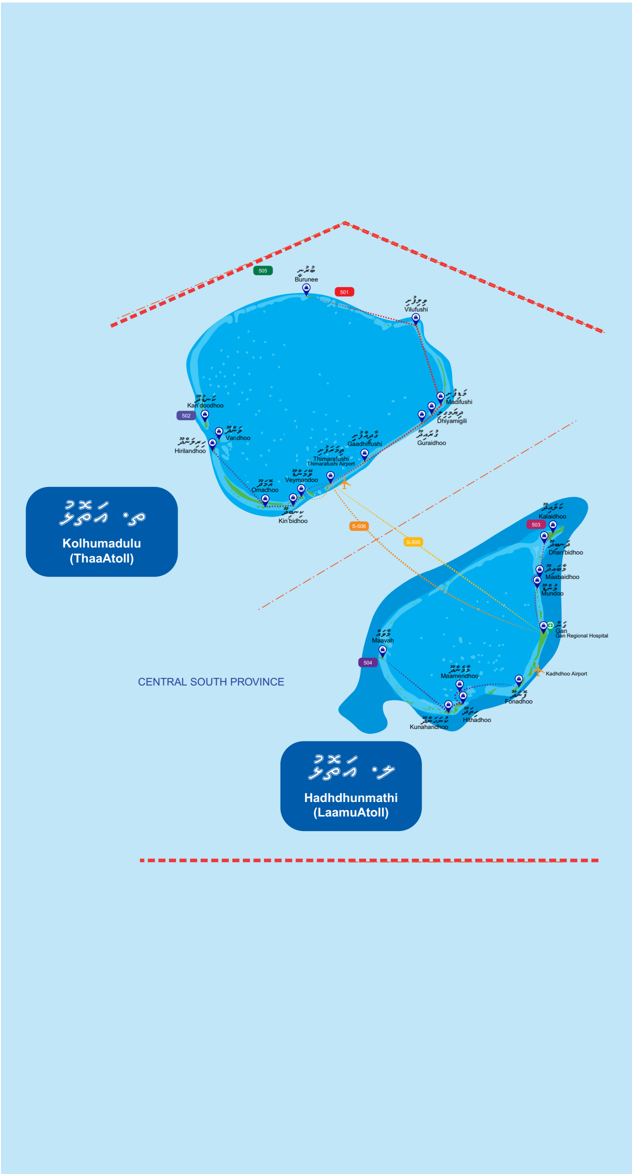
Zone 4



Meemu, Faafu & Dhaalu Atoll

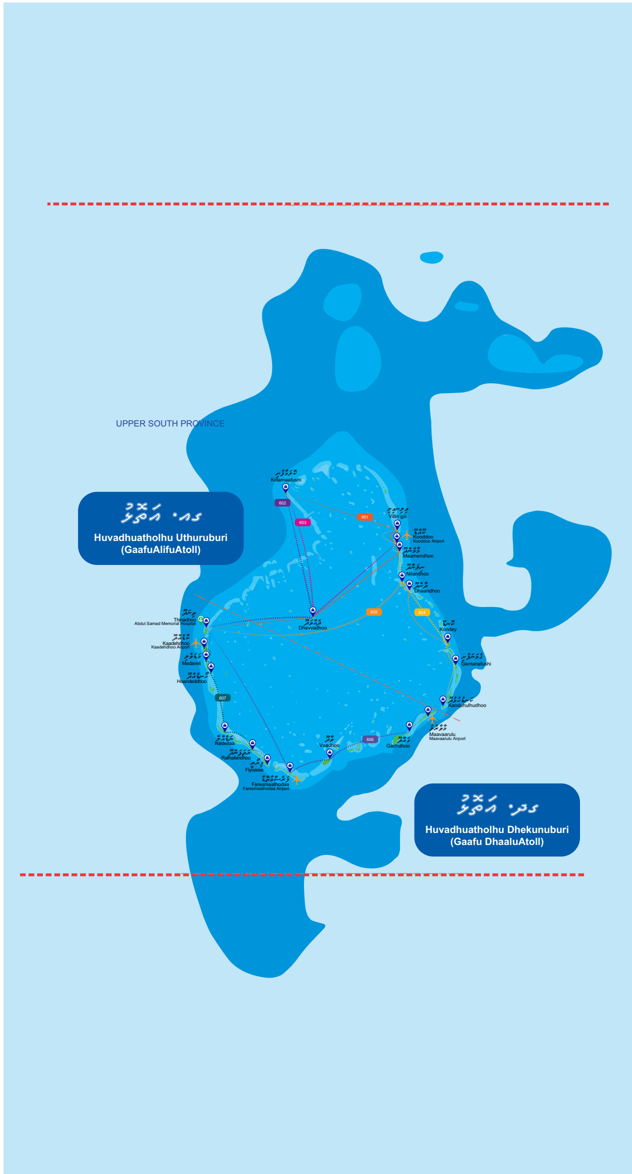
INTRA ATOLL & INTER ATOLL FERRY SERVICES

Zone 5



Thaa & Laamu Atoll

Zone 6



Gaafu Alifu & Gaafu Dhaalu Atoll

OTHER SERVICES

Charters

Speedboat and dhoni charter trips
to anywhere in the Maldives

Disruption to Services during Lockdown

Transport services was the most impacted segment of the Company's business due to the Covid-19 crisis and the restrictions placed on travel during 2020.

During the total lockdown of the Greater Male' Area and the rest of the country, passenger movement was restricted, and public passenger ferry services were halted.

Cargo services were resumed on 19 May 2020 for movement of essential cargo.

Passenger ferry services resume on 15 June 2020 with limited services and were later expanded as restriction were eased.

During lockdown services were maintained to ensure movement of frontline and medical workers and transport of staple foods, medicals and other essential products.

During lockdown services were maintained to ensure movement of frontline and medical workers and transport of staple foods, medicals and other essential products.

Transport services during lockdown

- Special ferry service between Male & Villingili in order to provide transport service to medical & frontline workers
- Cargo ferries operated on 29 routes in 15 Atolls in order to transport staple food and other essentials.

Marine and land charter services were provided for the National Emergency Operation Centre, National Disaster Management Authority, Health Emergency Operation Centre and the Ministry of Economic Development during lockdown for the transfer of staff and medical personal as well as transfer of patients and contacts to medical and isolations facilities.

Sea and land transport services were also provided for the transfer of expatriate workers to the airports and ships in the harbour, for repatriation to their home countries.
Hulhumale Ferry Terminal was allocated for the transfer process of Covid 19 positive cases.

Ferry crews were isolated and housed in Hulhumale' Ferry Terminals (Fenna Gimatha and Meyna GImatha) to operate ferry services for frontline staff during lockdown.

Between March and July 2020, 490 land transport trips and 191 marine transports trips were made for Covid-19 related trips

Expansion and Development of services during the year.

The year started with our strategic focus on maintaining the cost of operations, improving service standards and increasing revenue from the transport services.

Our focus was mainly on the development and improvement of existing services. Implementation of the plans for the year was suspended with the total shutdown of transport services during most of the second and third quarters of the year.

- Commenced ferry services in the Raa Atoll Sector in the first quarter
- Introduced high speed ferry services between Thaa and Laamu Atolls in the fourth quarter.
- A new cargo billing system for light cargo in the Hulhumale' sector and an automated cargo billing system for Gulhifalhu, Thilafushi Cargo Ferry sectors were introduced during the year.

Planning for Future Development

- Planning and design of new bus routes, facilities and fleet requirements were made for Male' Bus Network, Hulhumale' Second Phase and for the introduction of high-speed ferry services in the atolls
- Plans were also made for fare automation and service digitalization on all of our services.

Engineering & Docking Services

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

Specialised Unit

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

Handling & Docking

Dry-docking, loading & unloading and ancillary service and the operations of the boatyard

Precast

Produce and construct quay wall products

Welding & Metal Fabrication

Welding and fabrication of metal structures of vessels.

Automobile

Repair and maintenance services to all the heavy and light vehicles of the Company.

Marine Engineering

Repair and maintenance of engines, generators and drive systems of all types of vessels, and servicing of main and auxiliary equipment.

Fiber & Wood Works

Fibre and Woodwork related repair of the vessels.

Machine-Shop

Fabrication and machining services, on various materials, including metal, wood, and rubber.

Electric & Electronics

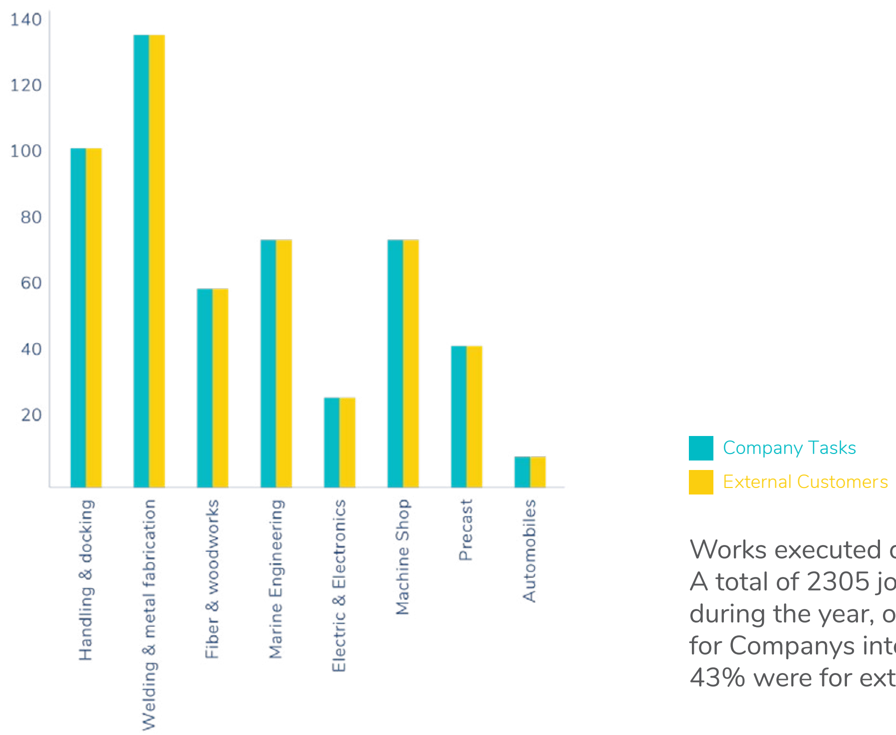
Services relating to electrical and electronics for dry-docked vessels as well to the boatyard premises

Maintenance & Support Service

Freshwater and electrical services to customers, and repair and maintenance services of accommodation buildings, related areas.

A general administration unit was also formed to manage administrative & documentation as well as staff safety and site security.

Works executed during the year



Works executed during the year
A total of 2305 jobs were completed during the year, of which 57% were for Companys internal divisions and 43% were for external customers.

Conducted Ehelumah Luyeh Campaign to promote MTCC Boatyard and its' services to the customers upon reopening the boatyard after Covid-19 lockdown.

Clearing the Thilafushi site of old unusable vehicles and vessels

A large area of the boatyard has been occupied by old vehicles and vessels. Some of these vessels and vehicles have been on the site for several years.

The clearing and disposal of these vehicles and vessels in the last quarter of the year provided valuable space for the expansion of the boatyard and other services provided at the site.

Focus during Covid-19 lockdown

During the second quarter and most of the third quarter of the year, the boatyard and other operations provided by the Division was impacted due to the Covid-19 lockdown. Due to the restrictions on movement, our services were closed for external customers.

During this time our focus was on upgrading and development of our facilities and on repairs of vessels and vehicles of the Company.

Human Resources

STAFF STRENGTH

Total Staff Strength

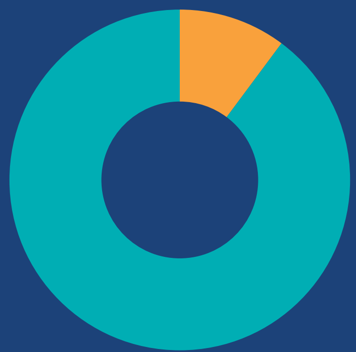
1,834

As of 31 December 2020

Diversity

Percentage of employees by nationality

Based on the number of fulltime employees only



Percentage of employees by gender

Certified Technical & Professional Staff

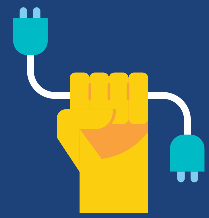
259
Licensed Operator (Land/Sea)

41
Certified Engineers

77
Welders

76
Carpenters (76)/ Boat Builders (7)

54
Mechanic (Marine/Automobile)



17
Electrician

18
Project Managers (Assistant)

7
Boat Builders

3
Architect (General/Naval)

HIGHLIGHTS

Mahaa Jarraafu crew was successfully changed to an all Maldivians in October 2020.

Since the arrival of Mahaa Jarraafu in 2018, the senior crew of the vessel including the Captain, Chief Officer, Chief Engineer and Second have been from Europe and other parts of the world. Maldivians have been trained to take over these posts and since October 2020, the vessel has been operated by an all-Maldivian crew.

Hunavaru Licensing Program/Launched in January 2021.

In 2019, we began our “Hunavaru” program to attract youth to develop technical skills required for the Company. In 2020 we made preparations to launch the Hunavaru Licencing Program to train licenced Maldivian operators of vessels and equipment for the Company. The program was launched in January 2021.

Recruitment of Temporary Project Staff from Project Locality

During the year the Company began recruiting temporary project staff from the island and the surrounding locality in which projects were being conducted.

Recruitment of Temporary Staff

GA. VILINGILI	13
R. UNGOOFAARU	10
DHUVAAFARU	11
KULHUDHUHFUSHI	23
HOARAFUSHI	73
GN. FUVAHMULAH	48
G.DH THINADHOO	24
TOTAL	**202**

Recruitment of temporary staff from project locality

Policies For Staff Protection and Welfare

- Anti-Harassment Policy
- Occupational Health and Safety Policy and Procedure
- Grievance Policy
- Recompense for Employees due to work/injury death

Training Conducted During The Year

During the year, a total of 31 trainings programs were carried out for 362 employees. This includes:

14 Inhouse training programs for 248 employees

06 Outsourced Local Training for 35 employees

01 Outsourced International Training for 2 employees

Concessions for staff during the Covid-19 crisis

- Staff were provided with paid Special Leave for quarantine purposes.
- Paid leave for high-risk staff.
- Work from home arrangement made with full pay; from March 2020 - 21st October 2020.

No staff has been terminated due to Covid-19 related reasons.

CLUB MTCC

CLUB MTCC

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

During the year much of the Club's activities were suspended to lockdowns and restrictions on movement and gatherings. However, the Club was active in the first quarter and to some extent in the fourth quarter of the year.

Staff Night to celebrate the Company's 39th Anniversary was held in January 2020 in Club Faru. The theme for this year's event was Arabian Nights. More than 200 members of the team took part in the event. Special items were presented by all the departments for entertainment. Employees and departments were also presented with special awards.

40TH ANNIVERSARY CELEBRATIONS

The Company celebrated its 40th anniversary with the Kaamiyabu 40 campaign. The day started with virtual cake cutting ceremony in which all divisions took part in the event via Zoom. A decorating competition was held among the divisions and a special quiz was also organized by club MTCC on the occasion of the anniversary.

SPORTS ACTIVITIES

5th inter-office handball tournament

MTCC women's team took part in the 5th inter-office handball tournament. The team won second place in the group stage and reached the round of sixteen.

Club MTCC Futsal Cup

Eighteen teams took part in the Club MTCC Futsal Cup 2020. Thirteen men's teams and five women's teams took part in the tournament. The winning teams, the top players, coaches and managers were awarded prizes at the end of the tournament.

5th Inter-office Badminton tournament

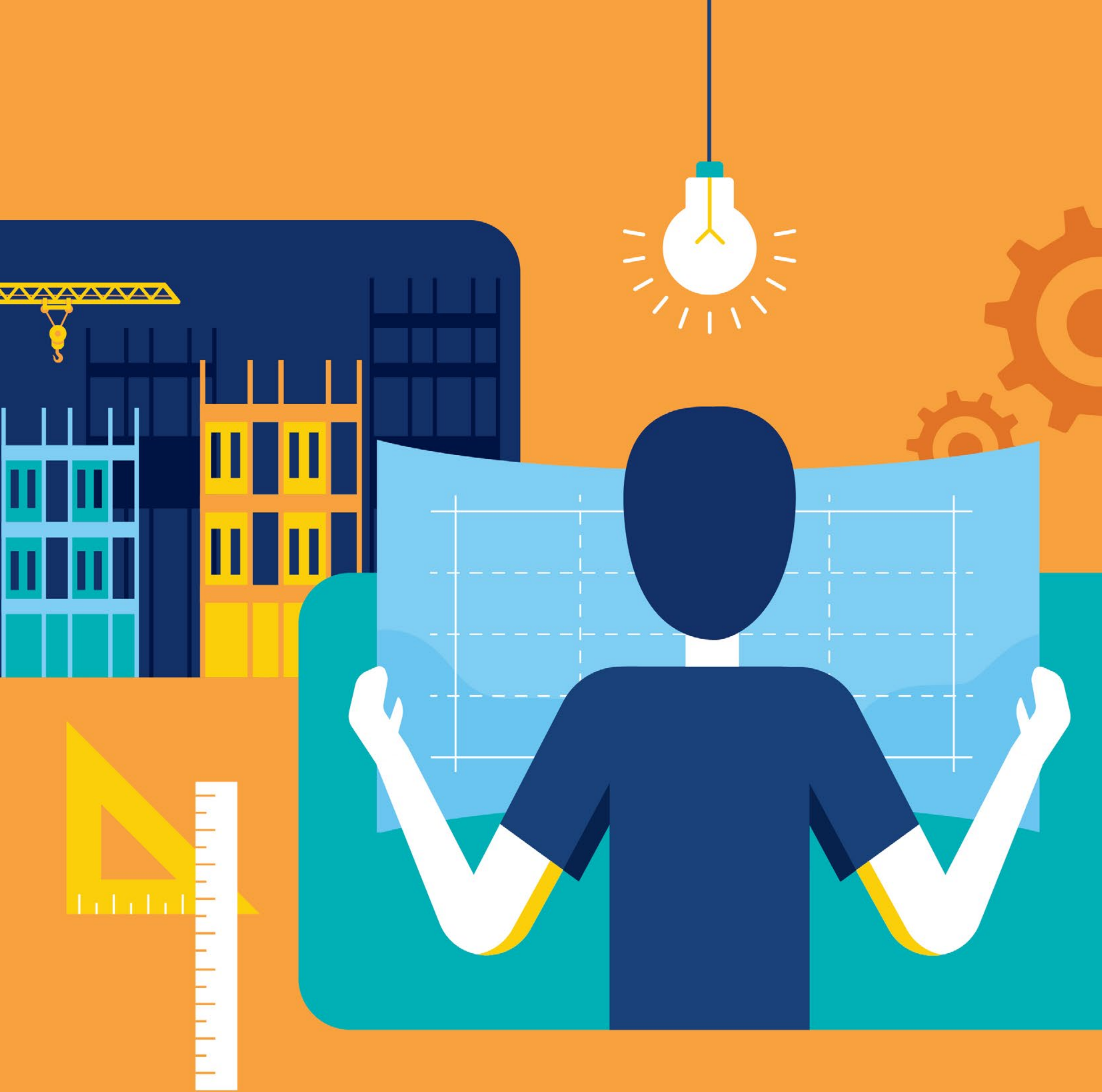
A team of eight players took part in the Men's Team Division, in the 5th Inter-office Badminton tournament 2020. The team won the Championship.

8th Interoffice Billiard Championship

Club MTCC Billiard Team won the group stage in the 8th Interoffice Billiard Championship 2020 and went on to reach the quarter finals.

Run for Maldives

The run for Maldives included categories for 5.5 km, 15 km, 21 km, and 870 km. 25 members of our team participated in the event in which they had to complete their run can in their homes on a treadmill or outdoors, within a given timeframe.



Corporate Social Responsibilty

Contributing to the Realization of a Better Society

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

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

With the disruptions in movement due to Covid-19 during the year in review, our focus was on assisting the national effort to control Covid-19 and assist communities overcome the challenges faced due to the crisis. At the same time, much of our CSR focus for the year was on contributing to the communities in islands in which we executed our projects during the year.

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

Contribution to the National Effort Relating to the Covid-19 Crisis

We conducted several CSR initiatives to assist the National Emergency Operation Center (NEOC) and the government during the COVID19 pandemic nationwide lockdown.

- Provided dedicated vehicles and speed boats to transfer personals to quarantine facilities and for the movement of the NEOC taskforce.
- Provided Fenna Gimatha to NEOC to use as a terminal to move and transfer passengers from the quarantine facilities and airport.
- Facilitated special ferries to NEOC pass holders and the healthcare staff to suit their shift schedule, until the public transport restrictions were lifted.
- Developed and converted our accommodation and storage units on the 100,000 square feet land plot at K. Gulhifalhu for use by NEOC to accommodate over 600 patients that increased the national capacity of isolation facilities.
- Extended logistical support to NDMA to deliver essential items needed for the Gulhifalhu isolation facility.
- Operated special scheduled ferries to aid islands which faced logistical difficulties during the lockdown, and delivered essential goods using 13 delivery routes to nine atolls upon the request of Local Government Authority and Councils.
- Provided bus transportation for several repatriation operations.

