

MTDC

MALDIVES
TOURISM DEVELOPMENT
CORPORATION



ANNUAL REPORT

2022



MTDC

MALDIVES
TOURISM DEVELOPMENT
CORPORATION

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FINANCIAL HIGHLIGHTS

Operations

	2018	2019	2020	2021	2022
Income in USD	4,578,797	3,682,785	3,674,746	4,127,199	7,342,830
Operating Profit Margin	39%	41%	32%	345%	47%
Profit for the year in USD	1,537,905	1,238,925	964,359	11,650,364	2,505,711
Earnings per share in USD	0.045	0.036	0.028	0.342	0.074
Dividend per share in MVR	-	-	0.50	0.60	0.60
Return on Equity	7.04%	3.07%	2.40%	22.97%	4.83%

Financial Position

	2018	2019	2020	2021	2022
Cash & Bank Balanced in USD	2,357,661	370,461	706,104	4,836,517	5,010,491
Total Assets in USD	47,054,011	69,874,244	77,878,187	99,515,899	96,509,012
Total Assets per share in USD	1.38	2.05	2.28	2.92	2.83
Net Assets per share in USD	0.64	1.18	1.18	1.43	1.31

Market Performance

	2018	2019	2020	2021	2022
Closing price in MVR	10	10	10	10	11
Year high in MVR	10	10	10	10	15
Year low in MVR	10	10	10	10	10
Market Capitalisation in MVR	340,873,540	340,873,540	340,873,540	340,873,540	374,960,894

ABOUT MTDC

Our Vision

MTDC'S vision is to be the leading public corporation in the Maldives. Striving for excellence utilizing the expertise and financial capability of the company and to achieve better results than expected from the stakeholders and also gain macro and micro scale benefits from the tourism industry.

Mission

MTDC's mission is to find different possible investment opportunities and use our assets to reap the best possible yield or profit hence boosting our shareholder's confidence and wealth. Today, MTDC is the only public corporation listed active in the Tourism Industry. Our target is to make the islands into eco-friendly resorts and give our guests a time of their lives that they will forever cherish. However in our business mission statement we do not identify ourselves as a company that will solely depend on one industry. On the contrary, we plan to diversify our investments. The reason for this is to give our shareholders the assurance that MTDC would always try and find different opportunities so as gain higher profits.

Financial Goals

MTDC's goal is to find rewarding investment opportunities for every Maldivian citizen. With that mentality, every single employee of our organization comes to work every day. It is also with this mentality, different business transactions and negotiations are being held. And in order for this to happen, every obstacle and disagreements are handled with a smile, not to jeopardize the work we do.

Disciplinary Principles

In order to run the company the way we have, our directors and employees alike share a certain set of principles which we abide by.

- 1 Shareholder's rights are to be protected at all times.
- 2 Working with an open-mind.
- 3 Finding innovative methods to carry out the given task efficiently.
- 4 Respecting each other's differences.
- 5 Vouching for the truth and express opinion without any reluctance.

Core Purpose

Maldives Tourism Development Corporation Plc (MTDC) is a Public Listed Company which was originally created by the government on 9th April 2006 to develop 15 islands, after which the general public would benefit from the profits made within the tourism industry.

Registered Office

1st floor, G. Fathuruvehi
Buruzu Magu, Male',
Republic of Maldives
Phone: +960 334 7766
Fax +960 334 7733
Email: info@mtdc.com.mv
Website: www.mtdc.com.mv

Registry Number

C-280/2006

Legal Form

Public Limited Liability
Company, Incorporated in
Maldives at the Ministry
of Economic Development
under the company's
Law no. 10/96.

Listing

MTDC was listed on the
Maldives Stock Exchange on
January 8, 2007.

Company Secretary

Ms. Mariyam Leena Ali

Auditors

KPMG,
Chartered Accountant,
2nd Floor, H.Mialani,
Male', Maldives

Legal Advisors

Uz. Hussain Siraj
H. Merry Rose, Male'
Republic of Maldives

Share Holding Structure as at 31st December 2020

Shareholder Group	Number of Shares	Rate per 10MVR	Percentage %
Public	18,428,278	184,282,780	53
Government	15,659,076	156,590,760	47
Total	34,087,354	340,873,540	100
Authorized Share Capital	100,000,000	1,000,000,000	0.60
Paid Up Capital	34,087,354	34,087,3540	4.83%

Joint Venture of MTDC

Company Name	ENA Hotel Holding Company Pvt. Ltd.
Company Address	H. Aage, 2nd Floor, Boduthakurufaanu Magu, Male' City, Maldives
Type of Venture	Joint Venture
% of Shares owned by MTDC	20%

Joint Venture of MTDC

Company Name	Global Resorts and Development Maldives Pvt Ltd
Company Address	H. Thuniya, Boduthakurufaanu Magu, Male,' Maldives
Type of Venture	Joint Venture
% of Shares owned by MTDC	15%

CHAIRMAN'S MESSAGE



Dear Shareholders,

It is my privilege to write to you once again. As I reflect on the past year, I am still reminded of the consequences of the Covid-19 pandemic, and am proud of the resilience our business showed in the face of that severe hardship, and our ability to adapt to operating within, and after the Covid- 19 context.

Looking back, I am proud to say that it was the uncompromising policies of the board, that guided our decision-making in this time of hardship. The board decided to offer unprecedented support and relief to all our partners during the pandemic, building confidence and strengthening business relationships to new levels. I am proud to say that the board decisions to offer unprecedented relief to all our partners during the pandemic, has taken the confidence-building and business relationships to new levels. We will continue to work in close relationship with our partners towards a mutually successful business.

As you will recall, in 2020, the company paid its first dividend in 10 years after completion of a remarkable financial year in 2019, and since then, the company has adopted a dividend policy. The performance of the company grew remarkably during the financial year 2022 and our revenue increased by 77.72%, while Gross Profit increased 1.73 times and a dividend of 60 laari per share for 2022 has been proposed by the board of directors.

While the world is currently grappling with economic and geopolitical uncertainty, with looming threats of a potential global recession, we remain cautiously optimistic, looking to expand our investments and portfolio, focusing on the factors within our control; to ensure that our investments have robust balance sheets to support business profitability.

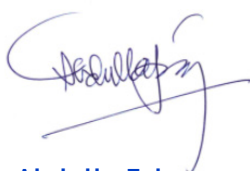
At MTDC, we strive to live by the highest standards of integrity, and character, thus inspiring trust from others. We endeavour to serve our country, shareholders, community, and company with humility, and strong belief in the dignity and value of people. We have endeavored to shape an organizational culture where principle-centered leadership drives business strategy. Principles are needed to maintain consistency - in life and in work.

The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The overall performance

of the Company is a manifestation of service to the stakeholders and society, and every Director has made a valuable contribution towards this end.

I wish to state that the composition of the current Board includes Directors with competencies in Management, Leadership, Accounts, entrepreneurship, risk assessment, effective governance framework, and Human resource management. On behalf of the Board, it is a distinct pleasure for me to express my gratitude to you for the enduring trust and confidence reposed in us over the years.

Before conclusion, I would like to recall the unexpected demise of our Board Member Ahmed Mujuthaba on 29th July 2022, who is an outstanding personality. His valuable contributions to the board is sadly missed and highly acknowledged. May Allah hail him in Jannah. Aameen. Thank you!



Abdulla Faiz

Chairman

MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

The Maldives Tourism Development Corporation (MTDC) today contributes a great deal to the Maldivian tourism sector. Established with the goals of ensuring greater benefit from the industry for the Maldivian people and having a great impact on the country's economy, today, we have overcome the challenges experienced in some of the past years and established ourselves as a growing company with annual growth that meets the expectations of the shareholders and other stakeholders. Tourism is still the center of the country's economy, and with a vision of being a top player contributing to the sector, we are pleased to declare our full potential to reach this goal. The past year, upon the opening of the borders to tourists following the COVID-19 pandemic, the Maldives welcomed a record number of annual tourist arrivals, bringing unprecedented progress to the country's economy and manifold opportunities and benefits to our company and to all directly or indirectly involved in the sector. The experience has renewed investor trust, and we proudly record the success as a boom for MTDC.

Much work was undertaken in 2022 to further improve and develop the company, including securing new investments,

improving cashflow, establishing vigorous strategic plans, and renewing efforts under the new plans. The company's principal business activities are developing tourist resorts and generating revenue through the sublease of resort islands to investors. We are proud of our commitment and achievements. The main focus of the past year for the company was to progress towards the development of Naagoshi in H.Dh. Atoll as a tourist resort through a joint venture with a foreign investor, in addition to the development of a tourist resort fully owned by the company. It also included the construction project of the MTDC office building in Hulhumale'. Most of the pre-construction work towards the development of H.Dh. Naagoshi was completed during the past year, including the designing, environmental impact assessments, and securing all the other obligatory approvals to commence the resort's on-site construction. We have great confidence in starting the onsite work in the second quarter of 2023. Making additional investments in the tourism industry is an important goal for us. To reach the next rungs of the ladder as a leader in the industry, we are rapidly progressing towards the building of a tourist resort exclusively owned by the company. Announcing our full capabilities for such a venture is a source of pride for myself as the Managing Director and, no doubt, for the Board of Directors and shareholders. The project is expected to see the light of

day during the final quarter of this year. Furthermore, the planned 10-storey office building is yet another project we consider to be of great future progress for the company, with construction expected to commence within the third quarter of the year.

Providing an attractive dividend to shareholders has always been a key focus of MTDC. Despite a few years of struggle in the past, the shareholders earned a good dividend during the past three years. With the prospect of multiple investments in the year 2023, the Board has approved a dividend of MVR0.60 per share from the annual net profit of 2022; this, we trust, is welcome news for the shareholders. The company's net profit stands at USD 2.5 million in 2022, with an increase in revenue from 2021 due to the outcome of the lease agreement modifications with our partners. The net profit gained in 2022, not considering the revenue earned through the lease modifications of 2021, is appreciable. Due to the new terms with sublease partners, which resulted in the lease extension of Kihavah in B. Atoll, the liquidity of the company has also declined in 2022 from that of the previous year. However, to compare with 2021, currently the company has the capacity to pay USD1.17 per USD 1 of short-term liabilities. The current financial position bodes well for the upcoming years.

At MTDC, we have always regarded human capital as an important component of our development and prosperity, focusing on improving their capacity to contribute towards organizational success with opportunities for training and development. Such opportunities were also provided to the Board of Directors, both locally and internationally. Their fresh knowledge, skills, and perspectives have greatly contributed to our steady growth. As a listed company, in line with the rules of governance, new steps were taken to retain

and enhance shareholder trust. We will always remain committed to progress, transparency, and adhering to good governance and ethics.

The year 2022 was a successful year for MTDC. We pledge to steadfastly work for the progress of the company by following the Board's advice and new plans adopted for the future, ensuring attractive dividends to the shareholders. We will spare no effort in protecting our shareholder rights and steering us towards greater achievements.

With the grace of the Almighty, we will continue to accomplish our core objectives of being a significant contributor to the country's economy while continually providing attractive dividends to shareholders and remaining a trusted, continually developing company.



Thazmeel Abdul Samad
Managing Director

Company Directors

(From 1st January 2022 — 31st December 2022)

Name	Position	Classification	Appointments & Resignations
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	9th June 2022 - Current
Mr. Thazmeel Abdul Samad	Managing Director	Executive	9th June 2022 - Current
Mr. Ahmed Niyaz	Director	Executive	29th August 2020 - 9th June 2022
Mr. Ibrahim Latheef	Director	Executive	29th August 2020 - 9th June 2022
Mr. Mohamed Janah	Director	Independent / Non-Executive	9th June 2022 - Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	9th June 2022 - Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	9th June 2022 - Current
Ms. Aishath Fazeena	Director	Independent / Non-Executive	9th June 2022 - Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	29th August 2020 - 9th June 2022
Ms. Aminath Azlifa	Director	Independent / Non-Executive	9th June 2022 - Current
Ms. Aishath Leeza	Director	Independent / Non-Executive	9th June 2022 - Current

Audit and Risk Management Committee

(From 1st January 2022 — 31st December 2022)

Name	Position	Classification	Appointments & Resignations
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Janah	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	30th June 2022 - Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 - 29th July 2022

Nomination and Remuneration Committee

(From 1st January 2022 — 31st December 2022)

Name	Position	Classification	Appointments & Resignations
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 - Current
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20th September 2020 - Current
Ms. Aminath Azlifa	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aishath Leeza	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 - 30th June 2022

Corporate Governance and Compliance Committee

(From 1st January 2022 — 31st December 2022)

Name	Position	Classification	Appointments & Resignations
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Janah	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aminath Azlifa	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aishath Leeza	Director	Independent / Non-Executive	30th June 2022 - Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 - 29th July 2022
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 - 30th June 2022

INTRODUCTION OF DIRECTORS



Mr. Abdulla Faiz

Chairman, Non-Executive Director

Mr. Abdulla Faiz was first appointed as a director of the board of MTDC representing the government, on 6th February 2019. He went on to be appointed as Chairman of the board on 13th February 2019. Mr. Faiz completed his Master of Business Administration (MBA) from the Australian Institute of Business (Australia). He has also been a life member of the Chamber of Commerce and Industry of SAARC since 2001. Additionally, he is a founding member of the Maldives National Chamber of Commerce and Industry, Maldivian Traders Association, Maldives Association for Construction Industries as well as Restaurant Association of Maldives. He has also served in the position of Chairman of the Board of State Trading Organization (STO), Managing Director of ADK Shipping and Trading, Company Director to the Chairman of Villa Trading Company as well as Secretary General of the National Chamber of Commerce.