Contributions to Communities

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

61
Initiatives
Contribution to infrastructure development of the islands

17
Initiatives
Transport arrangements

9
Initiatives
Clearance of vegetation

13
Initiatives
Waste yard cleaning

Developing a Safe Environment for All

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

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

Youth Education and Empowerment

The Hunavaru program was launched in 2019 to attract youth to develop technical skills required for the Company. During the year in review, preparations were made to launch the Hunavaru Licencing Program to train licenced Maldivian operators of vessels and equipment for the Company.

Respecting the Ideal of Normalization

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

A Sustainable Environment for a Sustainable Business

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

Building a Diverse and Sound Workplace

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

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

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

During the year the Company began recruiting temporary project staff from the localities in which projects are executed. More than 200 temporary staff were recruited for various projects during the year.

Our Responsibility as a Corporate Citizen

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

Financial Review

Revenue

The group has generated a total revenue of MVR 1,377 million, an increase by 19% compared to the previous year, mainly due to increase in construction projects during the year.

Geographically the core business operations of the Group are scattered across the country with the main hub based out of the Greater Male' region, the business units are operationally divided into five strategic business units (SBUs), namely Trading, Construction, Dredging, Transport and Real Estate.

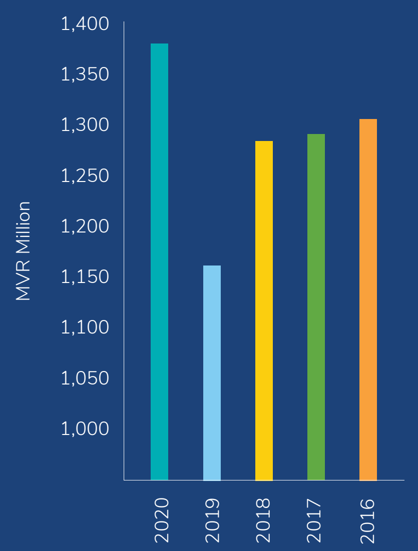
Out of all these segments, the main stream of the revenue to the Group is primarily generated from Trading, Construction and Dredging, while most of the profit of the company is generated mainly from Trading, Construction and Dredging during the year ended 31 December 2020.

During the year ended to 31 December 2020, out of the total Group revenue of MVR 1,377 million, Trading contributed MVR 180 million (2019: MVR 263 million), Construction MVR 940 million (2019: MVR 579 million), Dredging MVR 175 million (2019: MVR 177 million), Transport MVR 51 million (2019: MVR 90 million), and Real Estate MVR 17 million (2019: MVR 16 million).

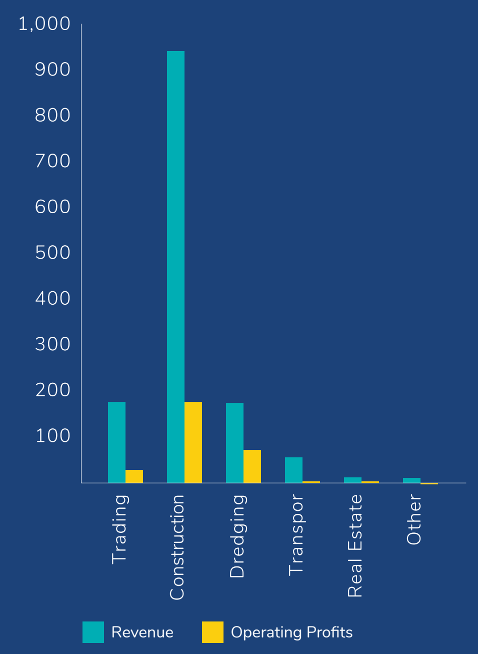
Other segment comprises of ship agency, docking , logistics and maintenance services.

Revenue generated from construction has grown by 62% compared to previous year due to increase in new construction projects. Meantime, revenue from transport sector has fallen by 43% and revenue from Trading fallen by 31% due to covid-19 pandemic and resultant disruptions arising from curfew imposed across the country including the closure of transport services from April onwards.

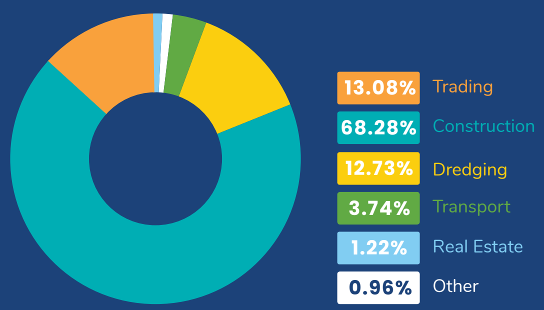
Revenue



Segment Review



2020



TOTAL REVENUE
MVR 1,377m

Trading
MVR 180m

Construction
MVR 940m

Dredging
MVR 175m

Transport
MVR 51m

Real Estate
MVR 17m

Net Profits

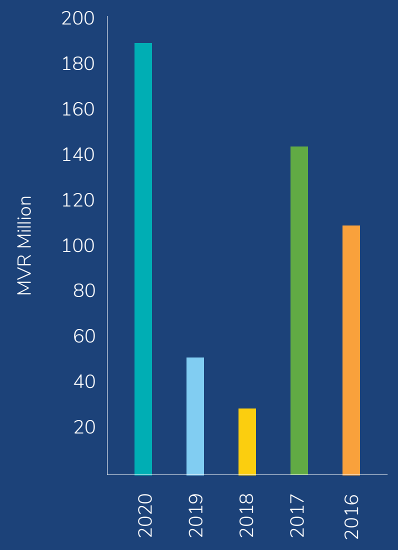
The Group profit after tax (PAT) for the year ended 31 December 2020 has increased significantly by 258% compared to the previous year driven by a notable contribution from contracting activities. Furthermore, transport segment losses were subsidized by the Government equal to MVR 101 million for the financial year 2020. The subsidy was initially granted from the financial year 2014 and discontinued by 01 March 2016. No subsidy was received since then until end of 2018.

Out of the total operating profit of MVR 272 million posted by the Group for the year ended 31 December 2020; MVR 26 million (2019: MVR 43 million) is attributable to Trading, Construction MVR 175 million (2019: MVR 25 million), Dredging MVR 75 million (2019: MVR 29 million), Transport MVR 2 million [2019: MVR 2 million], Real Estate MVR 2 million [2019: MVR 1 million) and others loss of MVR 9 million (2019: MVR 7 million)

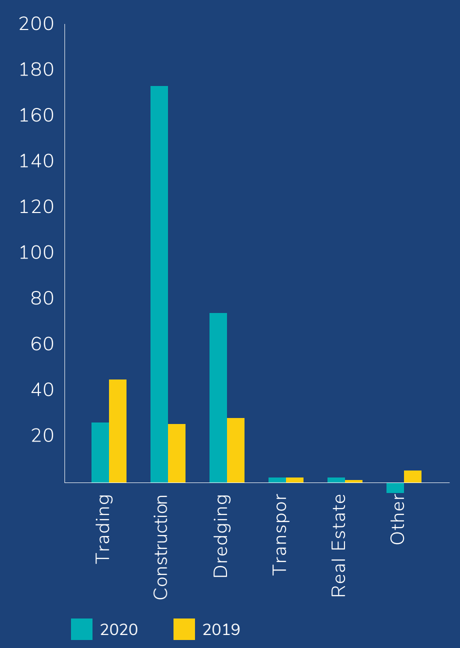
Comparison of segmental earnings indicates that revenue from construction segment rose by 62%, as a result operating profits has increased by 609% due to the fact that construction activities were continued as usual to achieve sustainable profits during the year 2020 with the covid-19 restrictions, where profits of the segment has increased by more than seven times compared to the financial year 2019.

Meantime, profits from dredging activities has more than doubled, increasing the operating profits as well compared to the previous year.

PAT



Segment Profit/(loss)



PROFIT AFTER TAX
258%

TOTAL OPERATING PROFIT

Trading
MVR 26m

Construction
MVR 175m

Dredging
MVR 75m

Transport
MVR 2m

Real Estate
MVR 1m

Other
MVR -9m

Operating Income & Expenses

The operating profit of the group has increased by 156% compared to the previous year primarily due to the improved margin from projects.

Other income has increased mainly due to increase in government subsidy of MVR 101 million and increase of rent income by MVR 12 million from leasing of the new building constructed near Hulhmale ferry terminal and rent income from Gulhifalhu building.

Administrative expenses incurred has increased by 8% with increased construction activities compared to 2019 mostly in rent expense, bank charges, license and registration and software related expenses.

The selling and marketing expenses shows a decrease of 21% due to reduced discounts to customers with a drop in sales of trading products. Trading products are mostly focused on marine sector and set back on tourism and restrictions on transport due to covid-19 has a negative impact on revenue and profits from trading segment by 31% and 40% respectively.

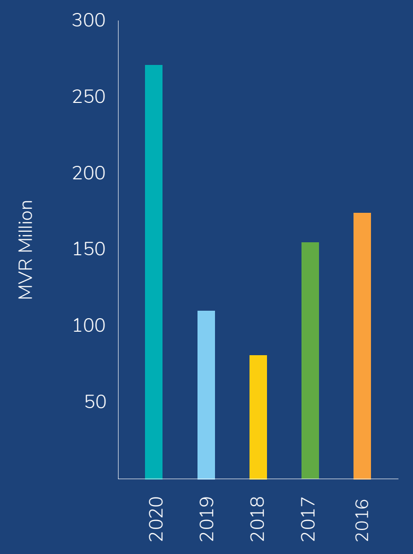
Provision for impairment loss has decreased compared to the previous year due to the changes in estimates over future defaults on the trade & other receivables. The management has used its best estimates considering the potential impact of covid-19 to the overall economic indicators such as GDP, in order to assess the provisions for impairments, which is described in detail in the notes to the financial statements.

Other Operating expense has increased mainly due to the loss on disposal of the building constructed in Gulhifalhu amounting to MVR 11.82 million and provision for investment in subsidiary amounting to MVR 1.95 million..

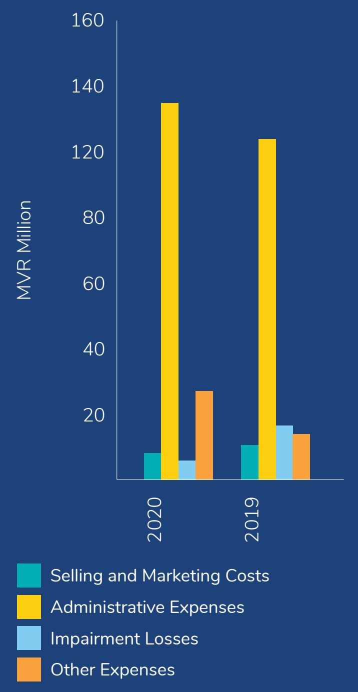
The net finance cost has increased by 11% compared to the previous year basically due to unrealized loss of MVR 3.6 million on revaluation of foreign currency loan and increased loss on foreign exchange of MVR 1.6 million. Interest cost of the new borrowings and increased lease interest of MVR 1.6 million have further added to the

finance cost. However, interest over bank overdrafts has decreased due to increase in working capital.

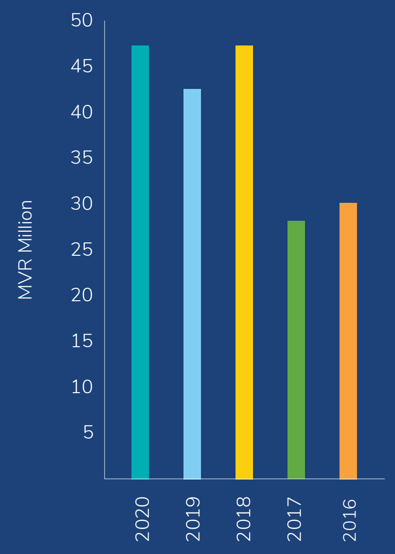
Operating Profit



Operating Expense



Finance Cost

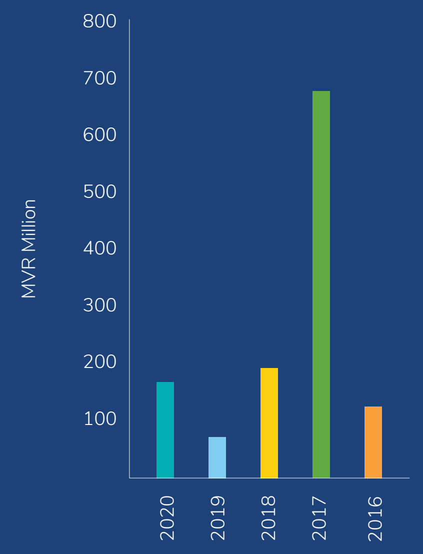


Long Term Investments

The group has made investments in capital assets during the year amounting to MVR 153 million (2019: MVR 69 million) through term loans, finance leases and operating cash flows. Investments in capital assets for the financial year 2020 mainly include machineries and equipment for the construction projects, enhancement of vessels for the logistics & transport operations and investment on new Enterprise Resource Planning (ERP) system.

Additional investments include MTCC's investment in shares of Bank of Maldives Plc which has been considered as an available for sale investments. By the end of the year, the shares of Bank of Maldives had a market price of MVR 215 (2019: MVR 250) per share and the highest traded price during the year was recorded as MVR 320. Consequently, MTCC has not received any dividend from the investment in shares of Bank of Maldives Plc during the year ended 31 December 2020 (2019: MVR 5,258,304). Investment in shares of Airport Investment Maldives Private Limited (associate) had already been impaired and provision has been made in the year ended 31 December 2011 for the full investment of MVR 2.5 million. During the year management has made a provision for impairment amounting to MVR 1,953,660 over the investments in Maldives Real Estate Investment Corporation considering the scale down of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2020. The impairment loss is included in other operating expenses in he statement of profit or loss of the company, which does not impact the group's profit or loss.

Capital Investments



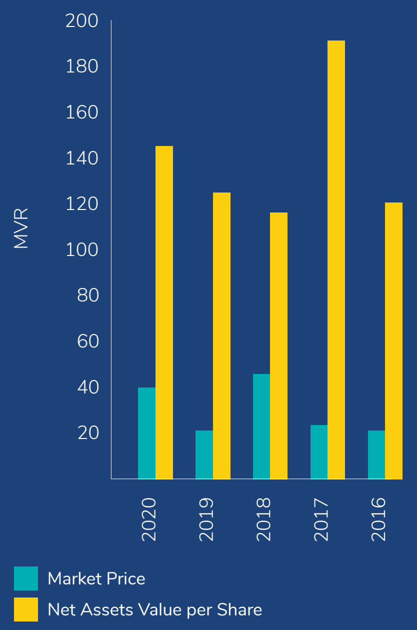
Investments in Capital Assets

MVR 153m

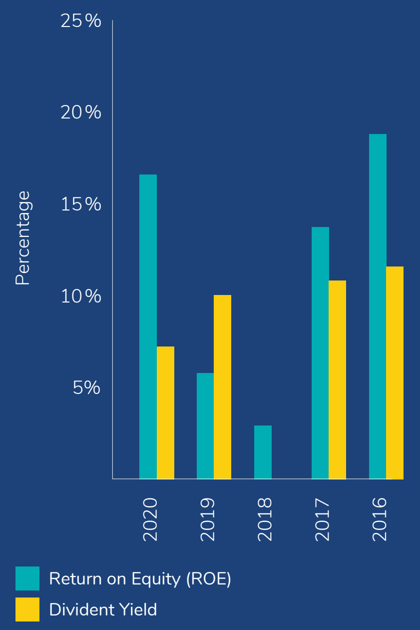
Shareholders Return

The Group has accumulated a return of 16.36% to the equity holders for the year ended 31 December 2020. The net asset value per shares has increased by MVR 21.72 per share during the year ended 31 December 2020. The company has declared a dividend of MVR 3 (2019: MVR 2) per share from the net profits of 2020.

Market Price & Net Asset Value per Share



Return on Equity & Dividend Yeild

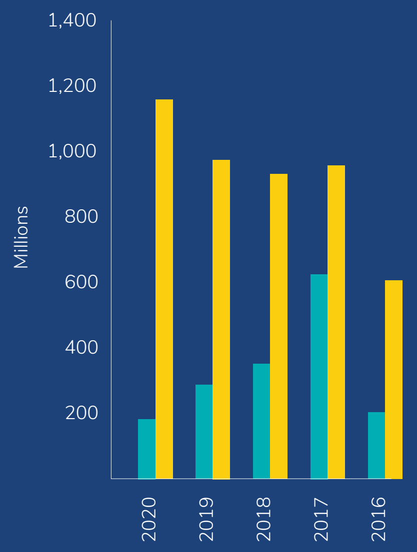


Debt Finance

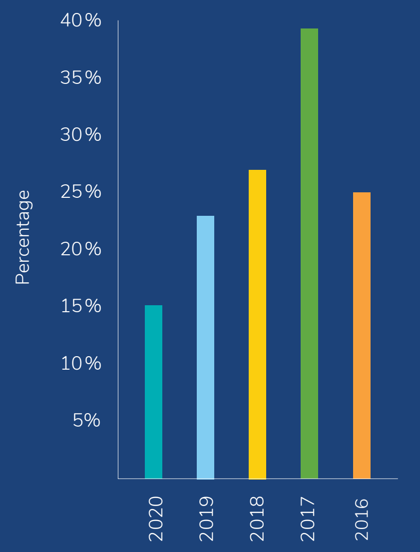
New borrowings of MVR 62.76 were geared to the investments due to the financing requirements for the machineries and equipment purchased for increasing number of projects. Meantime, during the year loan principals amounting to MVR 65.87 million was repaid from operating cashflows.

The gearing ratio has come down due to decrease in borrowings towards repayments during the year by 8%.

Net Debt to Equity



Total Gearing Ratio



Working Capital

Current Ratio has increased to 1.59x in 2020 compared to 2019 (1.4x) along with the increase in Quick Assets Ratio to 1.24x as well in 2020 compared to 2019 (1.06x).

Cash & Cash Equivalents and Bank Overdrafts as at 31 December 2020 shows a significant increase due to inflows from project revenue.

Working Capital


325
TEAM MTCC

Future Outlook

Economic Outlook and the Impact on Our Business

Our revenue and thus our profitability is heavily dependent on the state of the nation's economy. While the country's economy was expected to grow by 7.3% in 2020, due to the Covid-19 pandemic, it is now projected to have contracted by -18.56% during the year. With the ensuing negative impact on government revenue, public sector investment projects on which a large portion of the Company's revenue depends, was put on hold for the last three quarters of the year. Now, with the easing of the pandemic in sight, the government has allocated MVR 8.3 billion of the proposed MVR 34.78 billion national budget for 2021, for public sector investments. This includes investments in infrastructure development, and in transport and fisheries, which would have a favourable effect on our main business segments.

Strategic Focus

Our focus for the year will remain on ensuring sustainability through strategic diversification and expansion of our customer base to ensure that our products and services cater to the needs of the nation. We will continue to develop our capacity to serve the changing needs of the market. This would include improving our internal management systems and the expansion of our construction, docking and trading portfolios. We will also continue to work on decreasing our dependency on government projects by tapping into the private sector and re-strategizing transport services by expanding into niche sea and land transport segments.

Investment in Capital Assets

In order to increase our capacity and pave way for greater diversification, we plan to invest MVR 447.15 million in increasing our capital asset during 2021. This investment will help us achieve our projected revenue target of MVR 2.33 billion and profit before tax of MVR 251 million.

CONSTRUCTION & DREDGING

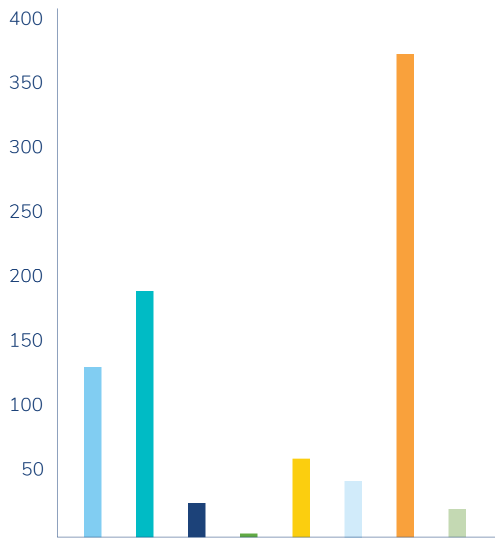
Core areas of CDD's diverse portfolio include dredging and reclamation, harbour development, shore protection, sheet piling, sewerage works, electrification, surveying, architectural designs and building construction. While major dredging and reclamation projects have been executed for the private sector, a large part of dredging and reclamation as well as work in projects related to the rest of its portfolio mainly involves public sector infrastructure development projects.

It is forecasted that several new projects from the same market sectors in which CDD is currently operating, will be open in the year 2021 and 2022. Furthermore, there were 65 projects at various stages of completion at the end of 2020. These projects are expected to be completed in 2021. The outlook looks promising in considerations of the budget allocations made for public sector projects.

In order to further improve the financial performance of the segment, including profitability, steps will be taken to complete projects within the target budget and timeframe. Regular review of project costs and procurement of materials in bulk will also assist in reducing the cost of our projects. Efforts will also be made to broaden and diversify our client base by identifying and negotiating with potential clients in the private sector. Further measures will continue to be taken to optimize resource usage through accurate planning and scheduling of projects.

PSIP budget allocations by type of project

(in MVR millions)



MVR 131.80
Airport Development

MVR 194.22
Land Reclamation & Road Development

MVR 25.59
Bridge Construction

MVR 4.27
Water & Sewage

MVR 51.78
Port Development

MVR 47.89
Shore Protection

MVR 366.90
Harbour Development & Upgrading

MVR 21.40
Causeway Development

TRADING

Our trading portfolio caters to key industries of the country. Our customer base mainly comprises of the fishery sector, resorts, vessel owners and utility companies. With the government's public sector investment for 2021 and the commitment towards provision of 24-hour electricity for all inhabited islands the outlook for the year is positive with. Electrification projects will open up market opportunities for lube oil, as power stations are one of the major market segments for the lubricants. At the same time our continuing drive to expand the existing resort market, upcoming resorts and airport developments will further boost demand for our products.

Several measures are planned to achieve market expansion and increase revenue through creating greater access to our products. This includes distribution of products through our shop in Thilafushi and the establishment of an aftersales workshop in Hulhumale'. The introduction of a loyalty scheme, the introduction of Kashavaru online shop and mobile application and the establishment of a contract based nationwide distribution network is part of our plan for the next few years, to increase customer satisfaction and retention and increase sales. Our objective of creating equal access to our products across all regions of the country will be achieved with the establishment of five regional Kashavaru outlets during the next five years. A centralized warehouse is also part of our future plans.

We have also planned to increase working capital, in order facilitate better stock management. Work on reducing cost of goods sold has been an ongoing process. Ensuring regular sea freight shipments and by executing monthly orders will help reduce costs and ensure availability. We will also continue working to increase our product range across related segments Staff productivity will be improved through increased skills development programs and implementing effective measures on monitoring employee performance. Greater presence on online media and social media with mechanisms to capitalize on leads generated on various platforms, is planned for the year. At the same time, brand and product awareness will be enhanced through webinars, high impact sales promotions and a concerted effort on direct marketing trips, once restrictions relating to Covid-19 are eased.

DOCKING & ENGINEERING

The marine transport sector is expanding, and along with it the demand for docking and marine engineering services has increased during the last several years. There are an estimated 15,868 fibre and wooden vessels and 384 steel vessels in operation in Maldives. These vessels cater to the shipping and logistics industry, tourism, transport and the fisheries sectors.

In today's marine transport operations, the focus is on preventive maintenance subsequently increasing the need for docking and maintenance services. However, the number of docking service providers has not increased along with the demand. While our focus remains on ensuring smooth operations of our transport fleet of 54 vessels in order to offer efficiencies for Company's core businesses, the opportunities that exist in the docking sector has continued to increase.

We have planned to introduce airbags to cater to vessels over 200T, acquire additional machinery to provide more value-added services and establish a hardware shop on site during 2021. In order to improve efficiency and expand our services, plans for the short to medium term include improving the slipway, expanding the boat hoist area and introducing rental services. Focus on the boat building segment will also be given, beginning with the construction of small ferries and barges. Marine consultancy and surveying services will also be introduced as part of our diversification program.

Our work to ensure quality of our services will continue. Specialist staff recruitment, replacing old machinery, introduction of new technology will be part of on an ongoing process. Achieving GL Class certification and maintaining our ISO 9001 2015 certification are part of our objectives in this area.

While catering to the local requirement, the company plans to invest in the development of an international dockyard in a strategic location of the country to cater to international and regional demand for docking services.

TRANSPORT

We have been providing public transport services since 2001. However, for the last nineteen years the segment has been operating on a loss, which has been gradually increasing due to expansion of our services to serve the growing population, under a controlled-price regime. Since 2020, the government has agreed to subsidize the provision of public transport services provided by the Company.

The Company has a monopoly in most of existing transport services, and thousands of people use our services on a daily basis. This opens the door to expand our businesses and introduce new revenue streams such as advertising at our terminals and ferries.

Areas of transport services designated for expansion include contracted sea and land transfer services for the tourism sector and charter services to the corporate and public segments. Speed ferry services in the Greater Male' Area and speed ferries in the atolls will also be introduced to capture the niche segment of the market and to offer greater convenience during peak hours. Investments will be made to expand our fleet of land transport vehicles and speedboats in order to accommodate these additional services.

Other programs that are planned for implementation during the short term include Hulhumale' Phase 2 transport services, Male' minibus services and Villingili mibinbus services. With the construction of the bridge connecting Male' with the western islands of the Greater Male' Region, the Company also expects to provide transport to islands connected by the bridge. Land transport services will also be introduced in major population centres outside the Greater Male' Region. The introduction of cargo ferry services to the atolls will not only offer a much-needed service but is also major segment that will help us in achieving our internal objectives. Development of terminals and establishment of transport hubs and service centres will facilitate the expanded operations.

LOGISTICS

The logistics operations of the Company are almost totally focused on providing support to dredging, infrastructure and construction projects of the Company and is a core component in the successful execution of the Company's key projects. The main objective of the operation is timeline delivery of materials and equipment to project sites. The division's scope of operations includes domestic and international shipping of materials, provision of logistics required for dredging projects and ship agency services.

We expect to increase our annual carrying capacity by 78% during 2021. This will be achieved with the addition of a new barge and tug to our fleet and by reducing our vessel turnaround time by 15 to 20 days. With the projected increase in our carrying capacity during the year, we will be able meet over 54% of the estimated delivery of 528,730 tons of rock boulder for various projects projected for the year.

In addition to the procurement of a new barge and tug, a work boat will be added to the fleet to maximize operational efficiency of the expanded fleet. Several steps will be taken to reduce cost of operations and gain operational efficiencies. This includes implementation of fuel monitoring mechanism and installing water purification systems in vessels to reduce costs, establishing procedures to ensure coordination with and feedback from other operational divisions and procedures for service requests and scheduling of logistics service required for various projects. Furthermore, standard operating procedures will be developed and implemented for vessel operations. Efficiency will be further enhanced through implementation of an onboard inventory system, regular onboard repairs and review of voyage performance.

Idle time of vessels will be reduced through maintaining critical spares for all vessels, procurement of additional equipment to support logistics operations and through strict adherence to a preventive maintenance plan.

Share Performance

Shareholding Structure

In 2020, there were no changes in the share structure of the Company.

64.2% **MVR 5,160,360**
Government

31.15% **MVR 2,503,469**
General Public

4.65% **MVR 373,920**
Maldives National Shipping Ltd

Total Number of Shares

8,037,749

Face Value of Shares

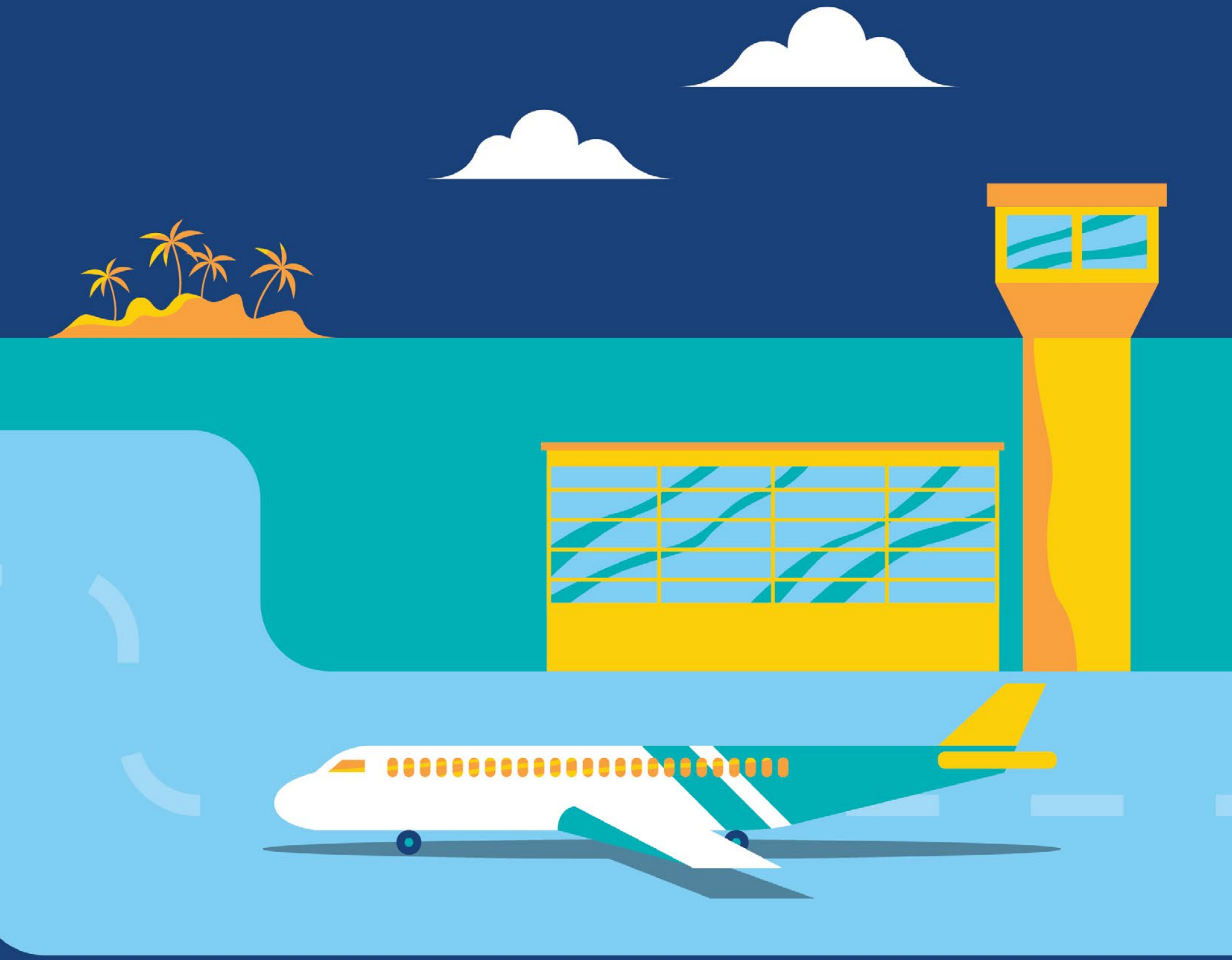
MVR 5 per share

Proposed DIVIDEND MVR/Share 2020

MVR 3.00

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

	2018	2019	2020
Lowest traded price (MVR)	45	16	23
Highest traded price (MVR)	155	45	40
Last traded price (MVR)	45	20	40
Last traded date	03/12/2018	26/12/2019	22/12/2020
Weighted average traded price (MVR)	53.43	21.66	36.16
No. of trades	13	33	58
No. of shares traded	956	18,318	1,914
Value of shares	51,080	396,840	69,216
Market capitalization (MVR millions)	361.70	160.76	321.51



Directors Governance Report

CORPORATE GOVERNANCE REPORT

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

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

Board Charter

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

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

Board Composition

Article 63 of the Articles of Association (AOA) of the Company states that the Board shall consists of 07 directors, from which 02 directors are to be elected by the public shareholders at the annual general meeting. As defined in CMDA's Corporate Governance Code, the Board of Directors represents a mix of Executive, Non- Executive and Independent Directors.

The year 2020 began with the following members of the Board of Directors.

Mr. Mohamed Faheem Chairperson Non-Executive Director	****Mr. Hassan Shah** Chief Executive Officer Executive Director	***Mr. Adam Azim** Chief Executive Officer Executive Director
Mr. Shahid Hussain Moosa Chief Operating Officer Executive Director	**Mr. Abdullah Shaairu** Executive Director	**Mr. Sinaan Ali** Non-Executive Director
Mr. Ahmed Aboobakuru Non-Executive Director	**Mr. Fathuhulla Ismail** Non-Executive Director	**Uz. Mohamed Fareed** Non-Executive Director

*** Mr. Hassan Shah resigned from the post of Chief Executive officer on 21st January 2020*
**Mr. Adam Azim was appointed as the Chief Executive Officer effective from 21st January 2020.*

The Board of Directors were reconstituted at the Annual General Meeting held on 27th September 2020 as follows.

Mr. Mohamed Faheem Chairperson Non-Executive Director	**Mr. Adam Azim** Chief Executive Officer Executive Director	**Mr. Shahid Hussain Moosa** Chief Operating Officer Executive Director
Mr. Sinaan Ali Non-Executive Director	**Uz. Mohamed Fareed** Non-Executive Director	**Mr. Nasrath Mohamed** Non-Executive Director

In the same year the Board of Directors were reconstituted during the Extraordinary General Meeting held on 15th November 2020 as follows.

Mr. Mohamed Faheem Chairperson Non-Executive Director	**Mr. Adam Azim** Chief Executive Officer Executive Director	**Mr. Shahid Hussain Moosa** Chief Operating Officer Executive Director
Mr. Sinaan Ali Non-Executive Director	**Uz. Mohamed Fareed** Non-Executive Director	**Mr. Nasrath Mohamed** Non-Executive Director
Mr. Mohamed Imran Adnan Non-Executive Director		

Board Meetings

The Board of Directors held a total 34 Board meetings during the year 2020, along with one Annual General Meeting, Extraordinary General Meeting and Non-Executive Board Directors Meeting. The Company Secretary drafts the agenda for each meeting in consultation with Chairman and Chief Executive Officer.

Attendance of Board of Directors Meetings in the year 2020

Name	Designation	Attendance
Mr. Mohamed Faheem	Non-Executive Director	33/34
Mr. Adam Azim	Executive Director/Chief Executive Officer	33/33
Mr. Shahid Hussain Moosa	Chief Operating Officer	34/34
Mr. Hassan Shah[1]	Executive Director	1/1
Mr. Sinaan Ali	Non-Executive Director	34/34
Mr. Abdulla Shairu[2]	Non-Executive Director	2/2
Mr. Fathulla Ismail	Non-Executive Director	17/23
Mr. Ahmed Aboobakuru	Non-Executive Director	22/23
Mr. Nasrath Mohamed[3]	Non-Executive Director	10/11
Mr. Mohamed Imran Adnan[4]	Non-Executive Director	6/6
Uz. Mohamed Fareed	Non-Executive Director	21/21

[1]Resigned on 21st January 2020.
[2]Resigned 22nd January 2020.
[3]Appointed to the board at the AGM on 27th September 2020
[4]Appointed to the board at the EGM on 15th November 2020

Key Decisions

The Board facilitates financial, physical, and human resources for business requirements while establishing, assessing and monitoring internal controls to identify and manage risks of the Company. The Board ensures that the Company's businesses maintain and improve sustainability and profitability from year to year.

The Board continued to review monthly and quarterly financial performance. A risk function was established, and a full-time Chief Risk Officer was appointed during the year. Chief Risk Officer evaluates the execution of risk management practices in the Company. Risk assessment and management procedures were discussed in the Board. The Board of Directors also reviews the reports related to the Company's internal controls and monitoring controls submitted to the Board by the Chief Internal Auditor.

- Revised company structure
- Approved SOE Bonus Policy
- Approved Marketing and Public Relations Policy
- Approved amendments to Procurement Policy
- Approved to revise the Board Evaluation Policy
- Approved Financial Statements of 2019
- Approved International Maritime Policy
- Approved Leave Policy
- Approved MTCC Standard Classification of Occupation Guideline
- Approved Quality Management System Manual
- Approved Password Policy
- Approved Dividend Policy
- Approved Corporate Credit Card Policy
- Approved Inventory Management Policy
- Appointed Heads of Department to Procurement, Information Communication and Technology, Company Secretary, CEO Bureau, Human Resources, Internal Audit, Legal Affairs, Finance, Business Development and Administration, Construction and Dredging, Trading, Repair and Maintenance, Engineering and Docking, Logistics Operations and Transport Services Division.
- Revised Board appointments to Airports Investment Maldives Pvt. Ltd. and Maldives Real Estate Investment Corporation Pvt. Ltd.
- Recommended precautionary measures to be taken by the Company during the Covid 19 pandemic.
- Held strategic discussions with management regarding 2021 business plan.

Board Development

In the year 2020, the Board Induction Program was designed by the Company Secretariat as per the Board Training and Induction Policy of the Company. A full-day program was carried out to all the Directors to familiarize them on the Company's governance, policies, and functions. As part of this program all the Directors visited the key sites of the Company to understand the Company's operations better.

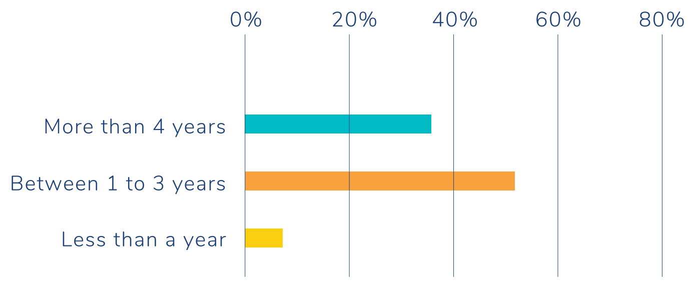
Directors attended 9 various training programs during the year and covered key modules such as financial strategy, building a high performing board, corporate finance, contracts management, effective leadership, and people management.

Independence

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

Tenure

Board Directors are appointed or elected at an Annual General meeting, and their term of service lasts until the next Annual General Meeting of the Company. Furthermore, as per clause 70 of the Articles of Association, Non-executive Directors can serve as a member of the Board for a maximum of six terms consecutively.



Prohibition of Insider Trading

In accordance with the Capital Market Development Authority's Policy on Prohibition of Insider Trading, and the Securities Act (02/2006), the Company has established its Insider Trading Policy effective from October 2018. With this policy in place, the Company ensures restriction of any purchase or sale of company securities using non-public and strategic information of the Company. Insider trading is an illegal practice involving the use of price sensitive information that is crucial for investment decisions, for buying and selling Company securities. Any member of the Company with access to non-public information regarding the Company's securities may not be involved in any kind of trading of Company securities.

Relationship with Shareholders

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

2019 Annual General Meeting

The Annual General Meeting provides the opportunity for all shareholders to exercise their powers and rights in important matters relating to the Company. Each shareholder is entitled to be present (or be represented by proxy) and exercise the right to vote according to the number of shares they hold.

All shareholders are provided with the opportunity to share their views and question the Board and the management on matters related to the Company, at the annual general meeting.

The platform used for AGM and EGM was "FahiVote", an Electronic General Meeting Management System by Maldives Securities Depository.

Due to the Covid 19 pandemic, Capital Market Development Authority granted an extension to publish annual accounts and to hold the Annual General Meeting. Hence the 2019 Annual General Meeting was held via "FahiVote" on 27th September 2020.

Extraordinary General Meetings (EGM) was held on 15th November 2020 as a virtual meeting, considering the safety of shareholders and other stakeholders, due to the Covid-19 pandemic. The EGM was held via "FahiVote".

Major decisions made at the Annual General Meeting 2019;

- Approved the minutes of the 2018 Annual General Meeting.
- Approved the Director's Report for 2019.
- Approved the Company's Audited Balance Sheet and Profit and Loss Statements for 2019.
- Approved the proposal made by the Board of Directors on the distribution of dividends to shareholders for the year 2019.
- Approved PricewaterhouseCoopers (PwC) as the external auditors of the Company for 2020.
- Appointment of Directors for the year until the next Annual General Meeting.

Financial Statements

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

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

Declaration of Dividend for 2020

In accordance with the Company's Dividend Policy, the board of Directors resolved to declare a final dividend of MVR24,113,247 which equates to MVR3.00 per share for the year 2020.

Declaration and Future Outlook

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

The Board of Directors declare that the Annual Report is prepared in accordance with the Corporate Governance Code of Capital Market Development Authority, Continuing Disclosure Obligation of Issuers Regulation (2019/R-1050), Articles of Association of MTCC, Listing Rules of Maldives Stock Exchange, Securities' Act (2/2006) and the Company's Act (10/96).

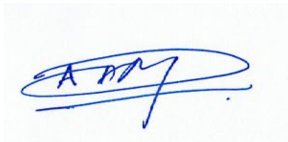
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with all applicable laws and regulations as mentioned above, in order to fulfill the interest of all shareholders, while creating the best value for the Company's Shareholders.

The strategic business plan of the Company is carefully reviewed by the Board of Directors. The strategic objective of the Company is to shape and transform the Company's businesses for long-term competitiveness and profitability.

Further, the Company aims to invest in areas that will ensure sustainability of the Company's businesses. The Board of Directors is confident that the Company has enough resources to continue its operation for the foreseeable future. Accordingly, the Company will continue to adopt the going concern basis in preparing the financial statements.

Date

Mohamed Faheem
Chairman



Adam Azim
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

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

Key Roles and Responsibilities

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

- The integrity of the financial statements and the Company's financial reporting processes.

- The independent auditor's qualifications and independence.

- The performance of the Company's internal audit function and independent auditors.

- Compliance by the Company with legal and regulatory requirements.

- To assure that there is in place, an effective system of controls designed to reasonably safeguard assets and income of the Company

- Maintain compliance with Company's ethical standards, policies, plans and procedures

- Guidelines, policies and processes for identifying, monitoring and mitigating risks.

Composition and attendance

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

During the year 2020, the Audit and Risk Committee held 31 meetings. The Chief Internal Auditor, Chief Executive Officer, Chief Financial Officer, and other key personnel of the management attended meetings as and when required by the Committee.