Mr. Thazmeel Abdul Samad

Managing Director/ Executive Director

Mr Thazmeel Abdul Samad was first appointed as one of the directors of the board by the government on 24th January 2019 and appointed as the managing director on 31st January 2019. Mr Thazmeel Abdul Samad completed his Master's in Business Administration (MBA) in Anglia Ruskin University, UK. He was the former media coordinator and spokesperson for the Ministry of Home Affairs during the period 2014-2018. Moreover, during the period 2014-201. Mr Thazmeel Abdul Samad was a member of the SAARC Information Center's Governing Board stationed in Nepal. Furthermore, between the years 2006 and 2014 he was the Assistant manager of Haveeru Daily. Mr. Thazmeel Abdul Samad had done Executive Development Program from Singapore Management University.



Mr. Ahmed Niyaz

*Deputy Managing Director /
Executive Director*

Mr. Niyaz was elected as a Director of the board on 29th August 2020, representing the public. He served as the Chairman of the Board of Directors at Maldives Transport and Contracting Company Pvt Ltd, as well as Chairman of the Board of Directors of State Trading Organization (STO). He completed his Master of Business Administration from Cardiff Metropolitan University and a Diploma in Directorship from the Singapore Institute of Directors of Singapore Management University. Mr. Niyaz completed his first Degree in the field of Political Science and Sociology. He also completed a Diploma in School Management after which he served as Headmaster to some schools within the atolls. In addition to having served to the educational field as a skilled academic, he also completed several short courses and workshops from Project Management, Leadership Training and Director Training.



Mr. Ibrahim Latheef

*Chief Financial Officer /
Executive Director*

Mr. Ibrahim Latheef was elected as a Director of the Board representing the public on 29th August 2020. He is an Association Certified Chartered Accountant who joined the Company in December 2011 as a Financial Analyst. Later he had served as a Manager Finance, Acting Chief Financial Officer and from May 2017 onwards he has been serving as the Chief Financial Officer of MTDC PLC.



Ms. Aishath Fazeena

Non-Executive Director

Ms. Aishath Fazeena was elected to the board on 9th June 2022 as a member representing the public. She currently works at Waldives Pvt Ltd as an Accounting Executive and is a Board Director at the Pension Administration Office. Prior to joining Waldives Pvt Ltd, Fazeena has worked as a full-time lecturer at the Maldives National University, Business School and as a part-time lecturer at Villa College. She has held directorship positions in the State Trading Organisation Plc and Maldives Transport and Contracting Company Plc. Ms. Aishath Fazeena holds a Master of Business Administration (MBA) from the University of the West of England, Bristol, and is an affiliate member of the Association of Chartered Certified Accountants (ACCA). She also holds a Bachelor's Degree in Applied Accounting from Oxford Brookes University, UK and an Executive Diploma in Directorship from Singapore Management University.



Mr. Mohamed Janah

Non-Executive Director

Mr. Mohamed Janah was first appointed to the Board on 6th February 2019 to represent the government. He holds an A.A.T, as well a Diploma in Computer Studies from Sri Lanka. He also completed the Securities Dealers/Stock Brokers Certificate by Capital Market Development Authority. Mr. Janah has been fulfilling some notable positions of Villa Shipping and Trading since 1996 and is currently their Chief Funds Executive.



Mr. Mohamed Fathih

Non-Executive Director

Mr. Mohamed Fathih was first appointed to the Board on 6th February 2019 to represent the government. He holds a Masters in Business Administration from University Bedfordshire (UK) and Bachelor of Commerce from Griffith University (Australia). Mr. Fathih also holds Diploma in Business from HELP University (Malaysia) and an advanced Diploma in Accounting awarded by the Association of Accounting Technicians (AAT). He has fulfilled notable positions within State Electric Company Limited (STELCO) between 1994 and 2011. He currently serves as the Manager (Administration) at Allied Insurance Company.



Ms. Asamy Rushdy

Non-Executive Director

Ms. Asamy Rushdy was appointed as a Director to MTDC board on 9th June 2022 representing the public shareholders. Ms. Asamy holds a Masters in Business Administration. She has been fulfilling different positions in Bank of Maldives since 2004, the leading financial institution and the largest bank in the Maldives. She is a highly dedicated professional with more than 12 years of procurement experience. She is a member of Chartered Institute of Procurement & Supply (CIPS).



Late Ahmed Mujthaba

Non-Executive Director

Mr. Ahmed Mujthaba was appointed as a Director of the board of Directors on 9th June 2022 representing the public shareholders and served till his demise on 29th July 2022. Mr. Mujthaba did his Master of Business Administration from Open University Malaysia and Bachelor of Accounting (Honours) from Multi Media University, Malaysia. Mr. Ahmed Mujthaba served as the Chief Procurement Executive in Ministry of Finance and as a Government Director at Addu Investment Private Limited Company. He also had a vast knowledge in the auditing field as well as the public procurement field.



Ms. Aminath Azlifa

Non-Executive Director

Ms. Aminath Azlifa was appointed as a Director of the Board of Directors on 09th June 2022 representing the public shareholders. Azlifa have education background in Information Technology, Business Management, and Marketing. She has Bachelor of Business Administration from University of Business and International Studies, Geneva, Switzerland. In addition to those, Azlifa have attended various short trainings conducted by Civil Service Commission (CSC) and numerous other Agencies, such as Directors Training Programme conducted by Capital Market Development Authority (CMDA). Additionally, also completed various trainings from abroad related to corporate governance Ms. Azlifa, with over fifteen years of management experiences has worked at different agencies. Azlifa currently is the Assistant Data Processing Officer at the Maldives Media Council (MMC). She is also the Managing Director of Glactic Private Limited.



Ms. Aishath Leeza

Non-Executive Director

Ms. Aishath Leeza was elected to the board on June 9, 2022, as a member representing the public. She has been a lecturer at the Maldives National University Business School (MNUBS) since 2014 and is the former management department head at MNUBS. She is also an advisory committee member at MNU Foundation Studies. Ms. Leeza, with over fifteen years of management experience, works as a business consultant and corporate trainer. She holds a Masters of Business Administration (MBA) from Cardiff Metropolitan University and received the President's Award for outstanding academic excellence in 2015. She is also a PhD candidate at the University of Peradeniya (PGIA). Her research focuses on the Maldives' tourism sector. She has also presented her study's findings at numerous conferences. She has attended several corporate governance and leadership training programs abroad and the Directors Training Program conducted by the Capital Market Development Authority (CMDA).

INTRODUCTION OF DIRECTORS



Mr. Thazmeel Abdul Samad
Managing Director

Mr Thazmeel Abdul Samad was appointed as the Managing Director on 31st January 2019. Mr Thazmeel Abdul Samad completed his Master in Business Administration (MBA) in Anglia Ruskin University, UK. Mr. Thazmeel Abdul Samad has completed multiple short courses in Board Directors skill programmes. He was a member of the SAARC Information Center's Governing Board stationed in Nepal from 2014-2018.



Mr. Ahmed Niyaz
Deputy Managing Director

Mr. Ahmed Niyaz joined MTDC on 5th November 2007. He attended Cardiff Metropolitan University where he completed his Masters of Business Administration. Moreover, he completed a Diploma in Directorship from Singapore Management University's Institute of Directorship. Furthermore, he also has a Bachelors in Economics, Political Science and Sociology. Mr. Niyaz also has a Diploma in School Management and had spent over 10 years in the education sector, where he was a Headmaster of multiple schools in the Atolls. Aside from the above mentioned educational qualifications Mr. Niyaz has completed multiple short courses in both Maldives and abroad in areas such as Project Management, Leadership training and Director's training.



Mr. Ibrahim Latheef

Chief Financial Officer

Mr. Ibrahim Latheef who has completed his Association Certified Chartered Accountants (ACCA) joined MTDC on 22 December 2011 as a Financial Analyst. He was promoted to Finance Manager in the year 2014, April 20th. On April 24th 2016 Mr. Latheef was made the Acting Chief Financial Officer. And on 21st May 2017, Mr. Latheef was appointed as the Chief Financial Officer of MTDC.



Mr. Islah Shareef

General Manager — Corporate Affairs

Mr. Islah Shareef joined MTDC on 16th May 2006. He holds both a Diploma and Degree in Business Administration and has been working in the general administrations department for the past 16 years. Ever since joining MTDC as an Administrator Mr. Islah has played an active part in ensuring the success of the both the first resort project and setup of MTDC's main office, giving all the administrative assistance needed. Moreover, when MTDC first sold its shares to the public Mr. Islah played a vital role in ensuring the process ran as smooth as possible, giving support from the administrative side.



Ms. Fathimath Thahany Shihab

General Manager — Business Development

Ms. Fathmath Thahany Shihab, who holds a Bachelor's Degree in International Business and Marketing, joined MTDC on 1st April 2007. Since then, for the past 15 years she has been contributing and serving the company.



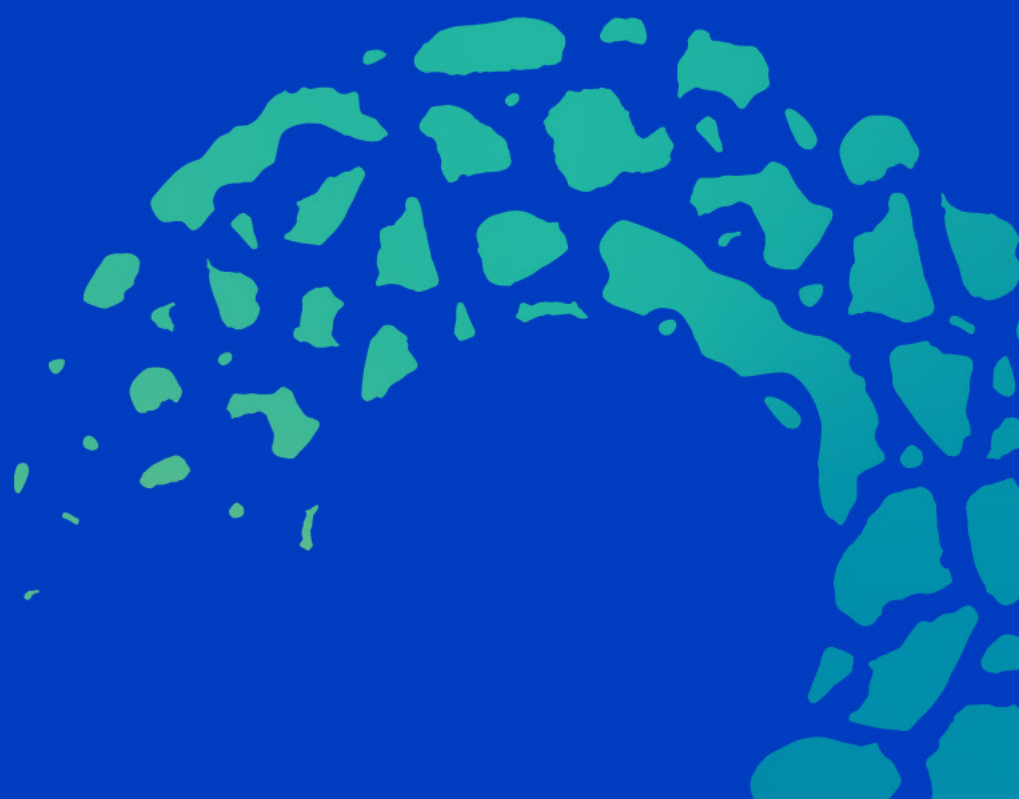
Mr. Fizan Abdulla
Manager — Finance

Mr. Fizan Abdulla has been with MTDC since November 21, 2006. He brings with him more than 16 years of experience in the field of Finance and Accounting. Prior to joining MTDC, Mr. Fizan worked in Maldives Airports Company Limited (MACL). He did a Bachelor's Degree in Accounting and Finance from Maldives National University, and a Master of Science in Accounting and Financial Management from the University of West England.



Ms. Mariyam Leena Ali
Company Secretary

Ms. Mariyam Leena Ali has been with MTDC since April 1, 2013. She brings with her more than 16 years of experience in the field of Media. Prior to joining the team of MTDC, she worked with the team of Television Maldives (TVM) . Ms. Leena completed her Bachelor of Arts as well as Post Graduate Diploma in Business Administration from the Mysore.



2022 Year in Review

Financial Review

The company concluded an extraordinary financial year 2021 by recording a "Net Gain on Lease Modification" of USD 13,70 m. The gain was related to the year 2021 only. The performance of the company grew remarkably during the financial year 2022 from a normal course of operations. Revenue increased by 77.72% (2022: USD 7.34m vs 2021: USD 4.13m) while Gross Profit increased by an astonishing 1.73 times (2022: USD 4.84m vs 2021: USD 1.77m).

Profit Before Tax and Net Profit, each reduced by 78.54% as the "Net Gain on Lease Modification" of USD 13.70m was too significant compared to the results of operations of the business. Had the "Net Gain on Lease Modification" not been considered, Profit Before Tax and Net Profit would increase by USD 2.90 and 2.46, respectively. Shareholders' equity increased by 2.33% (2022: USD 51.91m vs 2021: USD 50.73m). Short Term investment reduced by USD 2.41m (2022: USD 4.06m vs 2021 USD 6.47m) while the Cash and Cash Equivalents increased by USD 0.17m (2022: USD 5.01m vs 2021: USD 4.84). A dividend of 60 laari per share for 2022 was proposed by the board of directors.