Mr. Ahmed Aboobakuru
(Chairman until 27th September 2020)
22/22

Uz. Mohamed Fareed
(Chairman from 20th October 2020 until 29th November 2020)
8/9

Mr. Mohamed Imran Adnan
(Chairman after 29th November 2020)
4/4

Mr. Sinaan Ali
31/31

Mr. Fathulla Ismail
Term ended on 27th September 2020
17/23

Mr. Abdulla Shairu
Resigned on 22nd January 2020
1/1

Mr. Nasrath Mohamed
9/9

Key Decisions

• Reviewed the Audited Financial Statements of the year 2019 and submitted to the Board for approval.

• Submitted the Committees' recommendation to the Board, regarding the dividend for the year 2019.

• Reviewed quarterly reports and monthly financial performance and submitted to the Board for approval with committees' recommendations.

• Discussed Risk Management Strategy and Action Plan.

• Approved the Internal Audit Plan for the year 2020.

• Approved the Internal Audit Division Manual.

• Reviewed internal audit reports relating to important projects, business functions and other important issues, and submitted Committees' recommendations to the Board.

• Appointment of External Auditors for the year 2020.

• Reviewed Corporate Credit Card Policy.

• Reviewed Dividend Policy.

• Reviewed Inventory Management Policy.

Internal Control

The Audit and Risk Committee constantly reviews the measures established for financial and operational controls, strategies and policies of risk management and compliance of the Company. During the year, process audits, special audits and surprise audits were conducted to identify and take steps to mitigate risks and improve the internal controls established in the Company.

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

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

External Audit

PricewaterhouseCoopers were confirmed as company's External Auditors with the approval of shareholders in the Annual General Meeting held on 27th September 2020.

Risk Management in 2020

During the year the Board of Directors committed to implement an effective Risk Management Strategy. To mitigate and manage the emerging and existing risks within the business and the Company, a fulltime Chief Risk Officer was appointed in 2020, assigned with the responsibility of developing and implementing a risk management strategy, conducting regular risk assessment plans, performing risk evaluation and analyzing and reporting external risk. The risk management plan and the implementation plan are being prepared by the Chief Risk Officer.

On behalf of Audit and Risk Committee

Mohamed Imran Adnan
Chairman
Audit and Risk Committee

CORPORATE GOVERNANCE AND COMPLIANCE COMMITTEE REPORT

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

Key Roles and Responsibilities

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

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

Composition and Attendance

The Corporate Governance and Compliance Committee consists of four Non-Executive Directors, the majority of which are Independent Directors. During the year, the Committee held a total of 07 meetings

Mr. Abdulla Shairu
(Chairman until 22nd January 2020)
Resigned on 22nd January 2020

0/0

Mr. Sinaan Ali
(Chairman from 17th March 2020 until 21st July 2020)

7/7

Uz. Mohamed Fareed
(Chairman from 23rd July 2020 until 04th Oct 2020 / Chairman after 18th Nov 2020)

4/4

Mr. Fathulla Ismail
Term ended on 27th September 2020

2/3

Mr. Ahmed Aboobakuru
Term ended on 27th September 2020

4/6

Mr. Mohamed Imran Adnan

1/1

Mr. Nasrath Mohamed
Chairman from 04th Oct 2020
until 18th Nov 2020

1/1

Key Decisions

• The Committee reviewed the following policies during the year, amendments were recommended to the Board, and approved by the Board of Directors

- Board Evaluation Policy
- Password Policy
- Quality Manual

• Discussed the drafts on establishing Whistleblower Policy.

• The Committee reviewed MTCC Board Committees Charters, amendments were recommended to the Board, and approved by the Board of Directors.

• Reviewed and deliberated on the amendments proposed to the Articles of Association (AOA) of MTCC.

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

On behalf of Corporate Governance and Compliance Committee

Uz. Mohamed Fareed
Chairman
Corporate Governance and Compliance Committee

NOMINATION AND REMUNERATION COMMITTEE REPORT

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

Key Roles and Responsibilities

• Developing policies on employee remuneration and determining the structure and the amount of remuneration packages of individual Directors and general employees of the Company. In determining such policy, no Director or manager shall be involved in any decisions relating to their own remuneration and the committee shall consider relevant legal and regulatory requirements, the provisions and recommendations of the Capital Market Development Authority's Governance Code and guidance related to such matters.

• Review the pertinence and relevance of the existing remuneration policy.

• Approve the design of and determine targets for any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

• Establish the Pension Policy of the Company and organize matters related to pensions in compliance with the law.

• Ensure that payments made to employees upon termination from employment as agreed in the employment contract, are fair to the employee terminated, and the Company.

• Oversee any major changes in employee benefit structures throughout the Company.

• Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board regarding any changes.

• Work to ensure that a plan of succession is in place for Directors and senior executive, taking into consideration, the challenges, and opportunities that the Company may face in the future and the skill and capability required of Directors and senior executives.

• Keep up to date and fully informed of changes to strategic matters and the business environment that could affect the Company and the markets in which it operates.

• Identify and submit to the Board for approval, candidates to fill Board vacancies as and when they arise.

• Develop and implement a conflict of interest policy applicable to Directors, executives and employees of the Company.

• Ensure that Directors disclose personal business interests that may give rise to conflict of interests with the Company.

• Evaluate the performance of the Board regularly.

Composition and Attendance

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

The Nominating and Remuneration Committee consists of four Non-Executive Directors.

The committee held 23 meetings in the year 2020

Mr. Sinaan Ali
Chairman
23/23

Mr. Fathulla Ismail
Term ended on 27th September 2020
5/6

Mr. Ahmed Aboobakuru
Term ended on 27th September 2020
16/18

Mr. Mohamed Imran Adnan
2/2

Mr. Nasrath Mohamed
5/5

Uz. Mohamed Fareed
16/17

Mr. Abdullah Shaairu
0/0

Key Decisions

- Evaluated and made recommendation on government nominated director to the Board.
- Evaluated and made recommendations on public directorship to the Board.
- Reviewed directors application form and Board Candidacy Policy.
- Reviewed Leave policy and Procedure.
- Reviewed International Maritime Policy.
- Reviewed Committee Charter.
- Reviewed Shareholders proxy guideline and made recommendations to the Board.
- Reviewed the Company's Organizational Structure and submitted the Committee's recommendations to the Board.
- Discussed the drafts on establishing Directors Benefit Policy.

Board Evaluation

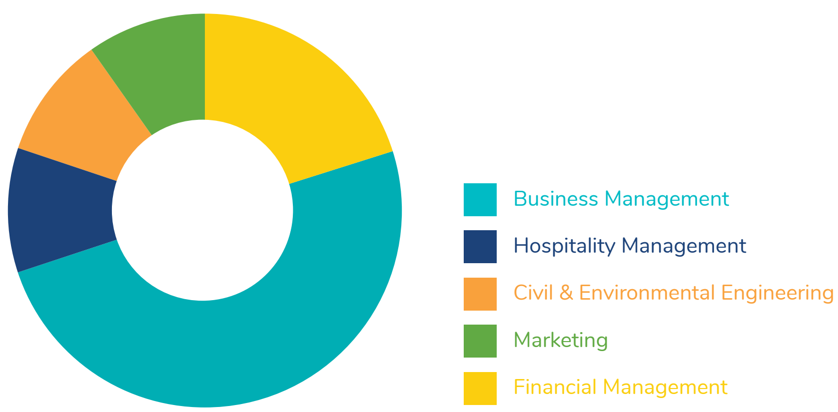
In accordance with clause 2.2 of the Corporate Governance Code the Company has a policy in place to govern the Evaluation of Board of Directors. As per the Board Evaluation Policy, the performance evaluation of the Chairman, Board of Directors, Chief Executive Officer, Committees of the Board and Company Secretary was conducted for the year 2020.

On behalf of Nomination and Remuneration Committee

Sinaan Ali
Chairman
Nomination and Remuneration Committee

Board Diversity

The Company's Board comprises of and qualified and diverse set of experts with members from different professional and academic backgrounds. As of today, the board has 7 male Directors.



REMUNERATION REPORT

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

The Board of Directors endeavors to ensure that the remunerations paid by the Company are kept at a moderate level. However, in determining salaries and incentives of the Company the Board considers trends and references of remuneration applied in the market by companies of similar size that perform similar businesses and ensure that they are in line with best practices. The Board of Directors are remunerated as per clause 73 of the Articles of Association of the Company, which states that the remuneration and fees of Directors shall be approved by shareholders at the Annual General Meeting.

As approved in the Annual General Meeting 2014, the remuneration of Board Directors comprises of MVR 10,000 paid as monthly salary and MVR 500 as sitting allowance for each meeting of the Board and Committees of the Board. In addition to the remuneration package as a Board Director, the Chairman also receives Chairman Allowance of MVR 7,000.

Directors do not receive any remunerations in addition to those approved at the Annual General Meeting. The Board of Directors receive medical insurance under the Medical Insurance Scheme of the Company.

Remunerations paid to Executive Directors of the Board are paid over and above the remunerations they receive from their employment at the Company. The Chief Executive Officer/ Executive Director of the Company also serves as the Chairman of the Board of Maldives Real Estate Investment Corporation Private Limited, a subsidiary in which the Company owns 100% of its shares. The Chief Executive Officer/ Executive Director is entitled to the remunerations paid for Chairman and Directors of the Board of Maldives Real Estate Investment Corporation Private Limited.

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

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

Total Remunerations paid to Directors of the Board in 2020 is MVR. 1,054,451.59 . The amount paid to Directors during the year 2020 was 948,451.59, while MVR. 106,000 for December 2019 was paid in January 2020

Details of remunerations paid to Directors of the Board in 2020

MVR 212,467.74 **Mr. Mohamed Faheem** Chairperson /Non-Executive Director	**MVR 6,951.61** **Mr.Hassan Shah** Executive Director	**MVR 92,000** **Mr. Adam Azim** Executive Director
MVR 98,951.61 **Mr. Shahid Hussain Moosa** Non-Executive Director	**MVR 161,951.61** **Mr. Sinaan Ali** Non-Executive Director	**MVR 8,274.19** **Mr. Abdulla Shairu** Non-Executive Director
MVR 118,500 **Mr. Ahmed Aboobakuru** Non-Executive Director	**MVR 110,500** **Mr. Fathulla Ismail** Non-Executive Director	**MVR 82,118.28** **Uz. Mohamed Fareed** Non-Executive Director
MVR 39,784.94 **Mr.Nasrath Mohamed** Non-Executive Director	**MVR 16,951.61** **Mr. Mohamed Imran Adnan** Non-Executive Director	

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

The top management of the Company consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, General Managers and Assistant General Managers. The remunerations of members of top management have been established as per the Company's Salary and Benefits Policy. The remuneration package of the members of the top management is reviewed by the Nominating and Remuneration Committee and approved by the Board of Directors. The remuneration package of members of the top management comprises of a monthly basic salary and allowances.

In 2020 the aggregate remuneration paid to members of the top management amounts to MVR 9,543,962.54

Audited Financial Statements

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Independent auditor's report

To the Shareholders of Maldives Transport and Contracting Company PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Maldives Transport and Contracting Company PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("the Group") give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

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

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

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

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Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T. U. Jayasinghe FCA
Resident Partner Jatindra Bhattray FCA

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Key audit matters

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

The Company and Group:

Key audit matter	How our audit addressed the Key audit matter
Construction contract revenue	
Refer to the significant accounting policy notes 2.12 and 2.23 to the financial statements.	Specific work that we performed on the estimated contract costs used to calculate percentage completion of construction and dredging contracts determined by the management included the following:
The revenues from construction and dredging contracts are recognised over time. These contracts executed by the Group 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 1,115,781,650 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 may result in over/understatement of revenue and, therefore we identified the recognition of revenue from construction and dredging contracts as a key audit matter.	- We understood the budgetary process for individual contracts, the inbuilt controls and checked the effectiveness of the relevant controls, over the process. - Checked the reliability of the budgeted costs by comparing the actual costs of selected contracts completed during the year with the respective budgets. - Checked the approved summary of contract budgets on a sample basis with reference to the detailed bills of quantity (BOQ), estimated labour hours and related costs and other overhead costs. Based on the work performed we found that the process followed by the Company to estimate future costs of contracts used to calculate percentage completion of construction and dredging contracts is reliable and the estimated costs are reasonable.

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Key audit matter	How our audit addressed the Key audit matter
Impairment of trade receivables, receivables from related parties, contract assets and retention receivable	
Refer to significant accounting policy Note 2.10 (iv) and Note 3.1 to the financial statements.	Our audit of this matter included the following:
As at 31 December 2020 the Group's trade receivables, receivables from related parties, contract assets and retention receivable amounted to MVR 821,819,938 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 96,815,312 as at 31 December 2020.	- 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 matched the outstanding balances with the general ledger.
Impairment provision is calculated using statistical methods and historical collection trends adjusted for forward looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 3.1. We considered the calculation of impairment provision as a key audit matter as it is a complex area and require management to make significant estimates and assumptions on customer payment behaviors and the amount of impairment provision is significant.	- Checked the accuracy of the data considering individual contract assets, retention receivable, receivables from related parties and trade receivable balances and the aging of such balances on a sample basis, to determine whether management's identification of assets requiring impairment allowance was appropriate. - We tested the key underlying assumptions used by evaluating the process by which those were drawn up and their sources. We also checked the sensitivity of the forward-looking information used in calculation of expected credit losses. - We checked the appropriateness of the methodology applied in the determination of impairment provision calculation by referencing to the requirements of *IFRS 9, Financial instruments; recognition and measurement*, and tested the worksheet formulas and logic including mathematical accuracy of management's model used to calculate the impairment provision. Based on the work performed we found the methodologies and assumptions used by the management to calculate impairment provision to be appropriate.

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Key audit matter	How our audit addressed the Key audit matter
Recoverable amount of Cash Generating Unit - transport business	
Refer to Note 6 to the financial statements.	The procedures we performed in relation to the estimation of value-in-use of the underlying assets of the CGU included the following
The transport division, a separate Cash Generating Unit ("CGU") of the Group having property, plant and equipment with carrying amount of MVR 53,407,274 as at 31 December 2020 had not been earning operating profit for several years. Further the revenue generated by the CGU from ferry services, from Male` to Hulhumale` and Huluhule have been adversely affected after construction of Sina-Male` bridge. Management considered these as impairment indicators and performed impairment assessment on the carrying value of the CGU assets. The recoverable amount of the CGU's underlying assets was measured based on value-in-use.	- Checked on a sample basis the accuracy and relevance of the input data used by the management to estimate future cash flow projections. - Evaluated the appropriateness of the management's cash flow projection, reasonability of key assumptions, and information used by the management and involved our valuation expert in this process. - Compared the value in use against the carrying amount of the property, plant and equipment of the transport division to determine recoverable amount.
Accordingly, the management estimated the value-in-use of the underlying assets of the CGU by estimating the future cash inflows and outflows derived from the continued use of the assets using appropriate discount rates. As estimation of such cash flows involve significant judgements and assumptions, we considered estimation of value-in-use of the underlying assets of the transport division for determining recoverable amount as a key audit matter.	- Considered the potential impact of reasonably possible downside changes in key assumptions used in cash flow projections to estimate value in use. Based on the work performed, we found that the estimation of value-in-use to determine recoverable amount had been based on reasonable assumptions.

Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2020 (but does not include the financial statements and our auditor's report thereon).

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jatindra Bhattray.

MALE`

29 April 2021

For PRICEWATERHOUSECOOPERS

Jatindra Bhattray
Partner

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

Statement of financial position

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
	Note	**2020**	**2019**	**2020**	**2019**
ASSETS					
Non-current assets					
Property, plant and equipment	6	803,949,808	812,105,625	803,949,808	812,285,904
Investment properties	6.1	22,535,631	28,727,216	25,879,225	29,099,877
Right-of-use assets	6.2	43,142,122	33,313,200	43,142,122	33,313,200
Intangible assets	7	26,140,072	23,302,296	26,140,072	23,302,296
Investment in subsidiary	8	-	-	5,148,840	7,102,500
Financial assets at fair value through other comprehensive income	9	47,105,640	54,774,000	47,105,640	54,774,000
Deferred tax assets	10	69,236,294	61,146,872	69,236,294	60,925,933
Trade and other receivables	11	10,513,238	6,915,879	10,513,238	6,915,879
		1,022,622,805	1,020,285,088	1,031,115,239	1,027,719,589
Current assets					
Inventories	12	324,945,079	287,546,270	324,945,079	285,271,351
Trade and other receivables	11	840,030,497	754,381,030	832,625,807	772,110,136
Contract assets	11	172,569,673	86,634,804	172,569,673	86,634,804
Cash and cash equivalents	13	120,292,517	44,252,085	119,344,562	40,612,345
		1,457,837,766	1,172,814,189	1,449,485,121	1,184,628,636
Total assets		2,480,460,571	2,193,099,277	2,480,600,360	2,212,348,225
EQUITY AND LIABILITIES					
Equity					
Share capital	14	40,188,745	40,188,745	40,188,745	40,188,745
Share premium	14	173,151,693	173,151,693	173,151,693	173,151,693
General reserve	14	225,000,000	225,000,000	225,000,000	225,000,000
Fair value reserves	14	38,008,888	44,526,994	38,008,888	44,526,994
Retained earnings		689,171,150	508,048,948	692,514,742	515,032,920
Total equity		1,165,520,476	990,916,380	1,168,864,068	997,900,352
Liabilities					
Non-current liabilities					
Borrowings	15	228,803,713	227,175,017	228,803,713	227,175,017
Shareholder loan	16	106,500,000	87,000,000	106,500,000	87,000,000
Lease liabilities	6.2	35,269,823	23,201,413	35,269,823	23,201,413
Employee retirement benefit	17	30,474,704	28,919,691	30,474,704	27,832,751
		401,048,240	366,296,121	401,048,240	365,209,181
Current liabilities					
Borrowings	15	89,937,663	108,434,632	89,937,663	108,434,632
Shareholder loan	16	120,000,000	146,000,000	120,000,000	146,000,000
Lease liabilities	6.2	16,937,668	11,193,785	16,937,668	11,193,785
Trade and other payables	17	558,943,601	507,152,151	556,174,964	524,266,059
Income tax payable	22	32,498,832	3,473,950	32,512,549	3,484,350
Contract liabilities	17	95,574,091	59,632,258	95,125,208	55,859,866
		913,891,855	835,886,776	910,688,052	849,238,692
Total liabilities		1,314,940,095	1,202,182,897	1,311,736,292	1,214,447,873
Total equity and liabilities		2,480,460,571	2,193,099,277	2,480,600,360	2,212,348,225

These financial statements were approved by the Board of Directors on 28th April 2021

Chairman	Chairman - Audit & Risk Committee	Chief Executive Officer	Chief Financial Officer
Mohamed Faheem	Mohamed Imran Adnan	Adam Azim	Waseem Akram

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Statement of profit or loss

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
		2020	**2019**	**2020**	**2019**
	Note				
Revenue from contracts with customers	5	1,377,370,909	1,153,034,435	1,360,554,874	1,137,135,255
Cost of sales	19	(1,060,766,307)	(998,724,548)	(1,052,259,738)	(981,270,731)
Gross profit		316,604,602	154,309,887	308,295,136	155,864,524
Other income	18	132,018,746	120,519,587	132,018,746	120,519,587
Selling and marketing expenses	19	(7,807,786)	(9,874,841)	(7,807,786)	(9,874,841)
Administrative expenses	19	(135,188,575)	(125,179,421)	(130,850,604)	(127,307,978)
Impairment loss on financial / contract assets	19	(6,875,607)	(18,799,032)	(6,875,607)	(18,799,032)
Other operating expenses	19	(26,861,352)	(14,653,076)	(26,861,352)	(14,653,076)
Operating profit		271,890,028	106,323,104	267,918,533	105,749,184
Finance income	21	134,439	125,445	134,439	125,445
Finance costs	21	(47,304,633)	(42,794,020)	(47,304,633)	(42,794,020)
Profit before tax		224,719,834	63,654,529	220,748,339	63,080,609
Tax expense	22	(34,027,811)	(10,335,898)	(33,696,696)	(10,204,692)
Profit after tax for the year		190,692,023	53,318,631	187,051,643	52,875,917
Earnings per share	23	23.72	6.63	23.27	6.58

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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Statement of comprehensive income

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
		2020	2019	2020	2019
	Note				
Profit after tax for the year		190,692,023	53,318,631	187,051,643	52,875,917
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Re-measurements of retirement benefit obligations	17	7,653,738	1,362,511	7,653,738	1,163,279
Changes in the fair value of equity investments at fair value through other comprehensive income	9	(7,668,360)	10,954,800	(7,668,360)	10,954,800
Related tax	10	2,193	(1,847,597)	2,193	(1,817,712)
Other comprehensive (loss) / income for the year, net of tax		(12,429)	10,469,714	(12,429)	10,300,367
Total comprehensive income for the year		190,679,594	63,788,345	187,039,214	63,176,284

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
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Statement of changes in equity - Group

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2019		40,188,745	173,151,693	225,000,000	35,215,414	453,572,183	927,128,035
Profit for the year		-	-	-	-	53,318,631	53,318,631
Other comprehensive income for the year		-	-	-	9,311,580	1,158,134	10,469,714
Total comprehensive loss for the year		-	-	-	9,311,580	54,476,765	63,788,345
Balance at 31 December 2019		40,188,745	173,151,693	225,000,000	44,526,994	508,048,948	990,916,380
Balance at 1 January 2020		40,188,745	173,151,693	225,000,000	44,526,994	508,048,948	990,916,380
Profit for the year		-	-	-	-	190,692,023	190,692,023
Other comprehensive (loss) / income for the year		-	-	-	(6,518,106)	6,505,677	(12,429)
Total comprehensive income for the year		-	-	-	(6,518,106)	197,197,700	190,679,594
Transactions with the owners							
Dividend declared	25	-	-	-	-	(16,075,498)	(16,075,498)
		-	-	-	-	(16,075,498)	(16,075,498)
Balance at 31 December 2020		40,188,745	173,151,693	225,000,000	38,008,888	689,171,150	1,165,520,476

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC
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Statement of changes in equity - Company

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Share capital	Share premium	General reserve	Fair value reserves	Retained earnings	Total
Balance at 1 January 2019		40,188,745	173,151,693	225,000,000	35,215,414	461,168,216	934,724,068
Profit for the year		-	-	-	-	52,875,917	52,875,917
Other comprehensive income for the year		-	-	-	9,311,580	988,787	10,300,367
Total comprehensive loss for the year		-	-	-	9,311,580	53,864,704	63,176,284
Balance at 31 December 2019		40,188,745	173,151,693	225,000,000	44,526,994	515,032,920	997,900,352
Balance at 1 January 2020		40,188,745	173,151,693	225,000,000	44,526,994	515,032,920	997,900,352
Profit for the year		-	-	-	-	187,051,643	187,051,643
Other comprehensive (loss) / income for the year		-	-	-	(6,518,106)	6,505,677	(12,429)
Total comprehensive income for the year		-	-	-	(6,518,106)	193,557,320	187,039,214
Transactions with the owners							
Dividend declared	25	-	-	-	-	(16,075,498)	(16,075,498)
		-	-	-	-	(16,075,498)	(16,075,498)
Balance at 31 December 2020		40,188,745	173,151,693	225,000,000	38,008,888	692,514,742	1,168,864,068

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Statement of cash flows

(all amounts in Maldivian Rufiyaa unless otherwise stated)

		Group		Company	
		Year ended 31 December			
	Note	**2020**	**2019**	**2020**	**2019**
Cash flows from operating activities					
Cash generated from operations	24	318,283,621	200,835,251	323,143,165	197,140,550
Interest paid		(38,030,447)	(39,302,744)	(38,030,447)	(39,302,744)
Lease interest paid		(5,749,376)	(4,758,053)	(5,749,376)	(4,758,053)
Retirement benefits paid	17	(1,126,640)	(1,376,240)	(684,840)	(1,227,140)
Income tax paid	22	(13,090,158)	(13,819,690)	(12,976,665)	(13,819,690)
Net cash generated from operating activities		260,287,000	141,578,524	265,701,837	138,032,923
Cash flows from investing activities					
Investments in property, plant and equipment	6	(144,798,550)	(58,554,641)	(144,798,550)	(58,464,294)
Investments in intangible assets	7	(8,057,401)	(10,921,211)	(8,057,401)	(10,921,211)
Proceeds from sale of property, plant and equipment	24	3,369,643	220,755	646,591	220,755
Interest received		134,439	125,445	134,439	125,445
Dividends received		-	5,258,304	-	5,258,304
Net cash used in investing activities		(149,351,869)	(63,871,348)	(152,074,921)	(63,781,001)
Cash flows from financing activities					
Repayments of borrowings		(65,870,243)	(106,336,963)	(65,870,243)	(106,336,963)
Proceeds from borrowings		62,761,096	22,364,984	62,761,096	22,364,984
Principal elements of leases payments	6.2	(9,988,835)	(12,084,194)	(9,988,835)	(12,084,194)
Dividends paid to the shareholders		(1,537,591)	(4,558,301)	(1,537,591)	(4,558,301)
Net cash used in financing activities		(14,635,573)	(100,614,474)	(14,635,573)	(100,614,474)
Net increase / (decrease) in cash, cash equivalents and bank overdraft		96,299,558	(22,907,298)	98,991,343	(26,362,552)
Cash, cash equivalents and bank overdrafts at beginning of the year	13	22,820,356	45,727,654	19,180,616	45,543,168
Cash, cash equivalents and bank overdrafts at end of the year	13	119,119,914	22,820,356	118,171,959	19,180,616

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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Notes to the financial statements

(all amounts in Maldivian Rufiyaa unless otherwise stated)

1 General Information

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with IFRS

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

(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 2020:

- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
- Definition of material – Amendments to IAS 1 and IAS 8
- Revised Conceptual Framework for Financial Reporting
- Covid 19 related rent concessions – Amendment to IFRS 16

The amendments listed above didn't have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods except Covid 19 related rent concessions.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.2 Consolidation

Subsidiary

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

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

2.3 Segment reporting

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

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.4 Foreign currency translation (continued)

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

2.5 Property, plant and equipment

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

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

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

Land improvements and buildings	
Buildings (other than MTCC tower)	10 years
MTCC tower	25 years
Plant and machinery	
Plant and machinery	5 years
Excavators	5-7 years
Wheel loaders	5 years
Cranes	5 years
Motor vehicles	
Motor vehicles	5 years
Dump trucks	5 years
Vessels	
Dredging vessels	10-25 years
Vessels	5-10 years
Tug boats	5-10 years
Furniture and office/communication equipment	
Furniture and fittings	4 years
Office equipment	3 years
Sundry assets	
Tools	3 years
Other assets	3 years

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.5 Property, plant and equipment (continued)

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

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

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

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

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

2.6 Investment properties

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

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

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

2.7 Intangible assets

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

2.8 Impairment of assets

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.9 Leases

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

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

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

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

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

To determine the incremental borrowing rate, the group:

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

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

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

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

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

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.9 Leases (continued)

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

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

2.10 Investments and other financial assets

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

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

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.10 Investments and other financial assets (continued)

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

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

Equity instruments

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

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

(iv) Impairment

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

For trade receivables, contract assets and retention receivables the group applies the allowance Matrix approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For receivables under tawmil taksit credit scheme (Shariah compliant) group measures credit risk using staging method. See note 3 (iii) for further details.

2.11 Inventories

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

2.12 Construction contracts

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.12 Construction contracts (continued)

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

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

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

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

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

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

2.13 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 3 (iii) for a description of the group’s impairment policies.

2.14 Cash and cash equivalents

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

2.15 Employee benefits

(i) Short-term obligations

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.15 Employee benefits (continued)

(ii) Other long-term employee benefit obligations

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

Pension obligations

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

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

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

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

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

Defined contribution plan - pension contribution

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

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Dividend distribution

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

2.18 Borrowings and loans from shareholders

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

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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.19 Borrowing costs

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

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

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

2.20 Trade and other payables

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

2.21 Provisions

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

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

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

2.22 Current and deferred income tax

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

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

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

2.22 Current and deferred income tax (continued)

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

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

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

2.23 Revenue recognition

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

Performance obligations and revenue recognition policies

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

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

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

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

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2.23 Revenue recognition (continued)

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

The Group recognizes other income sources as follows:

(a) Interest income

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

(b) Dividend income

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

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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 12,983,443 (2019: MVR 8,740,889).

Financing components

The Company does not adjust any of the construction or dredging contract prices for the time value of money. As a consequence, there is no financing component included in any of the construction or dredging contract.

2.24 Comparatives

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

3 Financial risk management

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

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

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

3.1 Credit Risk

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

(i) Risk management

Credit risk is managed in the following manner.

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

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

(ii) Security

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

(iii) Impairment of financial assets

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

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

- contract assets relating to construction and dredging contracts

- retention receivable from contracts

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

Non-interest bearing trade and other receivable

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

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

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

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

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

Economic variable assumptions

The economic variable assumptions used for the ECL estimate as at 31 December 2020 are set out below:

	2021	2022	2023
GDP growth	12.70%	11.00%	7.50%

Sensitivity analysis

Set out below are the changes to the ECL on non-interest bearing trade and other receivables from its customers in government and corporate segments as at 31 December 2020 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 2020	106,022,873	105,738,258	105,469,897
Loss allowance as at 31 December 2019	103,442,251	97,925,671	93,350,734

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	MVR	**MVR**	**MVR**	**MVR**
Impairment loss on contract assets, trade and other receivables	6,875,607	18,799,032	6,875,607	18,799,032
	6,875,607	**18,799,032**	**6,875,607**	**18,799,032**

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Notes to the financial statements (continued)

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3 Financial risk management (continued)

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 industry in which customers operate.

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

	Group Carrying Amount		Company Carrying Amount	
	2020 MVR	2019 MVR	2020 MVR	2019 MVR
Trade receivables	196,817,988	156,220,341	183,434,905	144,410,724
Contract assets	172,569,673	86,634,804	172,569,673	86,634,804
Retention receivable from contracts	6,004,634	8,592,183	6,004,634	8,592,183
Receivables from related parties	446,427,643	434,907,332	446,621,925	458,936,690
Deposits	11,028,443	4,961,696	11,028,443	4,961,696
Other receivables	213,953,239	146,375,073	212,669,850	144,816,938
Cash at bank	120,216,175	36,711,944	119,294,562	33,112,494
	1,167,017,795	874,403,373	1,151,623,992	881,465,529

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.

	Group		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2020			
Not past due	1.27%	125,642,203	1,593,141
61-180 days	19.95%	5,187,272	1,035,088
181-365 days	25.00%	2,504,749	626,187
More than 365 days	48.59%	60,374,694	29,333,648
		193,708,918	**32,588,064**
As at 31 December 2019			
Not past due	2.41%	88,668,355	2,141,283
61-180 days	21.35%	5,864,924	1,252,434
181-365 days	25.00%	3,352,107	838,027
More than 365 days	54.33%	48,914,596	26,575,110
		146,799,982	**30,806,854**

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Notes to the financial statements (continued)

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3 Financial risk management (continued)

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

	Company		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2020			
Not past due	1.35%	118,043,231	1,593,141
61-180 days	19.95%	5,187,272	1,035,088
181-365 days	25.00%	2,504,749	626,187
More than 365 days	41.77%	53,307,194	22,266,146
		179,042,446	**25,520,562**
As at 31 December 2019			
Not past due	2.60%	82,368,103	2,141,283
61-180 days	21.35%	5,864,924	1,252,434
181-365 days	25.00%	3,352,107	838,027
More than 365 days	46.62%	41,847,096	19,507,610
		133,432,230	**23,739,354**

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 2020.

	Group		
	Weighted average loss rate	Gross carrying amount MVR	Loss allowance MVR
As at 31 December 2020			
1-60 days	0.39%	324,010,525	1,278,031
61-180 days	2.32%	47,021,805	1,092,769
181-365 days	26.00%	22,971,116	5,972,490
More than 365 days	43.24%	121,398,062	52,490,714
		515,401,508	**60,834,005**
As at 31 December 2019			
1-60 days	2.95%	294,546,607	8,682,349
61-180 days	6.60%	71,489,732	4,719,817
181-365 days	26.00%	9,263,933	2,408,623
More than 365 days	41.28%	96,048,679	39,652,241
		471,348,951	**55,463,030**

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Notes to the financial statements (continued)

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3 Financial risk management (continued)

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 2020.

	Company		
As at 31 December 2020	**Weighted average loss rate**	**Gross carrying amount MVR**	**Loss allowance MVR**
1-60 days	0.39%	324,204,807	1,278,031
61-180 days	2.32%	47,021,805	1,092,769
181-365 days	26.00%	22,971,116	5,972,490
More than 365 days	43.24%	121,398,062	52,490,714
		515,595,790	**60,834,005**
As at 31 December 2019			
1-60 days	2.73%	318,575,965	8,682,349
61-180 days	6.60%	71,489,732	4,719,817
181-365 days	26.00%	9,263,933	2,408,623
More than 365 days	41.28%	96,048,679	39,652,241
		495,378,309	**55,463,030**

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) 12 months expected credit	(Significant increase in credit risk since the initial recognition) Lifetime expected credit losses	(credit impaired assets) 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.

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3 Financial risk management (continued)

(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 2016 to 2020.

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

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

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

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

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

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3 Financial risk management (continued)

(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 :

	2020	**2021**	**2022**
GDP growth	12.70%	11.00%	7.50%

Economic variable assumptions used by the Company are as follows:

Stages	**Forward looking adjustment factor**
Stage 1	**51%**
Stage 2	**73%**

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

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

Sensitivity analysis

Set out below are the changes to the ECL on tawmil taksit credit scheme as at 31 December 2020 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 2020	3,394,064	3,393,243	3,392,422
Loss allowance as at 31 December 2019	4,337,046	4,330,223	4,319,705

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Notes to the financial statements (continued)

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3 Financial risk management (continued)

Loss allowance for tawmil taksit credit schemes

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

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

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

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

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

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

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

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

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1 January 2020	70,316	90,212	4,169,695	4,330,223
Transfers:				
Transfer from Stage 1 to Stage 2	(1,273)	69,979	-	68,706
Transfer from Stage 3 to Stage 2	-	-	(211,876)	(211,876)
Financial assets settled during the year	-	(10,185)	-	(10,185)
Transfer from Stage 2 to Stage 1	71,270	(3,583)	-	67,687
New financial assets originated	74,946	36,225		111,171
Other movements	(59,269)	72,822	(976,036)	(962,483)
Loss allowance at 31 December 2020	155,990	255,470	2,981,783	3,393,243

	Stage 1	Stage 2	Stage 3	
Receivables under tawmil taksit credit schemes	**12-month ECL**	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1 January 2019	447,196	169,612	1,888,962	2,505,770
Transfers:				
Transfer from Stage 1 to Stage 2	-	10,185	-	10,185
Transfer from Stage 1 to Stage 3	-	-	194,159	194,159
Transfer from Stage 2 to Stage 3	-	(169,612)	2,147,764	1,978,152
Transfer from Stage 3 to Stage 2	-	76,444	(267,553)	(191,109)
New financial assets originated	58,434	3,583	19,783	81,800
Other movements	(435,314)	-	186,580	(248,734)
Loss allowance at 31 December 2019	70,316	90,212	4,169,695	4,330,223

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Notes to the financial statements (continued)

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3 Financial risk management (continued)

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

Receivables under tawmil taksit credit schemes	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Gross carrying amount as at 1 January 2020	21,192,331	1,664,332	7,729,564	30,586,227
Transfers:				
Transfer from Stage 1 to Stage 2	(2,519,789)	1,850,263	-	(669,526)
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	862,274	(1,322,826)		(460,552)
Transfer from Stage 3 to Stage 2	-	1,611,552	(2,287,298)	(675,746)
New financial assets originated	-	1,459,459	-	1,459,459
Payments received from new financial assets during the year	17,399,714	-	-	17,399,714
Financial assets fully settled during the year	(58,398)	(10,185)	-	(68,583)
Financial assets partly settled during the year	(4,415,251)	(36,411)	(145,466)	(4,597,128)
Gross carrying amount as at 31 December 2020	32,460,881	5,216,184	5,296,800	42,973,865

Receivables under tawmil taksit credit schemes	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
Gross carrying amount as at 1 January 2019	19,056,609	4,043,621	5,337,350	28,437,580
Transfers:				
Transfer from Stage 1 to Stage 2	(1,173,127)	320,572	-	(852,555)
Transfer from Stage 1 to Stage 3	(349,488)	-	194,159	(155,329)
Transfer from Stage 2 to Stage 3	-	(2,278,920)	2,147,764	(131,156)
Transfer from Stage 3 to Stage 2	-	76,444	(267,552)	(191,108)
New financial assets originated	19,996,438	1,930,361	1,565,194	23,491,993
Payments received from new financial assets during the year	(5,126,857)	(663,045)	(37,415)	(5,827,317)
Financial assets fully settled during the year	(4,779,098)	(1,764,701)	(431,903)	(6,975,702)
Financial assets partly settled during the year	(6,432,146)	-	(778,033)	(7,210,179)
Gross carrying amount as at 31 December 2019	21,192,331	1,664,332	7,729,564	30,586,227

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 2020 reconciles to the opening loss allowances as follows:

	2020	2019
Opening loss allowance as at 1 January	4,330,223	2,505,770
(Decrease) / increase in loan loss allowance recognised in profit or loss during the year	(936,980)	1,824,453
At 31 December	**3,393,243**	**4,330,223**

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 120,292,517 and MVR 119,344,562 at 31 December 2020 (2019 : MVR 44,252,085 and MVR 40,612,345). The cash and cash equivalents are held with banks.

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 2020 and 2019 respectively.

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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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 38,340,000 overdraft facility that is secured.

Exposure to liquidity risk

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

		Contractual cash flows		
Group **31 December 2020**	**Carrying amount**	**Less than 12 months**	**1- 5 years**	**More than 5 years**
Non- derivative financial liabilities				
Bank overdrafts	1,172,603	1,172,603	-	-
Borrowings	317,568,773	105,405,078	231,083,922	26,967,176
Shareholder's loan	226,500,000	127,620,000	117,325,000	-
Trade and other payables	534,622,517	534,622,517	-	-
Lease liabilities	52,207,491	21,134,853	36,151,907	19,930,361
	1,132,071,384	789,955,051	384,560,829	46,897,536

		Contractual cash flows		
Group **31 December 2019**	**Carrying amount**	**Less than 12 months**	**1- 5 years**	**More than 5 years**
Non- derivative financial liabilities				
Bank overdrafts	21,431,729	21,431,729	-	-
Borrowings	314,177,920	107,131,767	215,217,775	57,844,644
Shareholder's loan	233,000,000	153,727,500	105,445,000	-
Trade and other payables	483,329,526	483,329,526	-	-
Lease liabilities	34,395,198	14,784,495	23,339,996	11,104,154
	1,086,334,373	780,405,017	344,002,771	68,948,798

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

Company 31 December 2020	Carrying amount	Contractual cash flows Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	1,172,603	1,172,603	-	-
Borrowings	317,568,773	105,405,078	231,083,922	26,967,176
Shareholder's loan	226,500,000	127,620,000	117,325,000	-
Trade and other payables	531,853,880	531,853,880	-	-
Lease liabilities	52,207,491	21,134,853	36,151,907	19,930,361
	1,129,302,747	787,186,414	384,560,829	46,897,536

Company 31 December 2019	Carrying amount	Contractual cash flows Less than 12 months	1- 5 years	More than 5 years
Non- derivative financial liabilities				
Bank overdrafts	21,431,729	21,431,729	-	-
Borrowings	314,177,920	107,131,767	215,217,775	57,844,644
Shareholder's loan	233,000,000	153,727,500	105,445,000	-
Trade and other payables	500,443,434	500,443,434	-	-
Lease liabilities	34,395,198	14,784,495	23,339,996	11,104,154
	1,103,448,281	797,518,925	344,002,771	68,948,798

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

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

3.3 Market risk

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

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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 exposure to currency risk as reported to the management of the Group is as follows.

	2020		2019	
	EUR	**USD**	**EUR**	**USD**
Trade receivables	-	(2,657,817)	-	(4,082,909)
Trade payables	-	5,410,878	-	4,428,150
Cash and cash equivalents	(246)	(1,886,204)	(271)	(544,133)
Borrowings	1,945,808	18,703,821	1,792,927	18,120,550
Net Statement of financial position exposure	1,945,562	19,570,678	1,792,656	17,921,658

The following significant exchange rates have been applied.

	Average rate		Spot rate	
	2020	**2019**	**2020**	**2019**
USD 1 : MVR	15.4200	15.4200	15.4200	15.4200
EUR 1 : MVR	18.1134	17.4696	18.9818	17.2449

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	**Change in USD rate**	**Effect on profit before tax**	**Effect on pre-tax on equity**
2019	- 5 %	13,817,598	13,817,598
	+ 5 %	(13,817,598)	(13,817,598)
2020	- 5 %	15,088,993	15,088,993
	+ 5 %	(15,088,993)	(15,088,993)

Group	**Change in EUR rate**	**Effect on profit before tax**	**Effect on pre-tax on equity**
2019	- 5 %	1,545,942	1,545,942
	+ 5 %	(1,545,942)	(1,545,942)
2020	- 5 %	1,846,747	1,846,747
	+ 5 %	(1,846,747)	(1,846,747)

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

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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 interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal amounts	
Fixed-rate instruments	**2020**	**2019**
Financial assets	**42,973,864**	**30,586,227**
Financial liabilities (Note 15)	**72,313,686**	**103,128,236**
Variable-rate instruments		
Financial liabilities (Note 15)	**246,427,690**	**232,481,413**

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

	Increase/decrease in basis points	**Effect on profit before tax**
Variable- rate instruments		
2020	-100	2,500,548
	+100	(2,500,548)
Variable- rate instruments		
2019	-100	2,655,606
	+100	(2,655,606)

Other market price risk

The Group is exposed to equity price risk , which arises from equity securities at FVOCI. The management of the Group 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 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 800,796 after tax (2019: an increase/decrease of MVR 1,095,480 after tax).

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

3 Financial risk management (continued)

3.4 Capital management

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

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

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

The gearing ratios as at 31 December 2020 and as at 31 December 2019 were as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Total borrowings	370,948,867	370,004,847	370,948,867	370,004,847
Less: cash and cash equivalents	(120,292,517)	(44,252,085)	(119,344,562)	(40,612,345)
Net debt	250,656,350	325,752,762	251,604,305	329,392,502
Total equity	1,165,520,476	990,916,380	1,168,864,068	997,900,352
Total capital	1,416,176,826	1,316,669,142	1,420,468,373	1,327,292,854
Gearing ratio	18%	25%	18%	25%

The reason for decrease in gearing ratio is mainly due to increase in cash and cash equivalents, and increase in equity due to profit earned during the year.