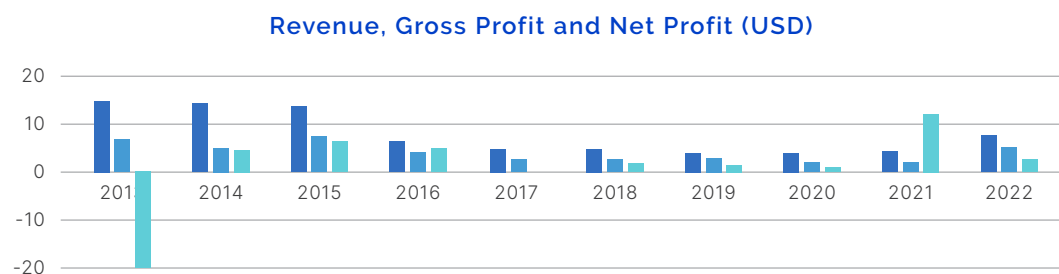
Profitability

Main source of income to the company was interest income on net investment in sublease. Following are major performance measures during the past 2 years and the reasons for the changes.

Item	2022	2021	Change	Remarks
Revenue	7.34	4.13	78%	Interest income on investment on subleases increased.
Gross Profit	4.84	1.77	173%	No significant change on interest exp on the lease liability.
Profit Before Tax	2.95	13.74	-78.53%	As a result of net gain on lease modification in 2021.
Net Profit	2.51	11.65	-78.45%	As a result of net gain on lease modification in 2021.

Figures are in USD million unless otherwise stated.

Without considering the net gain on lease modification during 2021, the overall performance of the company would have increased reasonably. Following chart shows financial performance of the company for the past 10 years.



Liquidity

Liquidity position of the company deteriorated significantly by USD 3.07m or 70% (net working capital of USD 1.31m 2022 vs USD 4.38m in 2021). Main reasons for the depletion of working capital were decrease in short term investment and increase in trade and other payables. Despite the change in net working capital, the company closed the year with a sound liquidity position of current ratio (and quick cash ratio) of 1.17: 1.

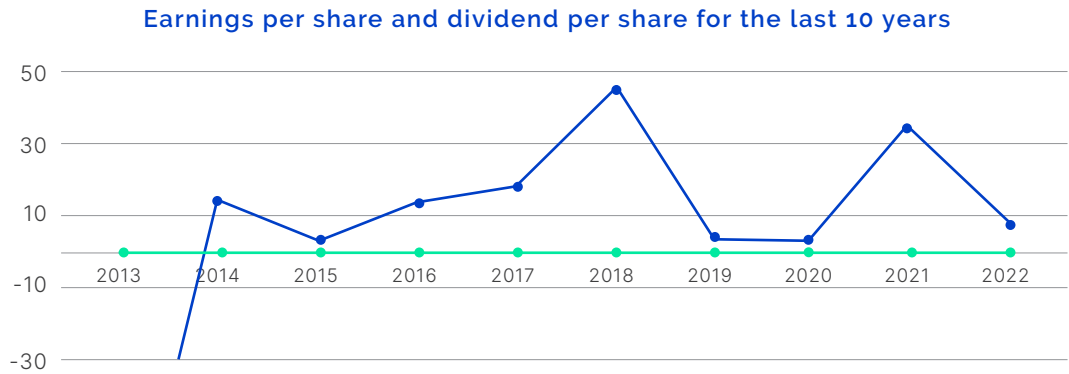
Financial Position

Total assets of the company decreased by 3%, during the year (2022: USD 96.51m vs. 2021: USD 99.52m), while total liabilities decreased by 8.5% (2022: USD 44.60m vs. 2021: USD 48.79m). Net worth of the company almost remained constant at the close of both financial years.

Earnings Per Share and Dividend Per Share

A dividend of 60 (sixty laari per share for 2022 (same as 2021) was proposed by the board of directors. In 2020, the company paid its first dividend in 10 years after completion of a remarkable financial year (2019). Since then, the company has adopted a constant dividend policy for the company.

Following chart shows the earnings per share and dividend per share during the past 10 years.

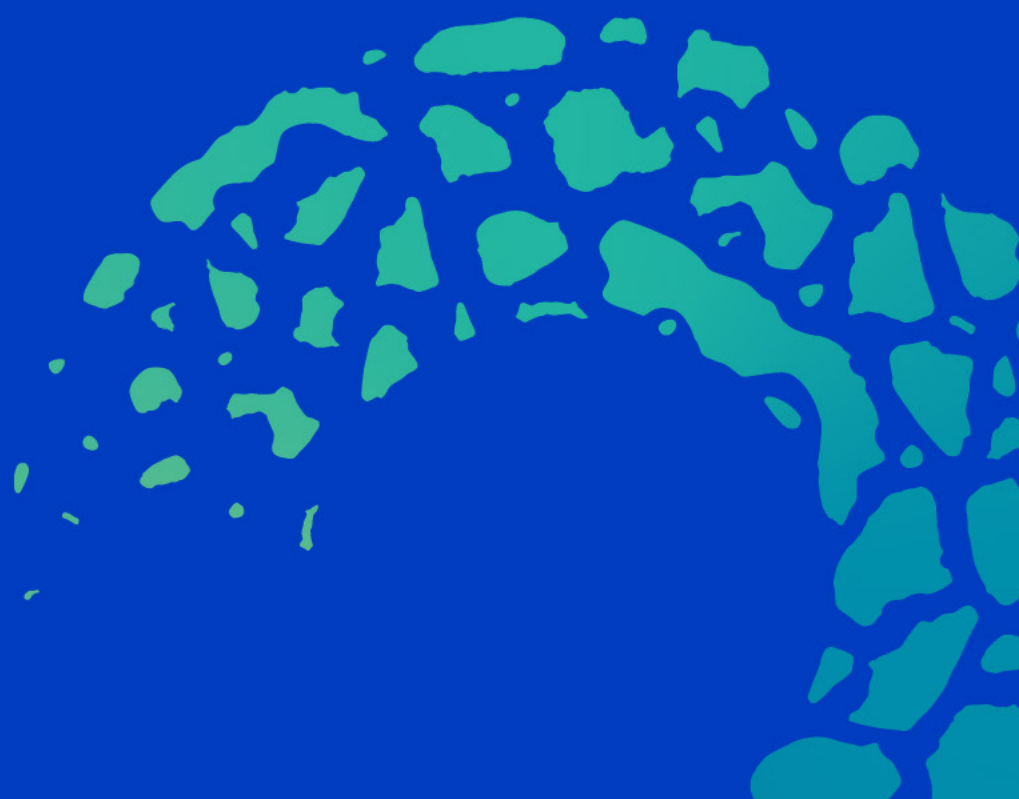


Environment Protection

MTDC believes that the vulnerable environment of the Maldives and the tourism industry are interlinked. Hence, MTDC places high importance in taking the required precautionary measures when dealing with the projects to ensure the environment is not affected negatively in any way possible. Before any project is conducted in the subleased islands we send in a group of experts who collect data and analyze the potential threats it could cause to the environment and the construction is conceptualized based on their advice.

Company's Social Responsibility (CSR)

At MTDC we believe that upholding our responsibility to the community should always be prioritized. We aim to build a system through which the benefits and the profits are shared amongst the shareholders and to make it easily accessible for the general public to purchase the shares. Rather than focusing on something temporary and trivial, we aspire to build something that would be of a continuous benefit to the community. The reason MTDC was created was so that the public can get the benefits of the tourism Industry.



INVESTMENTS OF THE COMPANY

While the tourism industry has benefited the majority of the population in more ways than one, MTDC is the first public corporation that strives to make the public more active in this industry and to open opportunities to make their engagement easier. The company came into existence on April 9th, 2006, with the initiative of the government to ensure that opportunities are made easily accessible for the public to engage in the events of the tourism industry and for the benefits and profits to be shared by the public.

With this idea in mind, the corporation was created and is currently the only public limited company that is active inside the tourism industry to ensure that these needs are met.

**Kihavah Huravalhi, Baa Atoll
(Anantara Kihavah Villas)**



The government leased Kihavah Huravalhi in Baa Atoll to MTDC on September 17, 2006. Subsequently, MTDC entered into a sublease agreement for the island on October 23, 2007 with Minor International Labuan Limited. Upon completion of construction, the resort commenced operations as a 5-star property as Anantara Kihavah Villas in 2010. Anantara Kihavah is approximately 30 minutes by seaplane from Velana Airport.

**Magudhuva, Gaafu Dhaalu Atoll
(Ayada Maldives)**



The government leased Magudhuva in Gaafu Dhaalu Atoll to MTDC on September 17, 2006. Subsequently, MTDC entered into a sublease agreement for the island on October 24th, 2007 with a Turkish company called Ahmet Aydeniz. Upon completion of construction, the resort commenced operations as a 5-star property under the name Ayada Maldives in 2011. Ayada is approximately 50 minutes by domestic flight to Gaafu Dhaalu Kaadedhoo domestic airport and a 30-minute speed boat ride to the resort.

Projects Under Development:



Naagoashi, Haa Dhaalu Atoll

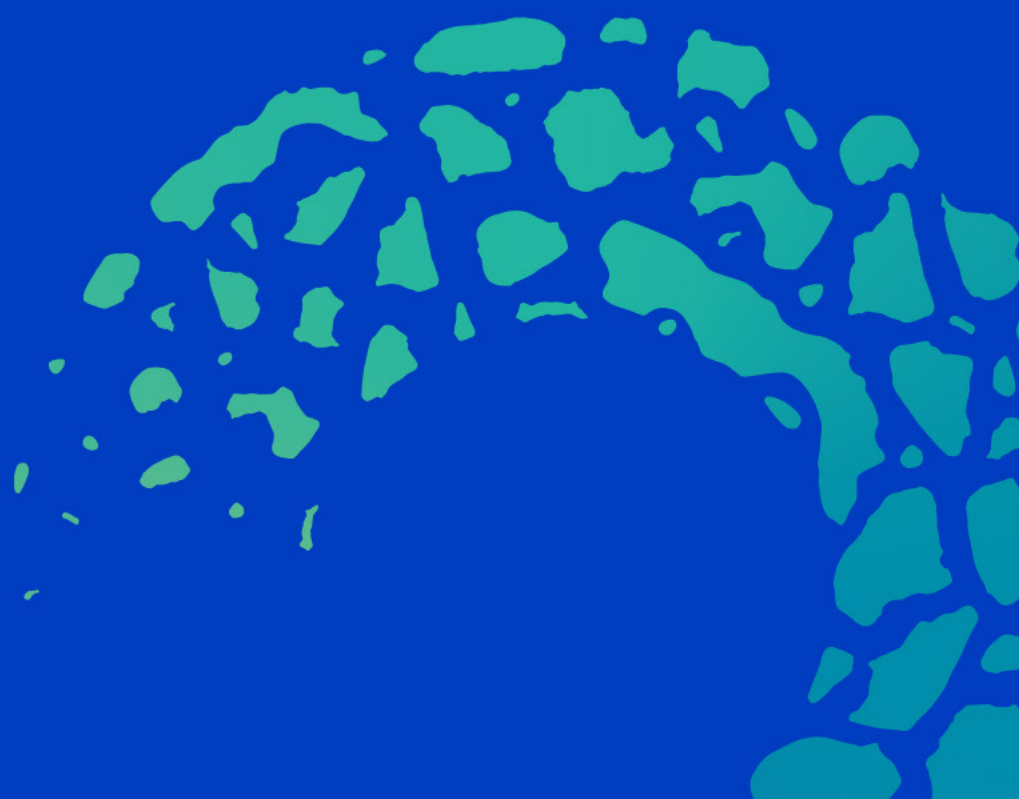
Naagoashi is a resort that is being developed in Haa Dhaalu Atoll. The government leased the island to MTDC on September 17, 2006. Soon after, MTDC entered into a sublease agreement on December 5, 2007 with Threek International Private Limited. However, in 2016, this sublease was terminated on the grounds of incomplete construction and failure to pay the sublease rent by the sublessee. Due to these same reasons, the headlease for Naagoashi was also terminated in the same year. Naagoashi is a resort that is being developed. Naagoashi was once again leased to MTDC for 50 years under a settlement agreement signed with the Government on 13th July 2017. This agreement was, however, terminated by mutual agreement and a fresh lease agreement for 50 years was signed for Naagoashi between MTDC and Government on 2nd July 2020.

In August of the same year, MTDC entered into a Joint Venture Partnership with a Dubai based company, for the development and operation of Naagoashi as a tourist resort. MTDC holds a 15% stake in the Joint Venture Company (Global Resorts and Development Maldives Pvt. Ltd). In December 2021, MTDC subleased Naagoashi to Global Resorts. The work plan, concept drawings, and Environmental Impact Assessment of the property have been completed and approved by the Government Authorities. As of now, Global Resorts is in the process of finalizing the detail drawings and preparing to mobilize on the island. Once the resort is completed, Naagoashi will become the biggest one island resort property in the Maldives.