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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 2020		Carrying Amount				Fair Value			
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	47,105,640	-	-	**47,105,640**	47,105,640	-	-	**47,105,640**
		47,105,640	**-**	**-**	**47,105,640**	**47,105,640**	**-**	**-**	**47,105,640**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	777,416,635	-	**777,416,635**	-	-	-	-
Cash and cash equivalents	13	-	120,292,517	-	**120,292,517**	-	-	-	-
		-	**897,709,152**	**-**	**897,709,152**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	317,568,773	**317,568,773**	-	-	-	-
Shareholder's loan	16	-	-	226,500,000	**226,500,000**	-	-	-	-
Trade and other payables*	17	-	-	534,622,517	**534,622,517**	-	-	-	-
Bank overdrafts	15	-	-	1,172,603	**1,172,603**	-	-	-	-
Lease liabilities	6.2	-	-	52,207,491	**52,207,491**	-	-	-	-
		-	**-**	**1,132,071,384**	**1,132,071,384**	**-**	**-**	**-**	**-**

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

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3.5 Accounting classifications and fair values

As at 31 December 2019		Carrying Amount				Fair Value			
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	54,774,000	-	-	**54,774,000**	54,774,000	-	-	**54,774,000**
		54,774,000	**-**	**-**	**54,774,000**	**54,774,000**	**-**	**-**	**54,774,000**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	660,456,518	-	**660,456,518**	-	-	-	-
Cash and cash equivalents	13	-	44,252,085	-	**44,252,085**	-	-	-	-
		-	**704,708,603**	**-**	**704,708,603**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	314,177,920	**314,177,920**	-	-	-	-
shareholder's loan	16	-	-	233,000,000	**233,000,000**	-	-	-	-
Trade and other payables*	17	-	-	483,329,526	**483,329,526**	-	-	-	-
Bank overdrafts	15	-	-	21,431,729	**21,431,729**	-	-	-	-
Lease liabilities	6.2	-	-	34,395,198	**34,395,198**	-	-	-	-
		-	**-**	**1,086,334,373**	**1,086,334,373**	**-**	**-**	**-**	**-**

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

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

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

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

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

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

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

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Notes to the financial statements (continued)

(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 2020		Carrying Amount				Fair Value			
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	47,105,640	-	-	**47,105,640**	47,105,640	-	-	**47,105,640**
		47,105,640	**-**	**-**	**47,105,640**	**47,105,640**	**-**	**-**	**47,105,640**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	770,011,945	-	**770,011,945**	-	-	-	**-**
Cash and cash equivalents	13	-	119,344,562	-	**119,344,562**	-	-	-	**-**
		-	**889,356,507**	**-**	**889,356,507**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	317,568,773	**317,568,773**	-	-	-	**-**
shareholder's loan	16	-	-	226,500,000	**226,500,000**	-	-	-	**-**
Trade and other payables*	17	-	-	531,853,880	**531,853,880**	-	-	-	**-**
Bank overdrafts	15	-	-	1,172,603	**1,172,603**	-	-	-	**-**
Lease liabilities	6.2	-	-	52,207,491	**52,207,491**	-	-	-	**-**
		-	**-**	**1,129,302,747**	**1,129,302,747**	**-**	**-**	**-**	**-**

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

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3.5 Accounting classifications and fair values (continued)

As at 31 December 2019		Carrying Amount				Fair Value			
		FVOCI Equity Instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in equity Securities	9	54,774,000	-	-	**54,774,000**	54,774,000	-	-	**54,774,000**
		54,774,000	**-**	**-**	**54,774,000**	**54,774,000**	**-**	**-**	**54,774,000**
Financial assets not measured at fair value									
Trade and other receivables*	11	-	678,185,624	-	**678,185,624**	-	-	-	**-**
Cash and cash equivalents	13	-	40,612,345	-	**40,612,345**	-	-	-	**-**
		-	**718,797,969**	**-**	**718,797,969**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value									
Borrowings	15	-	-	314,177,920	**314,177,920**	-	-	-	**-**
shareholder's loan	16	-	-	233,000,000	**233,000,000**	-	-	-	**-**
Trade and other payables*	17	-	-	500,443,434	**500,443,434**	-	-	-	**-**
Bank overdrafts	15	-	-	21,431,729	**21,431,729**	-	-	-	**-**
Lease liabilities	6.2	-	-	34,395,198	**34,395,198**	-	-	-	**-**
		-	**-**	**1,103,448,281**	**1,103,448,281**	**-**	**-**	**-**	**-**

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

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

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

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

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

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

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

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4 Critical estimates and judgements

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

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

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- recognition of revenue relating to construction and dredging and other revenue streams - note 2.12 and 2.23
- impairment of financial assets - note 3.1 (iii)
- estimation uncertainties and judgements made in relation to lease accounting - note 2.9
- estimation of defined benefit pension obligation - note 17

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5 Revenue from contracts with customers

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Group							
31-Dec-20							
Revenue	**180,124,363**	**940,420,947**	**175,360,703**	**51,459,340**	**16,816,035**	**13,189,521**	**1,377,370,909**
Timing of revenue recognition							
- At a point in time	180,124,363	619,754	-	51,459,340	16,816,035	13,189,521	262,209,013
- over time	-	939,801,193	175,360,703	-	-	-	1,115,161,896
	180,124,363	**940,420,947**	**175,360,703**	**51,459,340**	**16,816,035**	**13,189,521**	**1,377,370,909**
31-Dec-19							
Revenue	**262,829,411**	**578,802,618**	**177,427,741**	**90,211,700**	**15,899,180**	**27,863,785**	**1,153,034,435**
Timing of revenue recognition							
- At a point in time	262,829,411	2,883,200	-	90,211,700	15,899,180	27,863,785	399,687,276
- over time	-	575,919,418	177,427,741	-	-	-	753,347,159
	262,829,411	**578,802,618**	**177,427,741**	**90,211,700**	**15,899,180**	**27,863,785**	**1,153,034,435**
Company							
31-Dec-20							
Revenue	**180,124,363**	**940,420,947**	**175,360,703**	**51,459,340**	**-**	**13,189,521**	**1,360,554,874**
Timing of revenue recognition							
- At a point in time	180,124,363	619,754	-	51,459,340	-	13,189,521	245,392,978
- over time	-	939,801,193	175,360,703	-	-	-	1,115,161,896
	180,124,363	**940,420,947**	**175,360,703**	**51,459,340**	**-**	**13,189,521**	**1,360,554,874**
31-Dec-19							
Revenue	**262,829,411**	**578,802,618**	**177,427,741**	**90,211,700**	**-**	**27,863,785**	**1,137,135,255**
Timing of revenue recognition							
- At a point in time	262,829,411	2,883,200	-	90,211,700	-	27,863,785	383,788,096
- over time	-	575,919,418	177,427,741	-	-	-	753,347,159
	262,829,411	**578,802,618**	**177,427,741**	**90,211,700**	**-**	**27,863,785**	**1,137,135,255**

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - Group

	Land improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry assets	Capital work-in-progress	Total
At 01 January 2019								
Cost - as previously stated	125,525,510	1,222,638,200	32,503,015	53,434,787	263,182,122	43,626,894	95,456,509	1,836,367,037
Accumulated depreciation - as previously stated	(81,812,456)	(543,158,415)	(24,521,799)	(45,843,541)	(138,789,647)	(37,334,103)	-	(871,459,961)
Reclassification (Note 31)	(4,435,273)	-	-	-	-	-	(39,095,951)	(43,531,224)
Net book amount - as restated	39,277,781	679,479,785	7,981,216	7,591,246	124,392,475	6,292,791	56,360,558	921,375,852
Year ended 31 December 2019								
Opening net book amount	39,277,781	679,479,785	7,981,216	7,591,246	124,392,475	6,292,791	56,360,558	921,375,852
Additions	-	8,769,178	3,262,600	2,776,244	15,949,013	2,954,415	24,843,191	58,554,641
Transferred from capital work in progress	-	9,443,585	796,354	1,599,246	15,952,223	-	(27,791,408)	-
Transferred to investment property (Note 6.1)	-	-	-	-	-	-	(25,304,489)	(25,304,489)
Transferred to right of use assets (Note 30)	(542,131)	-	-	-	-	-	-	(542,131)
Disposals - Cost	-	(2,447,772)	(310,250)	(466,422)	(11,935,355)	(143,060)	-	(15,302,859)
Disposals - Accumulated depreciation	-	2,447,772	310,250	460,493	10,707,798	143,060	-	14,069,373
Depreciation charge (Note 19)	(5,568,503)	(93,718,570)	(3,674,103)	(4,764,109)	(28,932,490)	(4,086,987)	-	(140,744,762)
Closing net book value - as restated	33,167,147	603,973,978	8,366,067	7,196,698	126,133,664	5,160,219	28,107,852	812,105,625
At 31 December 2019								
Cost	110,041,453	1,238,403,191	36,251,719	57,343,855	283,148,003	46,438,249	28,107,852	1,799,734,322
Accumulated depreciation	(76,874,306)	(634,429,213)	(27,885,652)	(50,147,157)	(157,014,339)	(41,278,030)	-	(987,628,697)
Net book amount - as restated	33,167,147	603,973,978	8,366,067	7,196,698	126,133,664	5,160,219	28,107,852	812,105,625
Year ended 31 December 2020								
Opening net book amount	33,167,147	603,973,978	8,366,067	7,196,698	126,133,664	5,160,219	28,107,852	812,105,625
Additions	-	121,967,394	1,518,560	6,848,967	2,471,257	4,652,164	7,340,208	144,798,550
Transferred from capital work in progress	25,519,765	2,365,424	-	1,293,748	2,986,685	-	(32,165,622)	-
Transferred from intangible assets	-	-	-	3,758,435	-	-	-	3,758,435
Transferred from investment properties	-	-	-	-	-	-	3,349,453	3,349,453
Disposals - Cost	(12,547,894)	(32,807,444)	(1,101,285)	(2,134,022)	(14,839,635)	(1,176,513)	-	(64,606,793)
Disposals - Accumulated depreciation	836,526	30,804,457	872,097	1,706,054	14,798,135	1,019,211	-	50,036,480
Depreciation charge (Note 19)	(6,117,776)	(94,643,669)	(3,660,281)	(6,084,729)	(30,813,162)	(4,172,325)	-	(145,491,942)
Closing net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
At 31 December 2020								
Cost	123,013,324	1,329,928,565	36,668,994	67,110,983	273,766,310	49,913,900	6,631,891	1,887,033,967
Accumulated depreciation	(82,155,556)	(698,268,425)	(30,673,836)	(54,525,832)	(173,029,366)	(44,431,144)	-	(1,083,084,159)
Net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment - Company

	Land improvements and buildings	Plant and machinery	Motor vehicles	Furniture and office / communication equipment	Vessels	Sundry assets	Capital work-in-progress	Total
At 01 January 2019								
Cost - as previously stated	125,525,510	1,220,267,526	32,103,015	52,609,867	263,182,122	43,169,979	98,805,962	1,835,663,981
Accumulated depreciation - as previously stated	(81,812,456)	(543,060,272)	(24,484,320)	(45,470,087)	(138,789,647)	(37,083,460)	-	(870,700,242)
Reclassification (Note 31)	(4,435,273)	-	-	-	-	-	(39,095,951)	(43,531,224)
Net book amount - as restated	39,277,781	677,207,254	7,618,695	7,139,780	124,392,475	6,086,519	59,710,011	921,432,515
Year ended 31 December 2019								
Opening net book amount	39,277,781	677,207,254	7,618,695	7,139,780	124,392,475	6,086,519	59,710,011	921,432,515
Additions	-	8,723,678	3,262,600	2,409,574	15,949,013	2,840,490	25,278,939	58,464,294
Transferred from capital work in progress	-	9,443,585	796,354	1,599,246	15,952,223	-	(27,791,408)	-
Transferred to investment property (Note 6.1)	-	-	-	-	-	-	(25,740,237)	(25,740,237)
Transferred to right of use assets (Note 30)	(542,131)	-	-	-	-	-	-	(542,131)
Disposals - Cost	-	(2,447,772)	(310,250)	(466,422)	(11,935,355)	(143,060)	-	(15,302,859)
Disposals - Accumulated depreciation	-	2,447,772	310,250	460,493	10,707,798	143,060	-	14,069,373
Depreciation charge (Note 19)	(5,568,503)	(93,476,696)	(3,594,103)	(4,545,227)	(28,932,490)	(3,978,032)	-	(140,095,051)
Closing net book value - as restated	33,167,147	601,897,821	8,083,546	6,597,444	126,133,664	4,948,977	31,457,305	812,285,904
At 31 December 2019								
Cost	110,041,453	1,235,987,017	35,851,719	56,152,265	283,148,003	45,867,409	31,457,305	1,798,505,171
Accumulated depreciation	(76,874,306)	(634,089,196)	(27,768,173)	(49,554,821)	(157,014,339)	(40,918,432)	-	(986,219,267)
Net book amount - as restated	33,167,147	601,897,821	8,083,546	6,597,444	126,133,664	4,948,977	31,457,305	812,285,904
Year ended 31 December 2020								
Opening net book amount	33,167,147	601,897,821	8,083,546	6,597,444	126,133,664	4,948,977	31,457,305	812,285,904
Additions	-	121,967,394	1,518,560	6,848,967	2,471,257	4,652,164	7,340,208	144,798,550
Transferred from capital work in progress	25,519,765	2,365,424	-	1,293,748	2,986,685	-	(32,165,622)	-
Transferred from intangible assets	-	-	-	3,758,435	-	-	-	3,758,435
Disposals - Cost	(12,547,894)	(30,391,270)	(701,285)	(942,432)	(14,839,635)	(605,673)	-	(60,028,189)
Disposals - Accumulated depreciation	836,526	30,304,973	701,285	941,918	14,798,135	598,091	-	48,180,928
Depreciation charge (Note 19)	(6,117,776)	(94,484,202)	(3,606,948)	(5,912,929)	(30,813,162)	(4,110,803)	-	(145,045,820)
Closing net book value	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808
At 31 December 2020								
Cost	123,013,324	1,329,928,565	36,668,994	67,110,983	273,766,310	49,913,900	6,631,891	1,887,033,967
Accumulated depreciation	(82,155,556)	(698,268,425)	(30,673,836)	(54,525,832)	(173,029,366)	(44,431,144)	-	(1,083,084,159)
Net book amount	40,857,768	631,660,140	5,995,158	12,585,151	100,736,944	5,482,756	6,631,891	803,949,808

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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 12,182,149 (2019: MVR 12,833,847) is expensed per annum.

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

(c) Depreciation expense of the Company included in cost of goods sold amounting to MVR 138,417,353 (2019: MVR 137,964,856) and administrative expenses amounting to MVR 6,628,467 (2019: MVR 2,130,195).

(d) Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, Rentals Plaza, barges (kurimagu 8 and 10), tug boats (Tango 6 and 575), steel landing craft (Leema 1), dredgers (Mahaa Jarrafu and Jarrafa 3) and machineries (excavators & wheel loaders). (Note 15).

6.1 Investment properties

Non-current assets - at cost	Group		Company	
	2020	2019	2020	2019
Cost				
Opening balance	39,802,854	14,498,365	40,238,602	14,498,365
Transferred to PPE	(3,349,453)	-	-	-
Transferred from capital work in	-	25,304,489	-	25,740,237
Closing balance	**36,453,401**	**39,802,854**	**40,238,602**	**40,238,602**
Depreciation				
Opening balance	11,075,638	10,063,092	11,138,725	10,063,092
Depreciation for the year	2,842,132	1,012,546	3,220,652	1,075,633
Closing balance	**13,917,770**	**11,075,638**	**14,359,377**	**11,138,725**
Net book value	**22,535,631**	**28,727,216**	**25,879,225**	**29,099,877**

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	
	2020	2019	2020	2019
Rental income from operating leases	17,226,485	9,530,111	17,226,485	9,530,111
Direct operating expenses from property that generated rental income	(1,510,692)	(1,056,424)	(1,510,692)	(1,056,424)

(ii) Leasing arrangements

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

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

6 Property, plant and equipment (continued)

6.1 Investment properties (continued)

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
within 1 year	8,502,797	17,226,485	8,502,797	17,226,485
Between 1 to 2 years	144,647	8,647,445	144,647	8,647,445
Between 2 to 3 years	144,647	144,647	144,647	144,647
Between 3 to 4 years	-	144,647	-	144,647
	8,792,091	**26,163,224**	**8,792,091**	**26,163,224**

The fair value of the investment properties as of 31 December 2020 in accordance with the valuation made by the directors of the Company amounting to MVR 185,040,552. The valuation was performed based on the discounted rental income from the properties, which is level 3 input.

6.2 Leases

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

(i) Amounts recognised in the statement of financial position

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

	Group		Company	
Right-of-use assets	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Lands	24,555,142	28,886,022	24,555,142	28,886,022
Building	14,688,269	-	14,688,269	-
Houses	32,306	132,713	32,306	132,713
Vessels	3,866,405	4,294,465	3,866,405	4,294,465
	43,142,122	**33,313,200**	**43,142,122**	**33,313,200**

	Group		Company	
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Opening balance	33,313,200	46,723,639	33,313,200	46,723,639
Add: new lease assets	28,295,691	297,883	28,295,691	297,883
Depreciation charge of (ROU) (Note 19)	(18,466,769)	(13,708,322)	(18,466,769)	(13,708,322)
Closing balance	**43,142,122**	**33,313,200**	**43,142,122**	**33,313,200**

	Group		Company	
Lease liabilities	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Current	16,937,668	11,193,785	16,937,668	11,193,785
Non-current	35,269,823	23,201,413	35,269,823	23,201,413
	52,207,491	**34,395,198**	**52,207,491**	**34,395,198**

For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 30. Movement in the lease liability during the year as follows:

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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-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Opening balance	34,395,198	46,181,509	34,395,198	46,181,509
Add: new leases liabilities recognised	28,295,691	297,883	28,295,691	297,883
Add: Accrued Interest (Note 21)	6,378,547	4,758,053	6,378,547	4,758,053
Less: Interest paid	(5,749,376)	(4,758,053)	(5,749,376)	(4,758,053)
Less: Concession on leases transferred to income statement	(675,000)	-	(675,000)	-
Less: Impact on deferred payments transferred to income statement	(448,734)	-	(448,734)	-
Less: Principal elements of leases paid	(9,988,835)	(12,084,194)	(9,988,835)	(12,084,194)
Closing balance	**52,207,491**	**34,395,198**	**52,207,491**	**34,395,198**

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

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

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

Lands	(7,707,024)	(7,458,375)	(7,707,024)	(7,458,375)
Building	(1,335,297)	-	(1,335,297)	-
Houses	(261,938)	(165,170)	(261,938)	(165,170)
Vessels	(9,162,510)	(6,084,777)	(9,162,510)	(6,084,777)
	(18,466,769)	**(13,708,322)**	**(18,466,769)**	**(13,708,322)**

Expense relating to short-term leases of the group included in cost of goods sold amounting to MVR 42,883,009 (2019: MVR 53,173,214) and administrative expenses amounting to MVR 8,846,135 (2019: MVR 6,950,330).

Interest expense included in finance costs (Note 21)	(6,378,547)	(4,758,053)	(6,378,547)	(4,758,053)
	(6,378,547)	**(4,758,053)**	**(6,378,547)**	**(4,758,053)**

The total cash outflow for leases in 2020 was MVR 15,738,211 (2019: MVR 16,842,247) and prepaid leases related to 2020 was MVR 345,001 (2019: MVR 443,570). As at 31 December 2020, potential future cash outflows (undiscounted) of MVR 57,067,327 (2019: MVR 61,457,122) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

7 Intangible assets

	Group		Company	
At 01 January	**2020**	**2019**	**2020**	**2019**
Opening net book amount	23,302,296	12,791,255	23,302,296	12,787,588
Additions	8,057,401	2,544,805	8,057,401	2,544,805
Additions - work in Progress	-	8,376,406	-	8,376,406
Transferred to PPE	(3,758,435)	-	(3,758,435)	-
Amortization charge (Note 19)	(1,461,190)	(410,170)	(1,461,190)	(406,503)
Closing net book amount	26,140,072	23,302,296	26,140,072	23,302,296
Cost	30,651,009	26,352,043	30,646,217	26,347,251
Amortization charge	(4,510,937)	(3,049,747)	(4,506,145)	(3,044,955)
Net book amount	26,140,072	23,302,296	26,140,072	23,302,296

Intangible assets include Enterprise Resource Plan (ERP) software with a carrying value of MVR 22,321,441 with a remaining amotisation period of 9 years.

8 Investment in subsidiary

	Group		Company	
	2020	**2019**	**2020**	**2019**
Maldives Real Estate Investment Corporation Private Limited (MREIC)	-	-	5,148,840	7,102,500
Opening balance	-	-	7,102,500	7,102,500
Less: Provision for impairment (Note 19)	-	-	(1,953,660)	-
Closing balance	**-**	**-**	**5,148,840**	**7,102,500**

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.