MTDC New Office Building

MTDC signed a Land Sale Agreement with Housing Development Corporation (HDC) on 30th May 2022 with the purpose of building our very own office complex. MTDC is currently in the process of preparing

the concept and design drawings for the building and expects to commence construction in Quarter 3 of 2023. MTDC envisions development to be completed by end of 2024.



CORPORATE GOVERNANCE

MTDC is continuously trying to implement the principles of corporate governance into the work environment to ensure that the work is done diligently in a responsible and a transparent way.

Ensuring that work is done according to the company's law, Corporate Governance Code, Listing Rules, CDOI regulations in a fair way ensuring the rights of all our stakeholders are protected which is always a priority of the board of Directors.

The duty of the shareholders of MTDC is to elect the board of Directors and Auditors and to ensure their actions and decisions are in accordance to the company's laws and principles, respecting the right of the stakeholders and shareholders alike.

The company's board of directors are selected according to the company's operational law where there will be 9 board directors in which the government will appoint 4 directors and the remaining 5 will be elected by shareholders. Moreover, the process to appointing a Managing Director and a Chairman is that amongst the 4 directors appointed by the government.

Names of the nominations for the post of Managing Director and Chairman will be handed over to the company's Nomination and Remuneration committee to analyze and research their qualifications and whether the 2 members recommended by the government are fit to be Managing Director and Chairman. Taking their analysis into consideration the members will only be appointed if the board of directors sees them as fit for the position.

MTDC is proud of the fact that we have abided by all the rules and regulations of the corporate governance code during the year 2022. We have ensured that set procedures and internal control system had been adhered to achieve this objective. External auditors and Internal auditors are appointed by the board with the recommendation of Audit Committee.

The reason that Nomination and Remuneration acts as a single committee is because the responsibilities of both committees are similar. Non-Executive Directors are briefed about the ideologies and vision of the main shareholders during the first day of being appointed. Currently no ED serves as a NED in any Company. The Board of Directors discussed and resolved strategic issues of the company related to MTDC sublease islands, business and legal issues as well as issues related to MTDC properties. And these board decisions has been delegated to the management.

Conflict of Interest

In accordance with the conflict of interest policy, if any immediate family member of the Director holds a share in any other company this information must be shared within the company. It is the duty of the Company Secretary to ensure this information is noted and made aware of.

Responsibilities of the Board

According to the Company's Articles of Association, Corporate Governance, Listing Rules, CDOI regulations and the Maldives Financial Security Law, it is the responsibility of the board to do what is necessary, above and beyond the set regular meetings to attain the objectives of the company. Moreover to ensure the rights of the shareholders are protected, to set a business plan and financial plan for the company, finding the investors to achieve the basic fundamental needs of the company, searching ways to increase the annual dividend of the shareholders and to find solutions for potential problems and threats for the company by creating an internal control system are some of the highlighted responsibilities of the board. The decisions made by the board are used to make the decisions affecting the company, and it is these decisions that the senior management will bring a practical implementation to.

Appointing MTDC's Board of Directors

According to the company's Articles of Association, the board of directors include a total of 9 directors of which 4 are appointed by the government and the remaining 5 are appointed through a vote during the Annual General Meeting (AGM) by the shareholders. The directors appointed by the government are selected by the Privatization and Corporation Board. Currently, MTDC employs 4 directors appointed by the government and 5 elected by the shareholders. We would also like to highlight that 4 amongst the 9 directors are female. There is no specific policy created about gender diversification amongst the directors of the Corporation. However we do follow the gender diversity in the corporate governance code established. And there has been no service contract created with any directors of the Company.

Responsibility of the Chairman

The Chairman's responsibility is following the company's Articles of Association, in accordance with the laws set to complete his term as the highest authority of the company and the board of directors and fulfill his duties.

Responsibility of the Managing Director

Run the daily operations of the company according to the decisions made by the board of directors and take responsibility to ensure the tasks assigned are completed.

Transactions with Government of Maldives

The government of the Maldives is the major shareholder of MTDC, there have been business negotiations and transactions held between the company and the government. We invest on T bills when the government tenders the T bill invitation. The investment in T bills already have been matured during the year.

Transactions with Directors

There have not been any borrowings, or any capitalized interests in the past year. And no director and Managing Director have been given the opportunity to receive any securities from any company of their subsidiaries.

Salaries and Allowances of Directors and Senior Management

Directors and the Senior management is given a basic salary and a fixed allowance. The salaries are set considering the allowances given to the employees of the industry in accordance with the advice from the Nomination and Remuneration committee. During the year 2022, the total expenditure for salaries and allowances for the board of directors was MVR1,549,000.00. The allowances are set such that, the directors get a director's fee worth MVR 12,000 and sitting allowance of MVR 1,000. The person appointed as the Chairman of the board will get a total allowance of MVR 20,000. The members of the sub-committees (Audit and Risk Management committee, Nomination and Remuneration committee and Corporate Governance and Compliance committee) will get a sitting allowance of MVR 1,000 for each sitting. There is no policy to give any directors neither a performance incentive nor a severance fee. And there is no service contract made. Employees of the company are paid in basic salary and an allowances, considering the job market and the standard rules set when paying their employees. Considering that framework, any external allowances such giving the company shares to their employees as remuneration has not been approved. A bonus allowance was given in the year 2022. There has been a separate agreement created with the employees and MTDC regarding being made redundant and the notice applicable, the remuneration in such a case the employee is being let go in accordance with the rules and set guidelines of the employment laws. And also no stock option is offered.

Total Salary and Allowance of Directors for the Year 2022

Name	Position	Classification	1st January 2022 — 31st December 2022 Total (MVR)
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	258,000.00
Mr. Thazmeel Abdul Samad	Managing Director	Executive	159,000.00
Mr. Ahmed Niyaz	Director	Executive	73,000.00
Mr. Ibrahim Latheef	Director	Executive	74,000.00
Mr. Mohamed Janah	Director	Independent / Non-Executive	171,000.00
Mr. Mohamed Fathih	Director	Independent / Non-Executive	174,000.00
Ms. Asamy Rushdy	Director	Independent / Non-Executive	172,000.00
Ms. Aishath Fazeena	Director	Independent / Non-Executive	174,000.00
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	106,000.00
Ms. Aminath Azlifa	Director	Independent / Non-Executive	94,000.00
Ms. Aishath Leeza	Director	Independent / Non-Executive	94,000.00

Total Remuneration Given to Members of the Senior Management for the Year 2022

Members of the senior management are given a basic salary, phone allowance and a fixed allowance. During the year 2022, the total expenditure spent as salaries and allowances for senior management employees totaled to MVR 3,099,495.30.

Shares Owned by Members of the Board of Directors as of 2022

Name	Position	Classification	Director's Share
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	Nil
Mr. Thazmeel Abdul Samad	Managing Director	Executive	Nil
Mr. Ahmed Niyaz	Director	Executive	550
Mr. Ibrahim Latheef	Director	Executive	1,100
Mr. Mohamed Janah	Director	Independent / Non-Executive	28,600
Mr. Mohamed Fathih	Director	Independent / Non-Executive	1,100
Ms. Asamy Rushdy	Director	Independent / Non-Executive	308
Ms. Aishath Fazeena	Director	Independent / Non-Executive	50
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	1,100
Ms. Aminath Azlifa	Director	Independent / Non-Executive	200
Ms. Aishath Leeza	Director	Independent / Non-Executive	100

Director's Attendance

There were 15 Board meetings and 2 Non-Executive Directors meetings held during 2022.

Name	Position	Classification	1st January 2022 — 31st December 2022's Attendance
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	15/15
Mr. Thazmeel Abdul Samad	Managing Director	Executive	15/15
Mr. Ahmed Niyaz	Director	Executive	9/10
Mr. Ibrahim Latheef	Director	Executive	10/10
Mr. Mohamed Janah	Director	Independent / Non-Executive	15/15
Mr. Mohamed Fathih	Director	Independent / Non-Executive	15/15
Ms. Asamy Rushdy	Director	Independent / Non-Executive	15/15
Ms. Aishath Fazeena	Director	Independent / Non-Executive	15/15
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	10/10
Ms. Aminath Azlifa	Director	Independent / Non-Executive	7/7
Ms. Aishath Leeza	Director	Independent / Non-Executive	7/7

Attendance of Non-Executive Directors meeting.

Name	Position	Classification	1st January 2022 — 31st December 2022 Total
Mr. Abdulla Faiz	Chairman	Independent / Non-Executive	2/2
Mr. Mohamed Janah	Managing Director	Independent / Non-Executive	2/2
Mr. Mohamed Fathih	Director	Independent / Non-Executive	2/2
Ms. Asamy Rushdy	Director	Independent / Non-Executive	2/2
Ms. Aishath Fazeena	Director	Independent / Non-Executive	2/2
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	0
Ms. Aminath Azlifa	Director	Independent / Non-Executive	2/2
Ms. Aishath Leeza	Director	Independent / Non-Executive	2/2

No Service contracts with a director proposed for election at next AGM were made in the year 2022. No such contract of significance subsisting during or at the end of the accounting period in which a director of the issuer or of any subsidiary was materially interested, either directly or indirectly. Also, no contract of significance between the issuer or any of its subsidiaries & a substantial shareholder or any subsidiaries were made. And no contract of significance for the provision of services to issuer & its subsidiaries by a substantial shareholder or any subsidiaries were made.

There were no major operations or subsidiaries during the financial year and there were no State subsidiary. Also there was no State Company's borrowing, no state interest capitalized by the issuer and its subsidiaries during the year. There is no direct and indirect interests of each director and chief executive of the issuer in the equity or debt securities of the issuer or any subsidiary.

System to Deal with Complaints

The employees at MTDC have the option of sending anonymous letters to the board meetings in regards to an issue or complaint.

External Auditors

During the year 2022, the entire external auditing of MTDC was conducted by KPMG. Other than auditing they were involved in financial advisory and tax advisory work in MTDC.

Policy of Internal Control

The policy of Internal Control in MTDC has been created in such a way that would reduce the risk of creating new policies and achieving them. The aim of creating an internal control system is so that we would be able to identify potential threats and risk continuously and being able to tackling it beforehand. Company's internal audit function is outsourced and conducted annually due to less operations.

**Interaction between
the Shareholders**

The company believes it is of utmost importance that there is a healthy interactive exchange of information between the company and its shareholders. So in order to be transparent and to provide the information about the company to its shareholders, the information is published in the Gazette and in the company's website and announced via the media. Also in accordance to the laws of Capital Market Development Authority's security being released, MTDC announces its quarterly reports every year and also gives the shareholders the full right to question the current board of directors and senior management during the Annual General Meeting (AGM).

**Sub-Committees of the
Board of Directors**

In accordance to the corporate governance code, MTDC's board of directors are divided into the following sub-committees.

- 1 Nomination and Remuneration Committee
- 2 Audit and Risk management Committee
- 3 Corporate governance and Compliance Committee

According to the corporate governance code, taking into consideration the number of directors on the board, the Nomination and Remuneration has been decided to be made a single committee. There have been individual charters created for the committees, all given a name respective of their committee, (Nomination and Remuneration charter, Audit committee charter and Corporate Governance and Compliance charter) and are uploaded to the website so the shareholders are able to see it.

Looking into the details of the job description of the directors and what they do in the meetings conducted amongst them, they identify the current situation of the company as well as the financial status and look and discuss ways to improve the current condition and come about a decision on how the company will progress forward. And the decisions made are made to benefit the company and its shareholders alike

In the meeting they discuss about the problems faced and how we can tackle them, employing people in order to run the business more efficiently and also give advice and discuss ways we can build and improve the islands leased out by the government. The decisions, the board members come to are often always overlooked by the sub-committees and their advice are taken into consideration. The same way advice from lawyers and professionals on the matter are taken into consideration whenever coming into a decision or conclusion.

Some of the decisions they make include, regarding the budget, regarding the assets of the company and the introduction of a senior post needed for the company. The decisions made by the board are discussed with the senior management, the people who later on implement them into the work force.

During 2022, the performance of the members of the board of directors were evaluated, such being the Chairman, Managing Director, Directors, committees and the Company Secretary.

STATEMENT BY

The Nomination and Remuneration Committee

Main Tasks and Responsibilities of the Nomination and Remuneration Committee:

This committee was created to assist the board of directors in completing their duties and responsibilities.

The main responsibilities of the committee include —

- Assist in the recruitment of new directors and check the competing applicants have the necessary skills, experience or academic qualification to be eligible for the post.
- Check whether the board has been appointed according to the Company's Articles and continuously checks the work progress of the directors.
- Help establish the process through which Executive posts are to be hired and the standard needed to be filled by someone who is going to be appointed to such a role.
- Advice on the salary and allowances of Directors, Chief Officers and other senior management positions.

The nomination and remuneration's charter will be available to download in the company's website.

Formation of the Committee

The committee is made up of 4 non-executive members. Other senior members of the management are welcome to join the session/meeting if they want to input any valuable information or advice.

Nomination and Remuneration Committee

Name	Position	Classification	Appointments and Resignations
Ms. Aminath Azlifa	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aishath Leeza	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 - Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 - 30th June 2022

During the year 2022 there has been a total of 5 meetings held for the Nomination and Remuneration committee

Name	Position	Classification	1st January 2022 — 31st December 2022 Total
Ms. Aminath Azlifa	Director	Independent / Non-Executive	4/4
Ms. Aishath Leeza	Director	Independent / Non-Executive	4/4
Ms. Aishath Fazeena	Director	Independent / Non-Executive	5/5
Mr. Mohamed Fathih	Director	Independent / Non-Executive	5/5
Ms. Asamy Rushdy	Director	Independent / Non-Executive	1/1

The company's Chairman is selected amongst the 4 directors appointed by the government. That is why this position is not available for the public to apply for.

Currently all the employees at MTDC are permanent staffs. However a foreign employee work under a contract. The allowance of giving the shares of the company to its employees or it being available for purchase for them is not currently available.

In the case of both a staff leaving the company or being let go, there should be at least 2 months prior notice given.

All personnel selected as a member of the senior management will be interviewed by the Nomination and Remuneration committee as a part of hiring them. The board, directors and committee will assess the interview based on the criteria given by the management. For people applying to the board of directors, it is checked whether they are fit and capable for the role since 2015.

**Committee's Actions —
Actions taken by the committee
during 2022**

- Establish the mainframe for salaries and allowances for employees and give advice regarding it.
- Check the eligibility and application of candidates who applied for the position of directors amongst the general shareholders.

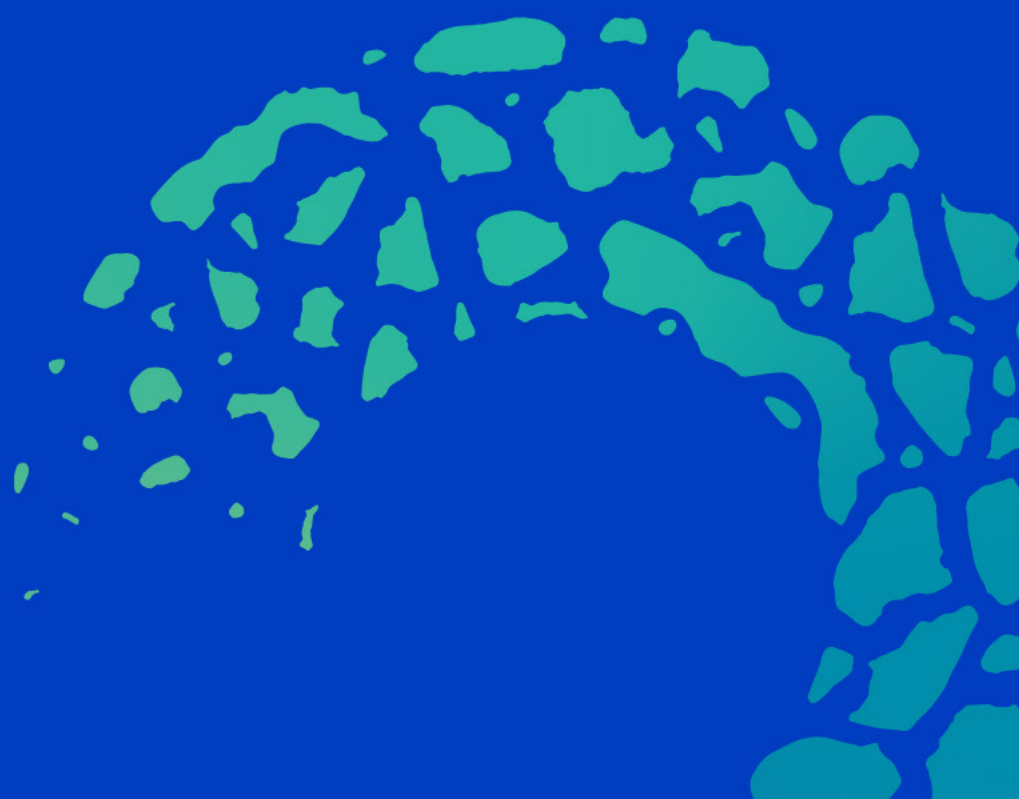
The remuneration package of the employees consists of salary and allowances which were made referring to the laws and how the people in the industry and such are paid. A special bonus or share of the company is not given as a part of the remuneration package. These are made taking into consideration about the employment laws in Maldives. Each individual employee and MTDC will have a separate employment contract highlighting the procedures that will be carried out in the case the employee are being made redundant, the notice period, any forms of compensation etc.

Likewise, there is no performance linked incentive or severance fee that is paid to the directors. Moreover there is no service contract made.

The remuneration package in detail inclusive of all allowances of executive directors are not public, this is because of the heavy competition in the market and the possibility of a competitor offering better deals and taking them is present. However the salary of the executive directors will be mentioned.



Ms. Aminath Azlifa
Chairperson / Nomination and
Remuneration Committee



STATEMENT BY

The Audit And Risk Management Committee

Main duties and responsibilities of the Audit and Risk Committee

This committee was created to help the board of directors achieve their goals and targets. The main responsibilities of the committee include:

- Maintain company's financial records, internal control, and protecting the rights of the shareholders.
- Ensuring a healthy communication amongst the senior management, Board of directors, Internal and External Auditors.
- Check the integrity and transparency of the work done by the internal and external auditors.
- Check whether the company is abiding the law and be on the lookout for potential losses and being vary and advising the board on how to overcome them

The charter of audit and risk committee will be available in the website.

Formation of the Audit and Risk Management Committee

The committee consists of 5 Non-Executive Directors. Other members of the senior management and board are welcome to join the sessions/meetings to input their knowledge and expertise.

Members of the Audit and Risk Committee

Name	Position	Classification	Appointments and Resignations
Ms. Aishath Fazeena	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Janah	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 - 29th July 2022
Mr. Mohamed Fathih	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Asamy Rushdy	Director	Independent / Non-Executive	30th June 2022 - Current

In the year 2022, there was a total of 6 meetings held. And every discussion made in the committee was brought upon the attention of the Board of Directors. To ensure the shareholders know about the work done, the audit report was made public last year.

Attendance of the Audit and Risk Management Committee

Name	Position	Classification	1st January 2022 — 31st December 2022 Total
Ms. Aishath Fazeena	Director	Independent / Non-Executive	6/6
Mr. Mohamed Janah	Director	Independent / Non-Executive	6/6
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	4/4
Mr. Mohamed Fathih	Director	Independent / Non-Executive	3/3
Ms. Asamy Rushdy	Director	Independent / Non-Executive	3/3

Main activities of the Audit Committee

- Check and revise the financial reports and statements of 2022
- Hire an internal auditor and make the necessary arrangements to pay them.
- Recommend an external auditor to the Board of Directors.
- Check and revise the quarterly financial records and year end statements.

- Revise the company's overall risk management and advise the board about the necessary amendments needed.

- Reviewing the budget

Ms. Aishath Fazeena
Chairperson / Audit and Risk
Management Committee

STATEMENT BY

The Corporate Governance And Compliance Committee

Main Rules and Responsibilities of the Committee:

This committee was created to help the board of directors achieve their goals and vision within the company. The main responsibilities include:

- Ensuring the company is following the corporate governance code
- Advice the committees and the board about the best practices of corporate governance.
- Ensuring the board and other committees check the charters annually and upgrade and make relevant changes.
- Maintain the dividend sharing policy of the company
- Check whether the newly appointed board members are given the orientation and the necessary trainings conducted by the N.R committee.
- Assure the information about the company is being given to the newly appointed members of the board

The full Charter of Corporate Governance and compliance committee will be available on MTDC's website.

Formation of the Corporate Governance and Compliance Committee

The committee consists of 5 non-executive directors. Other members of the senior management and board are welcome to join the sessions/meetings to input their knowledge and expertise.

Members of the Corporate Governance and Compliance Committee

Name	Position	Classification	Appointments and Resignations
Ms. Asamy Rushdy	Director	Independent / Non-Executive	20th September 2020 - Current
Mr. Mohamed Fathih	Director	Independent / Non-Executive	20th September 2020 - 30th June 2022
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	20th September 2020 - 29th July 2022
Mr. Mohamed Janah	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aminath Azlifa	Director	Independent / Non-Executive	30th June 2022 - Current
Ms. Aishath Leeza	Director	Independent / Non-Executive	30th June 2022 - Current

During the year 2022, there was a total of 6 meetings held by this committee

Attendance of the Corporate Governance & Compliance Committee

Name	Position	Classification	1st January 2022 — 31st December 2022 Total
Ms. Asamy Rushdy	Director	Independent / Non-Executive	6/6
Mr. Mohamed Fathih	Director	Independent / Non-Executive	3/3
Mr. Ahmed Mujthaba	Director	Independent / Non-Executive	4/4
Mr. Mohamed Janah	Director	Independent / Non-Executive	3/3
Ms. Aminath Azlifa	Director	Independent / Non-Executive	3/3
Ms. Aishath Leeza	Director	Independent / Non-Executive	3/3

Main activities of Corporate Governance Compliance Committee

- Checking whether the newly appointed board members have received their orientation
- Checking whether the trainings set by N.R Committee have given to the directors
- Ensuring whether the company is complying with the necessary laws and regulations (Corporate governance code, Listing rules, CDOI Regulations)
- Checking whether the other committees are complying and following their charters

- Making sure the company is following the principles of corporate governance

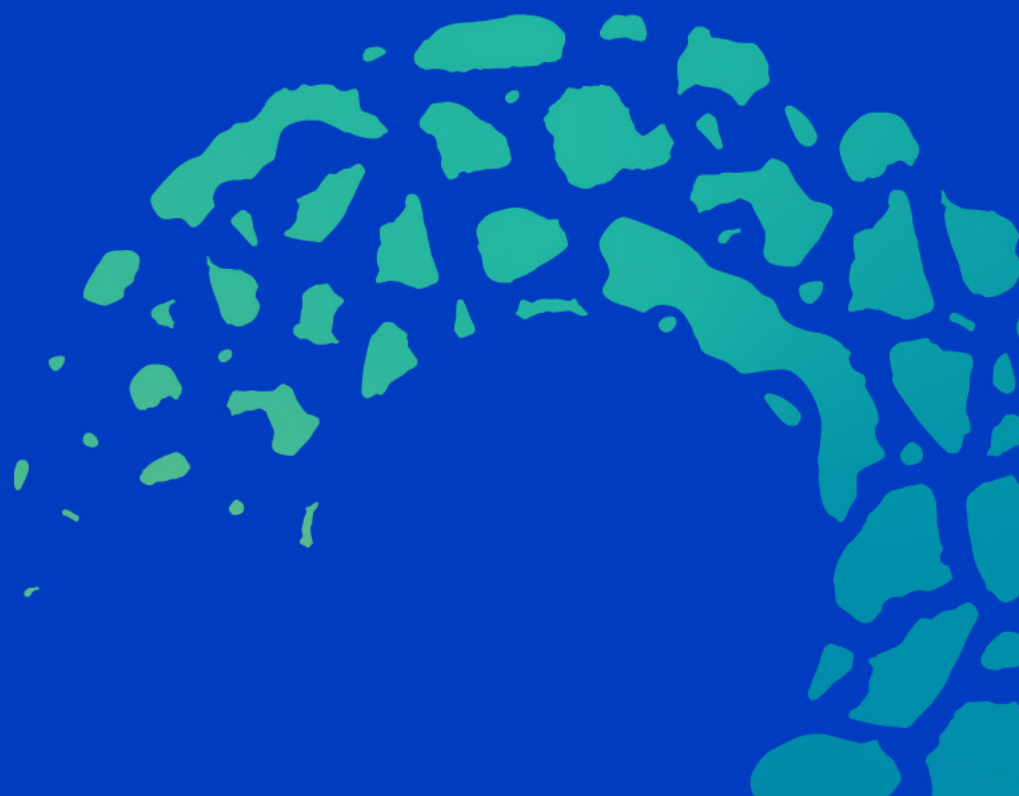
- Revising the 2021 Yearly report to ensure it meets the required guidelines of corporate governance.

Ms. Asamy Rushdy

Chairperson / Corporate Governance and Compliance Committee

FUTURE PLANS OF MTDC —

Our main objective is to remain a profitable company that maximises shareholder wealth, provides complete faith, and is more successful in the long run. Moreover, we ensure that we will be working with all relevant parties to overcome the barriers to trade that affect our business both directly and indirectly. In order to remain a profitable company, we are working relentlessly to explore new business opportunities and ventures.



DIRECTOR'S OATH

We want to ensure the work we have done during the year 2022 is in accordance with the corporate governance code, listing rules, security act, and within the company's rules and regulations. After revising the financial reports and statements, all relevant information has been made available to the shareholders.

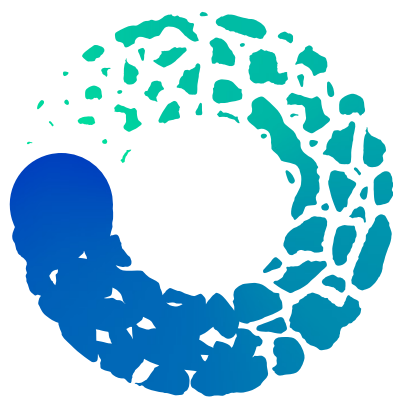
The company's revenue statement, balance sheet, shareholder dividend, changes made to how the dividend is paid, and expenditures are all made according to the international financing reporting standard. And in making the yearly report, if there is any relevant or important information, it will be explained in the report. After the date of the balance sheet being made, there has not been anything through which a change has had to be made to the numbers.