During the year the group has decided to scale down the subsidiary's operations and carry on that business by the parent Company. Subsequent to the group's decision, employees of the subsidiary were absorbed by the parent company with effect from 1 October 2020 and property, plant and equipment, inventories and retirement benefit liabilities were transferred to the parent company based on their book values. Nevertheless, the subsidiary's financial statements have been prepared on the going concern basis since that Company will continue to do the business operation at a reduced scale.

During the year the management has made a provision for impairment amounting to MVR 1,953,660 over the investments considering the scale down of subsidiary operations to bring down the investment value to the net asset value as at 31 December 2020. The impairment loss is included in other operating expenses in the statement of profit or loss of the Company, which does not impact the group's profit or loss.

9 Financial assets at fair value through other comprehensive income

	Group		Company	
	2020	**2019**	**2020**	**2019**
Shares in Bank of Maldives Plc	47,105,640	54,774,000	47,105,640	54,774,000
At the end of the year	47,105,640	54,774,000	47,105,640	54,774,000

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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 2020	**Opening balance**	**Movement during the year**	**Closing balance**
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	54,774,000	(7,668,360)	47,105,640
As at 31 December 2019			
Number of shares	219,096	-	219,096
Cost	2,389,302	-	2,389,302
Fair value	43,819,200	10,954,800	54,774,000

10 Deferred tax asset

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
Balance as at 1 January	61,146,872	53,395,558	60,925,933	53,189,401
Adjustment on initial application of	-	-	-	-
Amounts recognized in profit and loss	8,087,229	9,598,911	8,308,168	9,554,244
Amounts recognized in OCI				
- Financial assets at FVOCI	1,150,254	(1,643,220)	1,150,254	(1,643,220)
- Effect on employee retirement benefit	(1,148,061)	(204,377)	(1,148,061)	(174,492)
Balance as at 31 December	69,236,294	61,146,872	69,236,294	60,925,933

Deferred tax asset as at 31 December 2020

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

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

10 Deferred tax asset (continued)

Deferred tax asset as at 31 December 2019

	Group		Company	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Property, plant and equipment	361,578,611	54,236,792	361,192,625	54,178,894
Provisions and impairments	68,006,645	10,200,997	68,006,645	10,200,997
Financial assets at FVOCI	(52,384,698)	(7,857,705)	(52,384,698)	(7,857,705)
Employee retirement benefit	28,919,691	4,337,954	27,832,751	4,174,913
Leased assets	1,525,560	228,834	1,525,560	228,834
	407,645,809	61,146,872	406,172,883	60,925,933

11 Contract assets, trade and other receivables

	Group		Company	
Financial assets	**2020**	**2019**	**2020**	**2019**
Trade receivables	196,817,988	156,220,341	183,434,905	144,410,724
Retention receivable from contracts	6,004,634	8,592,183	6,004,634	8,592,183
Contract assets	172,569,673	86,634,804	172,569,673	86,634,804
Less: provision for impairment of trade receivables	(35,981,307)	(35,137,077)	(28,913,807)	(28,069,577)
Trade receivables (net)	339,410,988	216,310,251	333,095,405	211,568,134
Deposits	11,028,443	4,961,696	11,028,443	4,961,696
Other receivables	213,953,239	146,375,073	212,669,850	144,816,938
Receivables from related parties [Note28 (ii)]	446,427,643	434,907,332	446,621,925	458,936,690
Less: provision for impairment of related party receivables	(60,834,005)	(55,463,030)	(60,834,005)	(55,463,030)
Balance C/F	949,986,308	747,091,322	942,581,618	764,820,428
Non-financial assets				
Other receivables	4,924,331	17,040,104	4,924,331	17,040,104
Prepayments	87,586,458	102,523,574	87,586,458	102,523,574
Less : Provision for impairment of other receivables	(19,383,689)	(18,723,287)	(19,383,689)	(18,723,287)
	73,127,100	100,840,391	73,127,100	100,840,391
	1,023,113,408	847,931,713	1,015,708,718	865,660,819
Classified as:				
Trade and other receivables				
- Non-current	10,513,238	6,915,879	10,513,238	6,915,879
- Current	840,030,497	754,381,030	832,625,807	772,110,136
Contract assets	172,569,673	86,634,804	172,569,673	86,634,804
	1,023,113,408	847,931,713	1,015,708,718	865,660,819

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

Group's prepayments and deposits mainly consist of supplier prepayments of MVR 74,337,219 (2019: MVR 71,673,538), prepaid LC payments of MVR 3,186,396 (2019: MVR 23,379,938), prepaid insurance MVR 7,610,709 (2019: MVR 5,666,455) and refundable deposits of MVR 11,028,443 (2018: MVR 4,961,696).

Group's other receivables (financial assets) mainly consist of subsidy income of MVR 187,800,034 (2019: MVR 91,881,514), LC margin of MVR 24,230,343 (2019: MVR 52,211,022) and other receivables (non-financial assets) consist of input tax of MVR 1,097,232 (2019: MVR 1,501,566), advance paid to suppliers MVR 3,669 (2019: MVR 13,653,215) and cash advance of MVR 3,666,536 (2019: MVR 252,890).

The Group provision for trade and other receivables comprise collective provision for trade receivables amounting to MVR 88,388,749 (2019: MVR 82,215,153), contract assets amounting to MVR 2,860,316 (2019: MVR 1,499,300), retention receivables amounting to MVR 2,173,003 (2019: MVR 2,555,431), provision for tawmil taksit credit scheme amounting to MVR 3,393,244 (2019: MVR 4,330,223) and provision for other receivables and deposits amounting to MVR 19,383,689 (2019: MVR 18,723,287). 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	
	2020	**2019**	**2020**	**2019**
Opening balance	109,323,394	90,939,765	102,255,894	83,872,265
Amounts written-off during the year	-	(415,403)	-	(415,403)
Provisions made during the year	6,875,607	18,799,032	6,875,607	18,799,032
Closing balance	116,199,001	109,323,394	109,131,501	102,255,894

	Group		Company	
	2020	**2019**	**2020**	**2019**
Provision for impairment of trade receivables	93,422,068	86,269,884	86,354,568	79,202,384
Provision for tawmil taksit credit scheme	3,393,244	4,330,223	3,393,244	4,330,223
Provision for other receivables &	19,383,689	18,723,287	19,383,689	18,723,287
	116,199,001	109,323,394	109,131,501	102,255,894

Trade receivable includes receivables under tawmil taksit credit schemes (Shariah compliant) amounting to MVR 38,260,875 (2019: MVR 28,425,292) net of deferred profit of MVR 4,712,989 (2019: MVR 2,160,935), the movement of the scheme is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
At the beginning of the year	30,586,227	28,437,580	30,586,227	28,437,580
- Sales during the year	19,022,048	23,491,993	19,022,048	23,491,993
- Payments received during the year	(6,634,411)	(21,343,346)	(6,634,411)	(21,343,346)
At the end of the year	42,973,864	30,586,227	42,973,864	30,586,227
Less : deferred tawmil taksit profit	(4,712,989)	(2,160,935)	(4,712,989)	(2,160,935)
	38,260,875	28,425,292	38,260,875	28,425,292

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Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

11 Contract assets, trade and other receivables (continued)

	Group		Company	
Maturity of the tawmil taksit scheme:	**2020**	**2019**	**2020**	**2019**
Below 1 year	27,747,637	21,509,413	27,747,637	21,509,413
Between 1 to 2 years	10,513,238	6,915,879	10,513,238	6,915,879
	38,260,875	28,425,292	38,260,875	28,425,292

12 Inventories

	Group		Company	
	2020	**2019**	**2020**	**2019**
Work in progress - projects	90,940,822	67,880,740	90,940,822	67,880,740
Materials - contracting department	73,701,225	53,132,243	73,701,225	53,132,243
Lubricants, paints and materials	18,396,096	20,406,738	18,396,096	20,406,738
Engines, generators and spare parts	82,129,177	86,749,961	82,129,177	86,749,961
Consumables	93,152,759	91,490,724	93,152,759	89,215,805
Provision for none moving items	(33,375,000)	(32,114,136)	(33,375,000)	(32,114,136)
	324,945,079	287,546,270	324,945,079	285,271,351

13 Cash and cash equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
Cash in hand	76,342	7,540,141	50,000	7,499,851
Cash at bank	120,216,175	36,711,944	119,294,562	33,112,494
Cash at bank and in hand	120,292,517	44,252,085	119,344,562	40,612,345

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:

	2020	**2019**	**2020**	**2019**
Cash and cash equivalents	120,292,517	44,252,085	119,344,562	40,612,345
Bank overdrafts (Note 15)	(1,172,603)	(21,431,729)	(1,172,603)	(21,431,729)
	119,119,914	22,820,356	118,171,959	19,180,616

14 Share capital and reserves

a) Share capital and share premium

	Number of shares	**Amount MVR**
At 1 January 2019	8,037,749	40,188,745
At 31 December 2019	8,037,749	40,188,745
At 31 December 2020	8,037,749	40,188,745

The total authorized number of ordinary shares are 10,000,000 shares (2019: 10,000,000 shares) with a par value of MVR 5.00 per share (2019: MVR 5.00 per share).

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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

c) Share premium

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

d) Fair value reserves

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

15 Borrowings and bank overdrafts

	Group		Company	
Non-current	**2020**	**2019**	**2020**	**2019**
Bank and other borrowings	228,803,713	227,175,017	228,803,713	227,175,017
Current				
Bank overdrafts (Note 13)	1,172,603	21,431,729	1,172,603	21,431,729
Bank and other borrowings	88,765,060	87,002,903	88,765,060	87,002,903
	89,937,663	108,434,632	89,937,663	108,434,632
Total borrowings	318,741,376	335,609,649	318,741,376	335,609,649

Demand loans, bank overdraft, LC facilities and bank guarantees from the banks and other financial institutions are secured over MTCC Tower, Rentals Plaza, barges (kurimagu 8 and 10), tug boats (Tango 6 and 575), steel landing craft (Leema 1), dredgers (Mahaa Jarrafu and Jarrafa 3) and machineries (excavators and wheel loaders).

Maturity of non-current borrowings:	Group		Company	
	2020	**2019**	**2020**	**2019**
Between 1 to 2 years	127,163,364	113,720,249	127,163,364	113,720,249
Between 3 to 5 years	75,177,219	57,970,984	75,177,219	57,970,984
Between 6 to 10 years	26,463,130	55,483,784	26,463,130	55,483,784
	228,803,713	227,175,017	228,803,713	227,175,017

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

- at floating rate	246,427,690	232,481,413	246,427,690	232,481,413
- at fixed rates	72,313,686	103,128,236	72,313,686	103,128,236
	318,741,376	335,609,649	318,741,376	335,609,649

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

16 Shareholder loan

	Group		Company	
	2020	**2019**	**2020**	**2019**
Loans from a shareholder (Note 28 v)	226,500,000	233,000,000	226,500,000	233,000,000
Classified as :				
Non-current	106,500,000	87,000,000	106,500,000	87,000,000
Current	120,000,000	146,000,000	120,000,000	146,000,000
	226,500,000	233,000,000	226,500,000	233,000,000

17 Contract liabilities, trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
Trade payables	169,075,622	120,108,036	167,225,901	118,811,305
Accrued expenses	10,348,018	2,917,082	10,111,431	2,465,814
Payables to related parties (Note 28 iii)	248,755,456	271,931,698	248,755,456	292,078,856
Contract liabilities	95,574,091	59,632,258	95,125,208	55,859,866
Employee retirement benefit -Note 17(a)	30,474,704	28,919,691	30,474,704	27,832,751
Payable for acquisition of land	36,000,000	36,000,000	36,000,000	36,000,000
Other payables	94,764,505	76,195,335	94,082,176	74,910,084
	684,992,396	595,704,100	681,774,876	607,958,676
Classified as:				
Non-current				
Employee retirement benefit	30,474,704	28,919,691	30,474,704	27,832,751
Current				
Trade and other payables	558,943,601	507,152,151	556,174,964	524,266,059
Contract liabilities	95,574,091	59,632,258	95,125,208	55,859,866
	654,517,692	566,784,409	651,300,172	580,125,925

Other payables of the Group consist of unpaid dividend amounting to MVR 53,745,831 (2019: MVR 39,207,925), GST payable amounting to MVR 5,895,151 (2019: MVR 4,925,542), advance received from customers amounting to MVR 22,109,029 (2019: MVR 20,724,061), retention payable MVR 1,730,936 (2019: MVR 1,979,998), refundable deposits MVR 5,364,719 (2019: MVR 5,052,719) and miscellaneous payable amounting to MVR 5,918,839 (2019: MVR 4,305,090/-).

Payable for acquisition of land is accounted under inventories of the financial statements, for which the Group has a commitment to pay for the acquisition of the land to construct housing units for the Company staff and other customers.

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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**	
	2020	**2019**	**2020**	**2019**
Opening balance	28,919,691	22,112,852	27,832,751	21,037,843
Current service cost	9,055,084	8,528,399	8,882,563	8,217,586
Transferred employees	-	-	817,661	-
Interest cost	1,280,307	1,017,191	1,280,307	967,741
Actuarial gain	(7,653,738)	(1,362,511)	(7,653,738)	(1,163,279)
	31,601,344	30,295,931	31,159,544	29,059,891
Less: payments during the year	(1,126,640)	(1,376,240)	(684,840)	(1,227,140)
Closing balance	30,474,704	28,919,691	30,474,704	27,832,751

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

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
Amount recognized in profit or loss (Note 20)				
Current service cost	9,055,084	8,528,399	8,882,563	8,217,586
Interest cost	1,280,307	1,017,191	1,280,307	967,741
	10,335,391	9,545,590	10,162,870	9,185,327
Amount recognized in other comprehensive income				
Actuarial loss due to changes in assumptic	(1,204,274)	3,952,858	(1,204,274)	3,970,026
experience	(6,449,464)	(5,315,369)	(6,449,464)	(5,133,305)
Actuarial gain	(7,653,738)	(1,362,511)	(7,653,738)	(1,163,279)

a) Employee retirement benefit (continued)

Employee retirement obligation is actuarially valued by Mr. P. Gunasekara, AAIA, as at 31 December 2020 and the appropriate adjustments have been adjusted in the financial statements. Key assumptions used in the calculation are as follows:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
Expected salary inflation	15% in 2021 & 1% thereafter	1.00%	15% in 2021 & 1% thereafter	1.00%
Discount rate	4.60%	4.60%	4.60%	4.60%
Morality rate	Age 67-70	Age 67-70	Age 67-70	Age 67-70
Staff turnover rate	7% - 28 % - Age 55	2% - 31 % - Age 55	7% - 28 % - Age 55	2% - 31 % - Age 55
Disability / illness rate	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70	10 % - Age 67-70

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Notes to the financial statements (continued)

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17 Contract liabilities, trade and other payables (continued)

Significant estimates: actuarial assumptions and sensitivity

Sensitivity of assumptions employed in actuarial valuation

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

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

	Group			
	2020		2019	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	31,366,521	891,817	30,001,470	1,081,779
1% decrease in salary inflation rate	29,710,441	(764,263)	28,022,650	(897,041)
1% increase in discount rate	27,873,143	(2,601,561)	25,536,697	(3,382,994)
1% decrease in discount rate	33,506,703	3,031,999	33,003,415	4,083,724
1% increase in staff turnover rate	29,794,545	(680,159)	28,310,876	(608,815)
1% decrease in staff turnover rate	31,189,103	714,399	29,510,840	591,149

	Company			
	2020		2019	
	Liability	Change	Liability	Change
1% increase in salary inflation rate	31,366,521	891,817	28,908,923	1,076,172
1% decrease in salary inflation rate	29,710,441	(764,263)	26,941,098	(891,653)
1% increase in discount rate	27,873,143	(2,601,561)	24,474,401	(3,358,350)
1% decrease in discount rate	33,506,703	3,031,999	31,890,434	4,057,683
1% increase in staff turnover rate	29,794,545	(680,159)	27,224,980	(607,771)
1% decrease in staff turnover rate	31,189,103	714,399	28,422,758	590,007

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Notes to the financial statements (continued)

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17 Contract liabilities, trade and other payables (continued)

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 as at 31 December 2020

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	12	0.52	180,469
Between 1-2 years	6	1.39	337,335
Between 2-5 years	527	4.15	4,454,507
Between 5-10 years	1,020	7.18	20,946,187
Beyond 10 years	309	10.78	4,556,207
Total	**1,874**	**6.86**	**30,474,705**

Group as at 31 December 2019

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	6	0.51	-
Between 1-2 years	8	1.56	277,355
Between 2-5 years	632	3.73	2,555,021
Between 5-10 years	443	7.15	6,810,928
Beyond 10 years	710	14.83	19,276,387
Total	**1,799**	**8.93**	**28,919,691**

Company as at 31 December 2020

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	12	0.52	180,469
Between 1-2 years	6	1.39	337,335
Between 2-5 years	527	4.15	4,454,507
Between 5-10 years	1,020	7.18	20,946,187
Beyond 10 years	309	10.78	4,556,207
Total	**1,874**	**6.86**	**30,474,705**

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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 2019

Future expected working life	Number of employees	Average future expected working life	Retirement benefit obligation
Within the next 12 months	6	0.51	-
Between 1-2 years	7	1.54	-
Between 2-5 years	550	3.92	1,745,436
Between 5-10 years	443	7.15	6,810,928
Beyond 10 years	710	14.83	19,276,387
Total	**1,716**	**9.25**	**27,832,751**

Analysis of duration of service

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

Group as at 31 December 2020

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

Group as at 31 December 2019

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	334	-	-
Between 1-4 years	645	1,373,208	995,600
Between 5-9 years	447	4,321,687	1,695,763
Between 10-14 years	194	5,243,366	1,548,041
Between 15-19 years	169	15,559,602	3,916,828
20 years & above	10	2,421,828	372,167
Total	**1,799**	**28,919,691**	**8,528,399**

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17 Contract liabilities, trade and other payables (continued)

Company as at 31 December 2020

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

Company as at 31 December 2019

Period of service in years	Number of employees	Retirement benefit obligation	Current service cost
Less than 12 months	302	-	-
Between 1-4 years	613	1,372,460	995,169
Between 5-9 years	442	4,320,986	1,695,387
Between 10-14 years	187	5,228,072	1,544,570
Between 15-19 years	163	14,766,758	3,644,576
20 years & above	9	2,144,475	337,884
Total	**1,716**	**27,832,751**	**8,217,586**

b) Assets and liabilities related to contracts with customers

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
Current contract assets relating to construction contracts	172,569,673	86,634,804	172,569,673	86,634,804
Less: loss allowance	(2,860,316)	(1,499,300)	(2,860,316)	(1,499,300)
Total contract assets	**169,709,357**	**85,135,504**	**169,709,357**	**85,135,504**
Current contract liabilities relating to construction contracts	95,574,091	59,632,258	95,125,208	55,859,866
Total current contract liabilities	**95,574,091**	**59,632,258**	**95,125,208**	**55,859,866**
Revenue recognised that was included in the contract liability balance at the beginning of the period	**48,723,271**	**160,063,488**	**48,723,271**	**160,063,488**

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18 Other income

	Group		Company	
	2020	**2019**	**2020**	**2019**
Other income	4,501,369	3,499,319	4,501,369	3,499,319
Dividend income	-	5,258,304	-	5,258,304
Rent income	24,597,526	12,743,674	24,597,526	12,743,674
Government subsidy	101,626,272	94,259,745	101,626,272	94,259,745
Tawmil taksit profit	678,425	2,570,882	678,425	2,570,882
Reversal of provision - obsolete	-	1,967,008	-	1,967,008
Profit on sale of property, plant and equipment	615,154	220,655	615,154	220,655
	132,018,746	120,519,587	132,018,746	120,519,587

The Government of Maldives has granted a subsidy of MVR 5,707,754 during the year 2020 (2019: MVR 2,378,231) to compensate the losses incurred from transport services operated by the Company with controlled tariffs in Zone 4, and further granted a subsidy of MVR 95,918,518 (2019: MVR 91,881,514) 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	
	2020	**2019**	**2020**	**2019**
Depreciation - PPE (Note 6)	145,491,942	140,744,762	145,045,820	140,095,051
Depreciation - Investment property (Note 6.1)	2,842,132	1,012,546	3,220,652	1,075,633
Depreciation charge of right-of-use assets (Note 6.2)	18,466,769	13,708,322	18,466,769	13,708,322
Amortization of intangible assets (Note	1,461,190	410,170	1,461,190	406,503
Employee benefit expense (Note 20)	275,082,297	256,849,874	268,262,300	246,272,122
Materials and consumables	517,472,682	509,746,312	507,652,546	505,266,004
Director fees	1,192,129	1,261,832	1,054,452	925,832
Lease rent and hiring expenses	51,729,144	60,123,544	50,177,040	58,210,531
Sub contract expenses	54,561,901	10,691,568	55,326,055	6,836,748
Repairs and maintenance	44,222,230	42,766,364	49,613,711	48,091,124
Transportation, travel and inspection	15,342,181	21,230,007	15,239,450	20,808,977
Utilities and communication expense	35,609,096	36,616,777	34,679,142	35,303,529
Accounting and professional charges	896,155	1,068,177	866,317	1,044,854
Consultation, legal and service charges	1,253,510	801,672	1,253,510	738,941
Bank charges	7,963,998	4,962,771	7,923,197	4,921,275
Zakath	-	1,447,374	-	1,447,374
Advertising, promotion and marketing	7,943,433	10,350,359	7,800,376	9,874,841
Training expenses	2,224,677	6,757,208	2,165,297	6,588,346
Security charges	3,168,350	44,046	3,168,350	3,833,846
Balance c/f	1,186,923,816	1,120,593,685	1,173,376,174	1,105,449,853