Ibrahim Latheef
Chief Financial Officer



Thazmeel Abdul Samad
Managing Director



MTDC
MALDIVES
TOURISM DEVELOPMENT
CORPORATION

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2022**

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2022

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Independent Auditors' Report To the Shareholders of Maldives Tourism Development Corporation PLC

Qualified Opinion

We have audited the accompanying financial statements of Maldives Tourism Development Corporation PLC ("the Company"), which comprise the statement of financial position as at 31st December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 5 to 37.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

As disclosed in Note 17 to the Financial Statements, the Company has recorded an unquoted Investment in Equity Instruments measured at fair value through other comprehensive income ("FVOCI") amounting to US\$ 11,102,500/- as at 31st December 2022. This investment is required to be carried at fair value and any fair value movements should be recognized in the statement of other comprehensive income. As at 31st December 2022, the fair value of unquoted investment measured at FVOCI has not been assessed by the Company, which constitutes a departure from IFRS. In the absence of a reliable measure of fair value for the Company's investment in these equity instruments, it was impracticable for us to quantify the financial effects of the adjustments to carrying value of investment in equity instrument as at 31st December 2022, and other comprehensive income for the year ended 31st December 2022, which would have resulted from using fair values.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants' (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 30.2 to the financial statements, which describes the possible effects on the contingent liabilities as at the reporting date. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Leases and Lease modification

Refer to Note 18 "Net Investment in Sub Leases" and Note 23 "Lease Liabilities" to the financial statements.

Risk Description	Our Response
<p>The Company has recorded Net Investment in Sub Leases amounting to US\$ 74,498,763/- and Lease Liabilities amounting to US\$ 25,196,143/- as at 31st December 2022. Further, the Company has recognized interest income and interest expense amounting to US\$ 7,342,830/- and US\$ 2,514,882/- respectively during the year ended 31st December 2022.</p> <p>Accounting for leases and lease modifications is a key audit matter due to the significance of the net Investment in Sub Leases and Lease Liabilities and their related Interest Income & Interest Expense balances to the financial statements and the possible adjustments and related disclosures arising from lease modifications are material to the Company's financial statements.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding, and industry practice. - Evaluating the contracts to assess whether the lease modifications (if any) have been appropriately identified as per the IFRSs requirements. - Checking the mathematical accuracy of the lease computation. - Performing substantive audit procedures over Net Investment in Sub Leases, Lease Liabilities, Interest Income, and Interest Expenses. - Assessing the adequacy of the disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Accounting Standards, 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, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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 auditors' 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 auditors' report is R.W.M.O.W. Duminda B. Rathnadiwakara.



Chartered Accountants

27th April 2023

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MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 US\$	2021 US\$
Revenue	6	7,342,830	4,127,199
Cost of Operations	7	(2,501,062)	(2,353,099)
Gross Profit		<u>4,841,768</u>	<u>1,774,100</u>
Net Gain on Lease Modifications	8	-	13,695,585
Administrative Expenses		(1,395,991)	(1,237,689)
Results from Operations		<u>3,445,777</u>	<u>14,231,996</u>
Finance Income	9	247,270	204,411
Finance Costs	10	(742,669)	(691,762)
Net Finance Costs		<u>(495,399)</u>	<u>(487,351)</u>
Profit Before Tax	11	2,950,378	13,744,645
Taxation	12	(444,667)	(2,094,281)
Profit for the Year		<u><u>2,505,711</u></u>	<u><u>11,650,364</u></u>
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		<u><u>2,505,711</u></u>	<u><u>11,650,364</u></u>
Basic Earnings Per Share	13	0.074	0.342

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 37. The Report of the Independent Auditor is given on pages 1 to 4.

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF FINANCIAL POSITION




AS AT 31ST DECEMBER

	Note	2022 US\$	2021 US\$
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	14	1,660,187	108,764
Right of Use Asset	15	133,699	178,265
Intangible Assets	16	7,162	18,111
Equity Investment Measured at FVOCI	17	11,102,500	11,102,500
Net Investment in Sub Leases	18.4	74,498,763	71,678,765
Deferred Tax Asset	12.2	5,776	6,232
Total Non-Current Assets		87,408,087	83,092,637
Current Assets			
Net Investment in Sub Leases	18.4	-	4,338,840
Other Receivables	19	29,203	774,618
Short Term Investments	20	4,061,231	6,473,287
Cash and Cash Equivalents	21	5,010,491	4,836,517
Total Current Assets		9,100,925	16,423,262
Total Assets		96,509,012	99,515,899
EQUITY AND LIABILITIES			
Equity			
Share Capital	22	26,183,719	26,183,719
Share Premium	22.3	607,415	607,415
Retained Earnings		25,114,178	23,934,823
Total Equity		51,905,312	50,725,957
Liabilities			
Non-Current Liabilities			
Lease Liabilities	23.5	24,737,592	24,440,664
Payables to the Government of Maldives	24.1	12,077,728	12,309,162
Total Non-Current Liabilities		36,815,320	36,749,826
Current Liabilities			
Payables to the Government of Maldives	24.1	2,013,880	1,195,818
Trade and Other Payables	25	4,069,263	2,997,681
Lease Liabilities	23.5	458,551	2,769,602
Bank Overdraft	21	-	3,092,838
Tax Payable	26	1,246,686	1,984,177
Total Current Liabilities		7,788,380	12,040,116
Total Liabilities		44,603,700	48,789,942
Total Equity and Liabilities		96,509,012	99,515,899

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 37. The Report of the Independent Auditor is given on pages 1 to 4.

These Financial Statements were approved by the Board of Directors and signed on its behalf by:

 Aishath Fazeena Chairperson of Audit and Risk Management Committee	 Thazmeel Abdul Samad Managing Director	 Ibrahim Latheef Chief Financial Officer
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27th April 2023

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER

	Share Capital US\$	Share Premium US\$	Retained Earning US\$	Total US\$
As at 1 st January 2021	26,183,719	607,415	13,389,757	40,180,891
<i>Total Comprehensive Income for the Year</i>				
Profit for the Year	-	-	11,650,364	11,650,364
<i>Transactions with Owners of the Company</i>				
Dividends declared during the Year (Note 22.4)	-	-	(1,105,298)	(1,105,298)
As at 31 st December 2021	<u>26,183,719</u>	<u>607,415</u>	<u>23,934,823</u>	<u>50,725,957</u>
As at 1 st January 2022	26,183,719	607,415	23,934,823	50,725,957
<i>Total Comprehensive Income for the Year</i>				
Profit for the Year	-	-	2,505,711	2,505,711
<i>Transactions with Owners of the Company</i>				
Dividends declared during the Year (Note 22.4)	-	-	(1,326,356)	(1,326,356)
As at 31 st December 2022	<u>26,183,719</u>	<u>607,415</u>	<u>25,114,178</u>	<u>51,905,312</u>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 37. The Report of the Independent Auditor is given on pages 1 to 4.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2022 US\$	2021 US\$
Cash Flows from Operating Activities			
Profit Before Tax		2,950,378	13,744,645
<i>Adjustments for:</i>			
Interest Income on Net Investment in Sub Leases	6	(7,342,830)	(4,127,199)
Net Gain on Lease Modifications	8	-	(13,695,585)
Interest Income on Fixed Deposits	9	(180,625)	(149,246)
Interest Income on Treasury Bills	9	(66,645)	(55,165)
Depreciation of Property Plant and Equipment	14	35,680	28,107
Written off of Property Plant and Equipment	14	-	19,717
Amortization of Right of Use Assets	15	44,566	374,145
Amortization of Intangible Assets	16	10,949	11,512
Interest on Lease Liabilities	23	2,514,882	2,040,642
Interest on Amount Payable to the Government of Maldives	24	586,628	574,048
Operating Loss Before Working Capital Changes		<u>(1,447,017)</u>	<u>(1,234,379)</u>
<i>Changes in :</i>			
Other Receivables		237	(720,665)
Trade and Other Payables		<u>(20,743)</u>	<u>32,106</u>
Cash Used In Operating Activities		<u>(1,467,523)</u>	<u>(1,922,938)</u>
Receipts from Sub Leases	18	8,861,673	10,241,136
Head Lease Payments	23	(4,529,005)	(2,523,345)
Tax Paid	26	<u>(1,181,702)</u>	<u>(256,609)</u>
Net Cash From Operating Activities		<u>1,683,443</u>	<u>5,538,245</u>
Cash Flows From Investing Activities			
Acquisition of Property, Plant and Equipment		(841,926)	(95,464)
Acquisition of Intangible Assets	16	-	(4,864)
Net Movement in Fixed Deposits		143,087	(858,608)
Withdrawal of Treasury Bills		<u>2,516,239</u>	<u>(2,394,429)</u>
Net Cash From / (Used In) Investing Activities		<u>1,817,400</u>	<u>(3,353,365)</u>
Cash Flows From Financing Activities			
Dividend Paid during the Year		<u>(234,031)</u>	<u>(1,147,305)</u>
Net Cash Used in Financing Activities		<u>(234,031)</u>	<u>(1,147,305)</u>
Net Increase in Cash and Cash Equivalents		3,266,812	1,037,575
Cash and Cash Equivalents at the Beginning of the Year		<u>1,743,679</u>	<u>706,104</u>
Cash and Cash Equivalents at the End of the Year	21	<u><u>5,010,491</u></u>	<u><u>1,743,679</u></u>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Company set out on pages 9 to 37. The Report of the Independent Auditor is given on pages 1 to 4.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS**

1. REPORTING ENTITY

Maldives Tourism Development Corporation PLC (the “Company”) is a Company incorporated and domiciled in the Republic of Maldives as a public limited liability Company. The Company is listed on the stock exchange of Maldives and governed under the Companies’ Act No. 10 of 1996 of the Republic of Maldives with its registered office at the 1st floor, G. Fathruvehi, Buruzu Magu, Male, Maldives.

Principal activities and nature of the operation

The Company is primarily involved in subleasing the islands allotted to the Company by the Government of the Maldives.

Number of employees

The number of employees at the end of the reporting period was 16 (2021: 15).

Authorization for issue

The financial statements of the Company for the year ended 31st December 2022 were authorized for issue on 18th April 2023.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for Equity Investment Measured at FVOCI.

(c) Functional and Presentation Currency

These financial statements are presented in United States Dollars, which is the Company’s functional currency. All financial information presented in United States Dollars has been rounded to the nearest Dollar.

The decision has been taken by the management of the Company to maintain the reporting currency as United States Dollars in the financial statements since most of the business transactions are dealt in United States Dollars.

(d) Going Concern

The Board of Directors have made an assessment of the Company’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations. Hence the financial statements have been prepared under the going concern basis

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

(e) Use of Estimates and Judgements

In preparing these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a. Judgements

Information about critical judgment in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is included in the respective notes.

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the respective notes.

i. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended 31st December 2021.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

4.2 Revenue – Interest income on net investment in sub-lease

The Company generates revenue primarily from subleasing the right-of-use assets acquired under the head-lease arrangement. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

The Company recognizes a financial asset called “net investment in sub-lease” under IFRS 16 by discounting future rentals receivables from the sub-lessee at the initial recognition date. Investment in sub-lease is measured at amortized cost and interest income on investment in sub-lease is recognized in profit or loss as revenue using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

4.3 Cost of operations – Interest expense on the lease liability

The Company incurs the cost of operations primarily for the right-of-use assets acquired under the head-lease arrangement. The Company recognizes financial liability called “lease liability” under IFRS 16 by discounting future lease rental payments at the initial recognition date. The lease liability is recognized at amortized cost and interest expense on lease liability is recognized in profit or loss as cost of operations using the effective interest rate method.

4.4 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditures incurred in the running of the business and in maintaining the property Plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

4.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Income Tax (Continued)

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Office Equipment	Over 05 Years
Other Equipment	Over 05 Years
Furniture, Fittings	Over 05 Years
Computer Equipment	Over 03 Years
Communication Equipment	Over 05 Years
Machinery	Over 10 Years

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the month of ready-to-use while, no depreciation is provided in the month of disposal.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Property, Plant and Equipment (Continued)

(iv) Capital Work in Progress

Assets under construction as at the year-end represents the costs incurred or accrued for the assets which have not commenced the usage as at the year end.

4.7 Intangible Assets

(i) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives for the current and comparative periods are as follows:

Computer software - Over 3 Years

4.8 Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at Fair Value through Profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial Instruments (Continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") – Debt investment, FVOCI – equity investment or FVTPL.

Financial assets are not classified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In this case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Accordingly, the Company has irrevocably elected to present subsequent changes in fair value in OCI.

Financial assets designated at FVOCI comprise Company's investments in equity shares.

All other financial assets are classified as measured at FVTPL.

Financial assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment of Whether the Cash Flows are Solely Payment of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Equity instruments have contractual cash flows that do not meet the SPPP criterion. Accordingly, all such financial assets are measured at FVOCI.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial Instruments (Continued)

(iii) Financial assets - Subsequent Measurement and gains and losses

Financial Assets at Amortized Cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
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(iv) Financial liabilities – classification, subsequent measurement and gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The Company's non-derivative financial liabilities consist of amount due to related parties, loans and borrowings and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(v) De-recognition

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.

Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or canceled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On the de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Financial Instruments (Continued)

(vi) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for ECLs on financial assets (including lease receivables) measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the sub lessee;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.10 Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Share Premium

Share premium represents the premium realized by issue of shares at a price above the par value.

4.11 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Leases (Continued)

i. As a lessee (Continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend 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 lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as separately and lease liabilities separately in the statement of financial position.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Leases (Continued)

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

4.12 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4.13 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When level one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Fair Value Measurement (Continued)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.14 Investments in Equity Securities

'Investments in equity securities' caption in the statement of financial position includes:

- equity investment securities designated as at FVOCI.

The Company elects to present changes in the fair value of investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

4.15 Defined contribution plan

Employees are eligible for Maldives retirement pension scheme in line with the respective statutes and regulations. The Company contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

4.16 Other Liabilities and Provision

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement where necessary.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Other Liabilities and Provision (Continued)

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due after one year from the end of the reporting period.

Provisions are recognized when the Company has a present obligation (legal or Constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contracts, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income of any reimbursement.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

6 REVENUE	2022	2021
	US\$	US\$
Interest Income on Net Investment in Sub Leases (Note 18)	7,342,830	4,127,199
	<u>7,342,830</u>	<u>4,127,199</u>
7 COST OF OPERATIONS	2022	2021
	US\$	US\$
Interest Expense on Lease Liabilities (Note 23.3)	2,501,062	2,023,520
Amortization of Right of Use Asset (Note 15.3)	-	329,579
	<u>2,501,062</u>	<u>2,353,099</u>
8 NET GAIN ON LEASE MODIFICATIONS	2022	2021
	US\$	US\$
Gain on Modification of Net Investment in Sub Leases (Note 18)	-	16,522,995
Loss on Modification of Lease Liabilities (Note 23)	-	(4,685,080)
Gain on Recognition of Net Investment in Sub Lease (Note 8.1)	-	3,024,218
Recognition of Fines & Penalties Payable to the Government of Maldives (Note 24.3)	-	(1,166,548)
	<u>-</u>	<u>13,695,585</u>
8.1 During the year 2021, the Company has recognized a net gain of US\$ 3,024,218/- on recognition of the net investment in sub lease in relation to Naagoashi Island. The reconciliation is given below.		
	2022	2021
	US\$	US\$
Recognition of Net Investment in Sub Lease (Note 18)	-	20,491,930
Derecognition of ROU Asset (Note 15)	-	(17,467,712)
Gain on Recognition of Net Investment in Sub Lease	-	3,024,218
	<u>-</u>	<u>3,024,218</u>
9 FINANCE INCOME	2022	2021
	US\$	US\$
Interest Income on Fixed Deposits	180,625	149,246
Interest Income on Treasury Bills	66,645	55,165
	<u>247,270</u>	<u>204,411</u>
10 FINANCE COSTS	2022	2021
	US\$	US\$
Interest on Amount Payable to the Government of Maldives (Note 24)	586,628	574,048
Interest on Bank Overdrafts	142,221	100,592
Interest on Lease Liability (Note 23.3)	13,820	17,122
	<u>742,669</u>	<u>691,762</u>
11 PROFIT BEFORE TAX	2022	2021
	US\$	US\$
<i>Profit before tax is stated after charging all the expenses including the following;</i>		
Employee Salary and Benefits	419,187	400,584
Depreciation of Property Plant and Equipment	35,680	28,107
Amortization of Right of Use Assets	44,566	374,145
Directors Remuneration and Other Allowances	100,453	103,697
Professional Fees	70,759	46,920
Amortization of Intangible Assets	10,949	11,512

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

12 TAXATION	2022	2021
	US\$	US\$
Current Tax Expense (Note 12.1)	444,211	2,103,361
Reversal / (Origination) of Deferred Tax (Note 12.2)	456	(9,080)
	<u>444,667</u>	<u>2,094,281</u>

12.1 Reconciliation Between Accounting Profit and Taxable Income :

Accounting Profit Before Tax	2,950,378	13,744,645
Aggregate Disallowable Expenses	949,407	2,030,637
Aggregate Allowable Expenses	(905,953)	(1,720,452)
Tax-free threshold	(32,425)	(32,425)
Taxable Profit for the Year	<u>2,961,407</u>	<u>14,022,405</u>
Income Tax @ 15%	<u>444,211</u>	<u>2,103,361</u>

In accordance with the provisions of the Income Tax Act No. 25 of 2019, relevant regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable profits at the rate of 15%.

12.2 DEFERRED TAX LIABILITY/ (ASSET)	31/12/2022	31/12/2021
	US\$	US\$
As at 1 st January	(6,232)	2,848
Reversal / (Origination) during the Year	456	(9,080)
As at 31 st December	<u>(5,776)</u>	<u>(6,232)</u>

The provision for deferred tax is attributable to the following and the deferred tax is recognized at the rate of 15%.

	31/12/2022		31/12/2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	US\$	US\$	US\$	US\$
Property, Plant and Equipment	38,508	5,776	41,548	6,232
	<u>38,508</u>	<u>5,776</u>	<u>41,548</u>	<u>6,232</u>

13 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary shareholders and weighted average number of shares outstanding during the year and calculated as follows;

	2022	2021
Profit for the year - US\$	2,505,711	11,650,364
Weighted Average Number of Ordinary Shares	34,087,354	34,087,354
Basic Earnings Per Share - US\$	<u>0.074</u>	<u>0.342</u>
Dilutive Earnings Per Share - US\$	<u>0.074</u>	<u>0.342</u>

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2022

14 PROPERTY, PLANT AND EQUIPMENT

	Land	Office Equipment	Other Equipment	Furniture & Fittings	Computer Equipment	Communication Equipment	Machinery	Capital Work In Progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost									
As at 1 st January 2022	-	22,120	4,516	120,960	99,883	11,385	14,475	-	273,339
Additions during the Year	1,490,354	392	702	29,415	8,211	-	-	58,029	1,587,103
As at 31 st December 2022	1,490,354	22,512	5,218	150,375	108,094	11,385	14,475	58,029	1,860,442
Accumulated Depreciation									
As at 1 st January 2022	-	19,126	4,516	50,307	76,786	8,714	5,126	-	164,575
Charge for the Year	-	1,104	83	20,272	12,267	505	1,449	-	35,680
As at 31 st December 2022	-	20,230	4,599	70,579	89,053	9,219	6,575	-	200,255
Net Carrying Value									
As at 31 st December 2022	1,490,354	2,282	619	79,796	19,041	2,166	7,900	58,029	1,660,187

14.1 The value of fully depreciated property, plant and equipment as at 31st December 2022 amounted to USD 129,590/-.

14.2 The balance in the capital work in progress represents the cost incurred for the development of the land.

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2022

14 PROPERTY, PLANT AND EQUIPMENT

	Marine Vessels US\$	Motor Vehicles US\$	Office Equipment US\$	Other Equipment US\$	Furniture & Fittings US\$	Computer Equipment US\$	Communication Equipment US\$	Machinery US\$	Capital Work In Progress US\$	Total US\$
Cost										
As at 1 st January 2021	50,426	10,282	20,973	4,516	36,941	80,126	8,058	14,475	11,115,286	11,341,083
Additions during the Year	-	-	1,147	-	71,233	19,757	3,327	-	-	95,464
Capitalized during the Year	-	-	-	-	12,786	-	-	-	(12,786)	-
Written off during the Year	(50,426)	(10,282)	-	-	-	-	-	-	-	(60,708)
Derecognized during the Year (Note 14.1)	-	-	-	-	-	-	-	-	(11,102,500)	(11,102,500)
As at 31 st December 2021	-	-	22,120	4,516	120,960	99,883	11,385	14,475	-	273,339
Accumulated Depreciation										
As at 1 st January 2021	30,709	10,282	17,733	4,516	36,180	66,302	8,058	3,679	-	177,459
Charge for the Year	-	-	1,393	-	14,127	10,484	656	1,447	-	28,107
Written off during the Year	(30,709)	(10,282)	-	-	-	-	-	-	-	(40,991)
As at 31 st December 2021	-	-	19,126	4,516	50,307	76,786	8,714	5,126	-	164,575
Net Carrying Value										
As at 31 st December 2021	-	-	2,994	-	70,653	23,097	2,671	9,349	-	108,764

14.1 As per the agreement signed with RAW Galadari Holdings, the Company has derecognized capital working progress balance amounting to US\$ 11,102,500/- and transferred it to investment in equity shares as at 31st December 2021 (Refer Note 17.1).

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15 RIGHT OF USE ASSET	31/12/2022	31/12/2021
	US\$	US\$
Cost		
Opening Balance	222,831	17,977,062
Additions during the Year (Note 15.1)	-	222,831
Derecognized during the Year (Note 15.2)	-	(17,977,062)
Closing Balance	<u>222,831</u>	<u>222,831</u>
Accumulated Amortization		
Opening Balance	44,566	179,771
Amortization for the Period (Note 15.3)	44,566	374,145
Derecognized during the Year (Note 15.2)	-	(509,350)
Closing Balance	<u>89,132</u>	<u>44,566</u>
Net Carrying Value	<u>133,699</u>	<u>178,265</u>

15.1 During the year ended 31st December 2021, the Company has recognized the right of use asset in relation to the leasehold right of the first floor of MATI Building, Male' 20094, Republic of Maldives. The lease agreement has been entered with the Maldives Association of Tourism Industry (MATI) for a lease period of 5 years. As per the agreement, any extensions to the lease period have to be mutually agreed.

15.2 During the year ended 31st December 2020, the Company has recognized the right of use asset in relation to the leasehold right of the Naagoashi Island in Haa Dhaalu Atoll. Subsequently, the Company has entered into a sublease agreement with Global Resort and Development Maldives Private Limited during the year ended 31st December 2021 and as a result ROU asset has been derecognized and net investment in the sublease has been recognized in relation to the Naagoashi Island during the year 2021.

15.3 For the year ended 31st December 2022, the Company has recognized the amortization expense of US\$ 44,566 under the administration expenses. For the year ended 31st December 2021, the Company has recognized the amortization expense of US\$ 44,566 under the administration expenses and US\$ 329,579/- under Cost of Operations.

16 INTANGIBLE ASSETS	Total	Total
	31/12/2022	31/12/2021
	US\$	US\$
Cost		
Opening Balance	33,984	29,120
Additions during the Year	-	4,864
Closing Balance	<u>33,984</u>	<u>33,984</u>
Accumulated Amortization		
Opening Balance	15,873	4,361
Amortized during the Year	10,949	11,512
Closing Balance	<u>26,822</u>	<u>15,873</u>
Net Carrying Value	<u>7,162</u>	<u>18,111</u>

16.1 The intangible assets are amortized over the period of 3 years from the month of capitalization.

17 EQUITY INVESTMENT MEASURED AT FVOCI	31/12/2022	31/12/2021
	US\$	US\$
Opening Balance	11,102,500	-
Transferred from Capital Working Progress (Note 17.1)	-	11,102,500
Closing Balance	<u>11,102,500</u>	<u>11,102,500</u>

17.1 The Company has recognized the Investment in Global Resort and Development Maldives Private Limited as at 31st December 2022. The investment has been recognized amounting to US\$ 11,102,500/- by transferring the capital work in progress of Naagoashi Island for the year ended 31st December 2021. Further, there are no any strategic disposals or transfer of any cumulative gain or loss within the equity. The investment represents the 15% equity interest in Global Resort and Development Maldives Private Limited.

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18 NET INVESTMENT IN SUB LEASES	31/12/2022	31/12/2021
	US\$	US\$
Opening Balance	76,017,606	46,007,254
Addition during the Year (Note 15.2)	-	20,491,930
Impact on Lease Modification during the Year (Note 18.1)	-	16,522,995
Interest Income for the Year	7,342,830	4,127,199
Written off during the Year	-	(890,636)
Receipts during the Year (Note 18.2)	(8,861,673)	(10,241,136)
Closing Balance	<u>74,498,763</u>	<u>76,017,606</u>

The Company has recognized the net investment in sub leases in relation to sub lease of Magudhuva, Kihavah Huruvahli and Naagoashi Islands.

18.1 During the year ended 31st December 2021, the sublease agreement of Kihavah Island has been extended for another 25 Years and the sublease rentals of Magudhuva Island has been reduced / deferred with effect from 1st January 2021. As a result, the Company has recognized net lease modification gain of US\$ 16,522,995/- during the year ended 31st December 2021.

18.2 The Company has received a sublease extension fee of US\$ 5,064,203/- for Kihavah during the year ended 31st December 2022 (2021: US\$ 5,064,203/-)

18.3 Provision for Impairment of Lease Receivables	31/12/2022	31/12/2021
	US\$	US\$
Opening Balance	-	890,636
Written off during the Year	-	(890,636)
Closing Balance	<u>-</u>	<u>-</u>

18.4 Maturity Analysis of Net Investment in Sub Leases	31/12/2022	31/12/2021
	US\$	US\$
Non - Current Asset	74,498,763	71,678,765
Current Asset	-	4,338,840
	<u>74,498,763</u>	<u>76,017,605</u>

18.5 Reconciliation Between Undiscounted Lease Rentals and Net Investment in Sub Leases		
Undiscounted Lease Rentals (Note 18.6)	261,236,389	270,223,063
Unearned Interest Income	(186,737,626)	(194,080,457)
	<u>74,498,763</u>	<u>76,017,605</u>

18.6 Maturity Analysis of undiscounted lease rentals receipts are as follows;

Less than one Year	5,320,252	8,861,673
Between one to two Years	6,322,969	5,320,252
Between two to three Years	8,993,091	6,322,969
Between three to four Years	9,993,091	8,993,091
Between four to five Years	10,071,091	9,993,091
More than five Years	220,535,895	230,606,987
	<u>261,236,389</u>	<u>270,223,063</u>

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19 OTHER RECEIVABLES	31/12/2022	31/12/2021
	US\$	US\$
Advance Payments (Note 19.1)	28,710	774,125
Other Receivables	493	493
	<u>29,203</u>	<u>774,618</u>

19.1 Advance payments include a payment of MVR 11,490,631 (US\$ 745,177/-) made to Housing Development Corporation for the acquisition of land in Hulumale as at 31st December 2021. The Company has completed the transaction during the year and the advance amount has been transferred to Property Plant and Equipment during year ended 31st December 2022.