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19 Expenses (continued)

Balance b/f	1,186,923,816	1,120,593,685	1,173,376,174	1,105,449,853
License and registration fees	3,138,140	2,427,199	3,070,555	2,369,558
Printing and stationery	2,570,246	2,312,573	2,547,333	2,228,438
Loss on sale of assets	11,815,824	1,233,386	11,815,824	1,233,386
Provision for defects liability	-	1,474,229	-	1,474,229
Provision for obsolete inventory	1,260,864	-	1,260,864	-
Provision for impairment of investments	-	-	1,953,660	-
Provision for impairment of receivables	6,875,607	18,799,032	6,875,607	18,799,032
Other expenses	24,915,130	20,390,814	23,755,070	20,351,162
Total	1,237,499,627	1,167,230,918	1,224,655,087	1,151,905,658
Classified as:				
- cost of sales	1,060,766,307	998,724,548	1,052,259,738	981,270,731
- selling and marketing expenses	7,807,786	9,874,841	7,807,786	9,874,841
- administrative expenses	135,188,575	125,179,421	130,850,604	127,307,978
- other operating expenses	26,861,352	14,653,076	26,861,352	14,653,076
- Impairment loss on trade and other receivables	6,875,607	18,799,032	6,875,607	18,799,032
	1,237,499,627	1,167,230,918	1,224,655,087	1,151,905,658

20 Employee benefit expense

	Group		Company	
	2020	**2019**	**2020**	**2019**
Wage and salaries	189,050,320	177,511,659	183,526,348	168,232,102
Other allowance	50,509,801	45,812,125	49,670,106	45,626,125
Pension contribution	4,869,015	4,650,102	4,730,898	4,446,010
Staff food allowance	14,845,278	14,215,615	14,817,559	13,984,953
Staff medical expenses	484,141	972,142	483,591	958,859
Retirement benefit (Note 17)	10,335,391	9,545,590	10,162,870	9,185,327
Visa fees	3,326,820	2,993,619	3,212,510	2,766,722
Staff welfare	1,661,531	1,149,022	1,658,418	1,072,024
	275,082,297	256,849,874	268,262,300	246,272,122

21 Finance costs (net)

	Group		Company	
	2020	**2019**	**2020**	**2019**
Finance cost				
- Interest expense on leases	6,378,547	4,758,053	6,378,547	4,758,053
- Interest expense on borrowings	36,672,088	38,858,885	36,672,088	38,858,885
- Interest expense on bank overdraft	1,358,359	2,436,740	1,358,359	2,436,740
- Net foreign exchange gain	2,895,639	(3,259,658)	2,895,639	(3,259,658)
	47,304,633	42,794,020	47,304,633	42,794,020
Finance income				
- Interest income	(134,439)	(125,445)	(134,439)	(125,445)
Net finance costs	47,170,194	42,668,575	47,170,194	42,668,575

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22 Tax expense

	Group		Company	
	2020	**2019**	**2020**	**2019**
Current tax expense	42,115,040	19,160,505	42,004,864	18,984,632
Tax under provision of last year	-	774,304	-	774,304
Deferred tax (Note 10)	(8,087,229)	(9,598,911)	(8,308,168)	(9,554,244)
	34,027,811	10,335,898	33,696,696	10,204,692

Reconciliations between income tax expenses and the accounting profit :

	Group		Company	
	2020	**2019**	**2020**	**2019**
Profit before tax	224,719,834	63,654,529	220,748,339	63,080,609
Tax calculated at the rate of 15%	33,707,975	9,548,179	33,112,251	9,462,091
Add: tax on non-deductible expenses	1,673,223	1,083,529	778,330	794,543
	35,381,198	10,631,708	33,890,581	10,256,634
Less: tax on deductible expenses	(1,353,387)	(1,070,114)	(193,885)	(826,246)
Income tax expense	34,027,811	9,561,594	33,696,696	9,430,388
Tax under provision of last year	-	774,304	-	774,304
Tax charge during the year	34,027,811	10,335,898	33,696,696	10,204,692

	Group		Company	
Income tax payable/ (receivables):	**2020**	**2019**	**2020**	**2019**
At the beginning of the year	3,473,950	(2,641,169)	3,484,350	(2,454,896)
Current tax expense	42,115,040	19,160,505	42,004,864	18,984,632
Tax under provision of last year	-	774,304	-	774,304
Tax paid during the year	(13,090,158)	(13,819,690)	(12,976,665)	(13,819,690)
At the end of the year	32,498,832	3,473,950	32,512,549	3,484,350

23 Earnings per share

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
Profit attributable to equity holders	190,692,023	53,318,631	187,051,643	52,875,917
Weighted average number of ordinary shares	8,037,749	8,037,749	8,037,749	8,037,749
Basic earnings per share (MVR per share)	23.72	6.63	23.27	6.58

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24 Cash generated from operations

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
Profit before tax for the year	224,719,834	63,654,529	220,748,339	63,080,609
Adjustments for:				
-Depreciation - (Note 6 and 6.1)	148,334,074	141,757,308	148,266,472	141,170,684
-Depreciation of right-of-use assets - (Note 6.2)	18,466,769	13,708,322	18,466,769	13,708,322
7)	1,461,190	410,170	1,461,190	406,503
-Loss on sale of property, plant and equipment	11,815,824	1,233,386	11,815,824	1,233,386
-Profit on sale of property, plant and equipment	(615,154)	(220,655)	(615,154)	(220,655)
-Provision for doubtful debts	6,875,607	18,799,032	6,875,607	18,799,032
-(Reversal) / Provision for slow/non moving inventories	1,260,864	(1,967,008)	1,260,864	(1,967,008)
-Provision for investments (Note 8)	-	-	1,953,660	-
-Provision for retirement benefit (Note	10,335,391	9,545,590	10,162,870	9,185,327
-Provision for defects liability (Note 19)	-	1,474,229	-	1,474,229
-Interest expenses on borrowings & overdrafts	38,030,447	41,295,625	38,030,447	41,295,625
-Interest expenses on leases	6,378,547	4,758,053	6,378,547	4,758,053
-Government subsidy (Note 18)	(101,626,272)	(94,259,745)	(101,626,272)	(94,259,745)
-Dividend income (Note 18)	-	(5,258,304)	-	(5,258,304)
-Interest income (Note 21)	(134,439)	(125,445)	(134,439)	(125,445)
Changes in working capital:				
- trade and other receivables	(80,431,030)	15,678,752	(55,297,234)	16,647,084
- inventories	(38,659,673)	(37,651,349)	(40,934,592)	(36,102,147)
- trade and other payables	72,071,642	28,002,761	56,330,267	23,315,000
Cash generated from operations	318,283,621	200,835,251	323,143,165	197,140,550

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

Net book amount (Note 6 and 7)	14,570,313	1,233,486	11,847,261	1,233,486
Profit / (loss) on sale of property, plant and equipment	(11,200,670)	(1,012,731)	(11,200,670)	(1,012,731)
Proceeds from sale of property, plant and equipment	3,369,643	220,755	646,591	220,755

Non-cash transaction:

In the cash flow statement, proceeds from borrowings for the year ended 31 December 2019 include non cash flow item amounting to MVR 22,364,984, which is accounted under investment in property, plant and equipment (Note 6), where the project was carried out by a third party under a contractor financing scheme.

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 2.00 per share (2019: Nil) amounting to MVR 16,075,498 has been declared in the annual general meeting held on 28 September 2020 and has been shown in the statement of changes in equity.

26 Contingencies

Contingent liabilities

The Company enjoyed a letter of credit, bank guarantee and trust receipts facilities of MVR 17,118,561 (2019: MVR 45,428,148) 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

There were no capital commitments outstanding at the reporting date.

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

Lease rentals falling:	**Less than one year MVR**
Houses	1,380,000
Vessels	5,515,086
Male' land plots	4,389,794
	11,284,880

Financial commitments

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

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

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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% (2019: 64.20%) of the voting rights of the Company as at 31 December 2020 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 2020, 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	
	2020	2019	2020	2019
Construction revenue	879,738,280	595,960,008	903,328,444	595,960,008
Trading revenue	48,571,776	54,568,918	48,571,776	54,568,918
Others sales and services	22,205,484	6,853,167	22,205,484	6,853,167
Government subsidy	101,626,272	94,259,745	101,626,272	94,259,745
Construction materials purchased	134,397,432	141,546,332	134,397,432	141,546,332
Dividends paid	11,068,560	-	11,068,560	-
Other goods and services from	-	-	8,878,742	11,330,921

(ii) Receivables from related parties (Note 11)

	Group		Company	
	2020	2019	2020	2019
Construction revenue	288,305,597	331,537,816	288,499,879	355,567,174
Trading revenue	11,089,561	4,207,448	11,089,561	4,207,448
Others sales and services	53,316,446	20,176,891	53,316,446	20,176,891
Retention receivables	93,716,039	78,985,177	93,716,039	78,985,177
	446,427,643	434,907,332	446,621,925	458,936,690

(iii) Payables to related parties (Note 17)

	Group		Company	
	2020	2019	2020	2019
Construction materials purchased	25,591,239	32,237,808	25,591,239	52,384,966
Dividends	11,068,560	2,354,655	11,068,560	2,354,655
Project advances	171,580,642	188,241,997	171,580,642	188,241,997
Others goods and services purchased	40,515,015	49,097,238	40,515,015	49,097,238
	248,755,456	271,931,698	248,755,456	292,078,856

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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	
		2020	2019	2020	2019
Maldives Real Estate Investments Corporation Private Limited	Purchase of goods and services	8,878,742	11,330,921		
(Fully owned subsidiary)	Payments made	5,190,824	21,546,520	(194,282)	(3,882,200)

(v) Loans from a shareholder

Ministry of Finance and Treasury (Note 16)

	Group 2020	Group 2019	Company 2020	Company 2019
Trade loan	16,500,000	18,000,000	16,500,000	18,000,000
Five year subsidy loan	90,000,000	95,000,000	90,000,000	95,000,000
Mudarabah equity finance	120,000,000	120,000,000	120,000,000	120,000,000
	226,500,000	233,000,000	226,500,000	233,000,000

	Group 2020	Group 2019	Company 2020	Company 2019
The movement in the year can be analysed as follows;				
Beginning of the year	233,000,000	238,524,767	233,000,000	238,524,767
Loans paid during the year	(6,500,000)	(5,524,767)	(6,500,000)	(5,524,767)
End of the year	226,500,000	233,000,000	226,500,000	233,000,000

Trade loan received from Ministry of Finance and Treasury amounting to MVR 16,500,000 (2019: MVR 18,000,000), which is unsecured and payable in three years on a monthly equal instalments and carries an interest rate of 8% per annum.

Subsidy loan received from Ministry of Finance and Treasury amounting to MVR 90,000,000 (2019: MVR 95,000,000), which is unsecured and payable in five years on a quarterly equal instalments and carries an interest rate of 7% per annum.

Mudarabah equity finance received from Ministry of Finance and Treasury amounting to MVR 120 million (2019: MVR 120 million), which is unsecured and payable within 3 months under "Mudarabah" agreement and carries an average equity margin of 10.6% per annum from the gross profit of Trading division, accordingly the amount has been shown as falling due within one year.

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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) Key management remuneration

	Group		Company	
	2020	**2019**	**2020**	**2019**
Directors' remuneration	1,192,129	1,261,832	1,054,452	925,832
Key management remuneration	9,903,963	9,411,598	9,543,963	8,571,598
	11,096,092	10,673,430	10,598,415	9,497,430

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

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30 Impact of Covid -19

COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of staff, connectivity of stakeholders, compliance with guidelines issued by government authorities and continuity of critical business operations. The outbreak and the associated developments impacted across business segments due to the procurement and logistical constraints in sourcing and supplying the materials and inventory required, isolation measures implemented by the authorities.

However, business activity recovered across the Maldives once the country was reopened for tourism and other activities and consequently the Group saw a gradual recovery in all business segments.

The current exceptional situation is yet evolving and the future impact will heavily depend on the complete recovery from the virus and time taken for economic activity to rebound to pre COVID-19 levels. The recovery of the country's enterprises will also be key determinants of future impact.

31 Events after the reporting date

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

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29 Segment information - Group

At 31 December 2020, the Group is organized into six main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Construction: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.

(3) Dredging: Dredging and land reclamation.

(4) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.

(5) Real Estate : Development and management of housing units and providing all kinds of repair and maintenance services.

(6) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Total revenue	199,385,545	1,049,494,302	291,077,505	61,374,208	25,694,777	112,265,238	1,739,291,575
Less: Inter-segment revenue	(19,261,182)	(109,073,355)	(115,716,802)	(9,914,868)	(8,878,742)	(99,075,717)	(361,920,666)
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	16,816,035	13,189,521	1,377,370,909
Other income	2,070,783	2,125,167	-	108,261,755	-	19,561,041	132,018,746
Operating profit / (loss)	25,777,578	175,468,636	75,316,597	2,219,905	1,639,315	(8,532,003)	271,890,028
Finance costs - net (Note 21)	(4,570,616)	(14,302,909)	(24,571,692)	(2,219,905)	-	(1,505,072)	(47,170,194)
Profit / (loss) before tax	21,206,962	161,165,727	50,744,905	-	1,639,315	(10,037,075)	224,719,834
Business profit tax	(3,237,191)	(24,601,555)	(7,746,086)	-	(331,115)	1,888,136	(34,027,811)
Profit after tax	17,969,771	136,564,172	42,998,819	-	1,308,200	(8,148,939)	190,692,023

The segment results of the Group for the year ended 31 December 2019 are as follows:

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Total revenue	286,944,423	677,696,295	244,955,364	97,995,883	27,230,101	111,900,273	1,446,722,339
Less: Inter-segment revenue	(24,115,012)	(98,893,677)	(67,527,623)	(7,784,183)	(11,330,921)	(84,036,488)	(293,687,904)
Revenue	262,829,411	578,802,618	177,427,741	90,211,700	15,899,180	27,863,785	1,153,034,435
Other income	1,735,342	4,930,180	-	101,365,740	-	12,488,325	120,519,587
Operating profit / (loss)	43,145,170	24,758,278	29,049,192	1,691,959	946,581	6,731,924	106,323,104
Finance costs - net (Note 21)	(5,866,477)	(12,808,170)	(20,357,531)	(1,691,959)	-	(1,944,438)	(42,668,575)
Profit / (loss) before tax	37,278,693	11,950,108	8,691,661	-	946,581	4,787,486	63,654,529
Business profit tax	(6,030,658)	(1,933,219)	(1,406,046)	-	(131,206)	(834,769)	(10,335,898)
Profit after tax	31,248,035	10,016,889	7,285,615	-	815,375	3,952,717	53,318,631

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29 Segment information - Group (continued)

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

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Year ended 31 December 2020							
Depreciation (Note 6)	1,449,351	67,171,952	49,043,594	16,971,217	446,122	10,409,706	145,491,942
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	66,361	-	-	6,875,607
Impairment for inventories (Note 12)	756,518	504,346	-	-	-	-	1,260,864
Amortization (Note 7)	30,540	9,472	-	-	-	1,421,178	1,461,190
Year ended 31 December 2019							
Depreciation (Note 6)	1,630,348	69,204,183	46,276,188	15,227,218	649,711	7,757,114	140,744,762
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	66,361	-	13,928,621	18,799,032
Impairment for inventories (Note 12)	-	-	-	-	-	-	-
Amortization (Note 7)	8,496	2,635	-	-	3,667	395,372	410,170

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

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

The segment assets and liabilities of the Group at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Trading	Construction	Dredging	Transport	Real Estate	Others	Total
Assets	210,974,483	669,922,044	690,429,699	186,427,859	10,753,208	424,591,984	2,193,099,277
Liabilities	102,654,053	601,539,884	279,079,948	16,870,703	8,626,607	193,411,702	1,202,182,897
Capital expenditure (Note 6 and 7)	1,153,721	30,998,703	11,207,226	12,359,856	3,502,800	10,253,546	69,475,852

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29 Segment information - Company

At 31 December 2020, the Company is organized into five main business segments.

(1) Trading : Trading of engines, generators, spare parts, lubricants, paints and industrial gas, and auctions of various products.

(2) Construction: Construction of harbour development projects, shore protection projects, sheet piling projects and civil construction projects.

(3) Dredging: Dredging and land reclamation.

(4) Transport : Ferry service all over the atolls in Maldives and land transport services in greater Male' region.

(5) Others : Anchoring and docking services, repair and maintenance services and ship agency services.

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

	Trading	Construction	Dredging	Transport	Others	Total
Total revenue	199,385,545	1,049,494,302	291,077,505	61,374,208	112,265,238	1,713,596,798
Less: Inter-segment revenue	(19,261,182)	(109,073,355)	(115,716,802)	(9,914,868)	(99,075,717)	(353,041,924)
Revenue	180,124,363	940,420,947	175,360,703	51,459,340	13,189,521	1,360,554,874
Other income	2,070,783	2,125,167	-	108,261,755	19,561,041	132,018,746
Operating profit / (loss)	25,777,578	175,468,636	75,316,597	2,219,905	(10,864,183)	267,918,533
Finance costs - net (Note 21)	(4,570,616)	(14,302,909)	(24,571,692)	(2,219,905)	(1,505,072)	(47,170,194)
Profit / (loss) before tax	21,206,962	161,165,727	50,744,905	-	(12,369,255)	220,748,339
Business profit tax	(3,237,191)	(24,601,555)	(7,746,086)	-	1,888,136	(33,696,696)
Profit after tax	17,969,771	136,564,172	42,998,819	-	(10,481,119)	187,051,643

The segment results of the Company for the year ended 31 December 2019 are as follows:

	Trading	Construction	Dredging	Transport	Others	Total
Total revenue	286,944,423	677,696,295	244,955,364	97,995,883	111,900,273	1,419,492,238
Less: Inter-segment revenue	(24,115,012)	(98,893,677)	(67,527,623)	(7,784,183)	(84,036,488)	(282,356,983)
Revenue	262,829,411	578,802,618	177,427,741	90,211,700	27,863,785	1,137,135,255
Other income	1,735,342	4,930,180	-	101,365,740	12,488,325	120,519,587
Operating profit / (loss)	43,145,170	24,758,278	29,049,192	1,691,959	7,104,585	105,749,184
Finance costs - net (Note 21)	(5,866,477)	(12,808,170)	(20,357,531)	(1,691,959)	(1,944,438)	(42,668,575)
Profit / (loss) before tax	37,278,693	11,950,108	8,691,661	-	5,160,147	63,080,609
Business profit tax	(6,030,658)	(1,933,219)	(1,406,046)	-	(834,769)	(10,204,692)
Profit after tax	31,248,035	10,016,889	7,285,615	-	4,325,378	52,875,917

MALDIVES TRANSPORT AND CONTRACTING COMPANY PLC

Financial statements - 31 December 2020

Notes to the financial statements (continued)

(all amounts in Maldivian Rufiyaa unless otherwise stated)

29 Segment information - Company (continued)

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

	Trading	Construction	Dredging	Transport	Others	Total
Year ended 31 December 2020						
Depreciation (Note 6)	1,449,351	67,171,952	49,043,594	16,971,217	10,409,706	145,045,820
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	66,361	2,005,196	6,875,607
Impairment for inventories (Note 12)	756,518	504,346	-	-	-	1,260,864
Impairment for investment in subsidiary (Note 19)	-	-	-	-	1,953,660	1,953,660
Amortization (Note 7)	30,540	9,472	-	-	1,421,178	1,461,190
Year ended 31 December 2019						
Depreciation (Note 6)	1,630,348	69,204,183	46,276,188	15,227,218	7,757,114	140,095,051
Impairment for trade receivables (Note 11)	692,032	3,382,529	729,489	66,361	13,928,621	18,799,032
Impairment for inventories (Note 12)	-	-	-	-	-	-
Amortization (Note 7)	8,496	2,635	-	-	395,372	406,503

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

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

The segment assets and liabilities of the Company at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Trading	Construction	Dredging	Transport	Others	Total
Assets	210,974,483	669,922,044	690,429,699	186,427,859	454,594,140	2,212,348,225
Liabilities	102,654,053	601,539,884	279,079,948	16,870,703	214,303,285	1,214,447,873
Capital expenditure (Note 6 and 7)	1,153,721	30,998,703	11,207,226	12,359,856	13,665,999	69,385,505

Corporate Information

Company Name
Maldives Transport and Contracting Company PLC.

Company Status
Registered as a Public Limited Company with Ministry of Economic Development Under Company Law No. 10/96

Registered Office
MTCC Tower, Boduthakurufaanu Magu, Male', 20057, Maldives

Phone: 1650
Fax: +960 332 3221
Email: info@mtcc.com.mv
Website: www.mtcc.mv

Registration Number: C-680
Registration Date: 18th December 1980
Company Secretary: Ms. Aminath Shiuna Ahmed Saeed

Bankers, Auditors & Lawyers

Bankers

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Website: www.bankofmaldives.com.mv

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Bank of Ceylon
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