20 SHORT-TERM INVESTMENTS	31/12/2022	31/12/2021
	US\$	US\$
Fixed Deposits (Note 20.1)	4,061,231	4,023,693
Treasury Bills	-	2,449,594
	<u>4,061,231</u>	<u>6,473,287</u>

20.1 The Company has invested US\$ 4,000,000/- in fixed deposits in Habib Bank Limited during the year ended 31st December 2022 (2021: US\$ 4,000,000/-) at the rate of 4.7% per annum which will be matured on 15th November 2023.

20.2 The Company has invested US\$ 2,449,594/- in treasury bills as at 31st December 2021 and the same has been withdrawn on maturity during the year ended 31st December 2022.

21 CASH AND CASH EQUIVALENTS	31/12/2022	31/12/2021
	US\$	US\$
Cash in Hand	245	195
Balances with Banks	5,010,246	4,836,322
Cash and Cash Equivalents in the Statement of Financial Position	<u>5,010,491</u>	<u>4,836,517</u>
Bank Overdraft	-	(3,092,838)
Cash and Cash Equivalents in the Statement of Cash Flows	<u>5,010,491</u>	<u>1,743,679</u>

22 SHARE CAPITAL

22.1 Authorized Share Capital

The authorized share capital comprises 34,087,354 Ordinary shares of MVR 10 each.

22.2 Issued Share Capital

The issued and fully paid share capital comprises 34,087,354 (2021: 34,087,354) ordinary shares at a par value of MVR 10 per share (2021: MVR 10/- per share)

22.3 Share Premium

Share premium represents the premium realized by issue of shares at a price of MVR 12.85/- and MVR 15.42/- per share above the par value of MVR 10/-

22.4 Dividend and Voting Rights

The holders of the ordinary shares are entitled to receive dividend as declared from the time to time and are entitled to one vote per share at the shareholder's meeting of the Company.

The Board of Directors of the Company has declared the dividend amounting to US\$ 1,326,356 during the year ended 31st December 2022 (2021 : 1,105,298).

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23 LEASE LIABILITIES	31/12/2022	31/12/2021
	US\$	US\$
Opening Balance	27,210,266	22,785,058
Addition during the Year (Note 15.1)	-	222,831
Impact on modification during the Year (Note 23.2)	-	4,685,080
Interest Expense for the Year (Note 23.3)	2,514,882	2,040,642
Repayment during the Year (Note 23.4)	(4,529,005)	(2,523,345)
Closing Balance	<u>25,196,143</u>	<u>27,210,266</u>
23.1 The lease liability has been recognized in relation to the following.		
- Head lease arrangement of Kihavah, Magudhuva and Naagoashi Islands with the government of Maldives		
- Office building (MATI Building)		
23.2 The Company has considered the head lease extension of 25 years with reference to Kihavah Island since the Company has signed the sublease agreement for another 25 years with the existing party.		
23.3 Interest Expenses for the Year Recognized in Profit and Loss as Follows.	2022	2021
	US\$	US\$
Recognized in Cost of Operations	2,501,062	2,023,520
Recognized in Finance Costs	13,820	17,122
	<u>2,514,882</u>	<u>2,040,642</u>
23.4 The Company has paid deferred lease rentals of US\$ 247,170/- during the year ended 31 st December 2022 (2021 : 741,510/-).		
23.5 Maturity Analysis	31/12/2022	31/12/2021
	US\$	US\$
Non - Current Liabilities	24,737,592	24,440,664
Current Liabilities	458,551	2,769,602
	<u>25,196,143</u>	<u>27,210,266</u>
23.6 Maturity Analysis of Undiscounted Future Lease Payments are as Follows;		
Less than one Year	2,529,117	4,529,005
Between one and five Years	11,018,389	10,820,147
More than five Years	72,701,228	75,428,587
	<u>86,248,734</u>	<u>90,777,739</u>
23.7 Amounts Recognized in Profit or Loss		
Interest on Lease Liabilities	2,514,882	2,040,642
Amortization on Right of Use Assets	44,566	374,145
	<u>2,559,448</u>	<u>2,414,787</u>
23.8 Amounts recognized in statement of cash flows		
Lease Payments made during the Year	(4,529,005)	(2,523,345)
	<u>(4,529,005)</u>	<u>(2,523,345)</u>
23.9 Extension options		
The leases contain extension options exercisable by the mutual agreement of the Company and the Government of Maldives.		

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24	PAYABLES TO THE GOVERNMENT OF MALDIVES	31/12/2022 US\$	31/12/2021 US\$
	Opening Balance	13,504,980	11,764,384
	Addition during the Year (Note 24.3)	-	1,166,548
	Interest for the Year	586,628	574,048
	Closing Balance	14,091,608	13,504,980
24.1	Maturity Analysis	31/12/2022 US\$	31/12/2021 US\$
	Non - Current Liabilities	12,077,728	12,309,162
	Current Liabilities	2,013,880	1,195,818
		14,091,608	13,504,980
24.2	As per the settlement agreement signed with the Government of the Maldives dated 2 nd July 2020, the Company is liable to pay USD 2,335,709/- in connection with "Uligamu lease agreement" and USD 10,869,896/- in connection with "Ekulhivaru Lease agreement".		
	The terms and conditions mentioned in the settlement agreement are given below.		
	Payment start date	1 st July 2023 (3 years grace period)	
	Instalment amount	US\$ 409,031	
	Payment terms	Advance of the Quarter	
	Interest rate	4.6% per annum	
24.3	As per the settlement agreement signed with the Government of the Maldives dated 15 th July 2021, the Company is liable to pay USD 1,195,818/- in connection with "Kihavah Huravali lease agreement". The Company has recorded fair value of the payable to the government and it has been determined using the expected future settlements. The cash flows were discounted at the rate of 4.6% per annum.		
	The terms and conditions mentioned in the settlement agreement are given below.		
	Payment start date	15 th August 2021	
	Instalment amount	US\$ 99,651	
	Payment terms	Monthly	
	Interest rate	4.6% per annum	
25	TRADE AND OTHER PAYABLES	31/12/2022 US\$	31/12/2021 US\$
	Trade Payables	40,705	49,342
	Dividend Payable	3,992,340	2,900,015
	Other Payables	36,218	48,324
		4,069,263	2,997,681
26	TAX PAYABLE	31/12/2022 US\$	31/12/2021 US\$
	Opening Balance	1,984,177	137,425
	Income Tax Provision for the Year	444,211	2,103,361
	Payments made during the Year	(1,181,702)	(256,609)
	Closing Balance	1,246,686	1,984,177

As per the settlement agreement signed with Maldives Inland Revenue Authority dated 20th July 2022, the Company has agreed to pay the income tax liability for the year 2021 on an installment basis. The Company is liable to pay 20% of the outstanding tax liability for the year ended 31st December 2021 on or before 18th July 2022 and the balance in 18 monthly installments starting from 18th August 2022 to 18th January 2024.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(ii) Risk Management Framework

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

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management frameworks in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role in internal audit. internal Audit undertaken both regular and ad hoc reviews of risk management controls and procedures , the results of which are reported to the audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in debt securities and deposits with banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2022	2021
	US\$	US\$
Net Investment in Sub Leases	74,498,763	76,017,605
Other Receivables	29,203	774,618
Short Term Investments	4,061,231	6,473,287
Balances with Banks	5,010,246	4,836,322
	<u>83,599,443</u>	<u>88,101,832</u>

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial Risk Management (Continued)

(iii) Credit risk (Continued)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

Cash & Cash Equivalents

The Company held cash at the bank including fixed deposits amounting to US\$ 9,071,477/- as at 31st December 2022 (2021: USD 11,309,609/-). The Company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognized any allowance for impairment for the bank balance based on the materiality ground.

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Financial Liabilities (Non-Derivative)	Carrying Amount US\$	Contractual Cash flow US\$	Within 1 Year US\$	1-5 Years US\$	After 5 Year US\$
31st December 2022					
Lease Liabilities	25,196,143	86,248,734	2,529,117	11,018,389	72,701,228
Payables to the Government of Maldives	14,091,608	17,557,073	2,013,880	5,726,439	9,816,754
Trade and Other Payables	4,069,263	4,069,263	4,069,263	-	-
	<u>43,357,014</u>	<u>107,875,070</u>	<u>8,612,260</u>	<u>16,744,828</u>	<u>82,517,982</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Liabilities (Non-Derivative)	Carrying Amount US\$	Contractual cash flow US\$	Within 1 Year US\$	1-5 Years US\$	After 5 Year US\$
31st December 2021					
Lease Liabilities	27,210,266	90,777,739	4,529,005	10,820,147	75,428,587
Payables to the Government of Maldives	13,504,980	17,557,073	1,195,818	5,726,439	10,634,816
Bank Overdrafts	3,092,838	3,092,838	3,092,838	-	-
Trade and Other Payables	2,997,681	2,997,681	2,997,681	-	-
	<u>46,805,765</u>	<u>114,425,331</u>	<u>11,815,342</u>	<u>16,546,586</u>	<u>86,063,403</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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.

(a) Interest Rate Risk

Profile

The Company was not exposed to interest rate risk since the Company did not possess any liabilities or assets negotiated at variable interest rates.

(b) Currency Risk

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	<u>2022</u>	<u>2021</u>
	<u>MVR</u>	<u>MVR</u>
Cash and Cash Equivalents	11,405,125	7,378,424
Net statement of financial position exposure	<u>11,405,125</u>	<u>7,378,424</u>

The following significant exchange rates applied during the year:

	<u>Average Rate</u>		<u>Reporting Date Spot Rate</u>	
	<u>2022</u>	<u>2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
			<u>US\$</u>	<u>US\$</u>
Maldivian Rufiyaa (MVR)	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>

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

28 RELATED PARTY TRANSACTIONS

The Government of Maldives is the shareholder for 46% of the issued shares of the Company as at the end of the reporting period. The transactions with the Government of the Maldives included lease rentals paid for the islands obtained on lease term by the Company. The transactions with the Government of Maldives during the year and outstanding balances as at the end of the reporting period are as follows:

Transactions with the Government of the Maldives :	<u>2022</u>	<u>2021</u>
	<u>US\$</u>	<u>US\$</u>
Head Lease Payments	4,529,005	2,523,345
	<u>4,529,005</u>	<u>2,523,345</u>

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28 RELATED PARTY TRANSACTIONS (CONTINUED)

	31/12/2022 US\$	31/12/2021 US\$
Payables to the Government of the Maldives		
Gross Penalties and Fine Payables	14,401,424	14,401,424
Fair Value Adjustments	(1,708,208)	(1,708,208)
Accumulated Accrued Interest	1,398,392	811,764
	<u>14,091,608</u>	<u>13,504,980</u>

29 FAIR VALUE MEASUREMENT

Accounting Classifications and Fair Values

31st December 2022

Financial assets not measured at fair value	Financial Assets at Amortized Cost US\$	Financial Assets at FVOCI US\$	Fair Value				Total
	US\$	US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$		US\$
Net Investment in Subleases	74,498,763	-	-	-	74,498,763		74,498,763
Equity Investment Measured at FVOCI	-	11,102,500	-	-	11,102,500		11,102,500
Short Term Investments	4,061,231	-	-	-	4,061,231		4,061,231
Cash and Cash Equivalents	5,010,491	-	-	-	-		-
Other Receivables	29,203	-	-	-	-		-
	<u>83,599,688</u>	<u>11,102,500</u>	<u>-</u>	<u>-</u>	<u>89,662,494</u>		<u>89,662,494</u>

Financial liabilities not measured at fair value	Other Financial Liabilities US\$	Other Financial Liabilities US\$	Fair Value				Total
	US\$	US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$		US\$
Lease Liabilities	25,196,143	-	-	-	25,196,143		25,196,143
Payables to the Government of Maldives	14,091,608	-	-	-	14,091,608		14,091,608
Trade and Other Payables	4,069,263	-	-	-	-		-
	<u>43,357,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,287,751</u>		<u>39,287,751</u>

31st December 2021

Financial assets not measured at fair value	Financial Assets at Amortized Cost US\$	Financial Assets at FVOCI US\$	Fair Value				Total
	US\$	US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$		US\$
Net Investment in Subleases	76,017,605	-	-	-	76,017,605		76,017,605
Equity Investment Measured at FVOCI	-	11,102,500	-	-	11,102,500		11,102,500
Short Term Investments	6,473,287	-	-	-	6,473,287		6,473,287
Cash and Cash Equivalents	4,836,517	-	-	-	-		-
Other Receivables	774,618	-	-	-	-		-
	<u>99,204,527</u>	<u>11,102,500</u>	<u>-</u>	<u>-</u>	<u>93,593,392</u>		<u>93,593,392</u>

Financial liabilities not measured at fair value	Other Financial Liabilities US\$	Other Financial Liabilities US\$	Fair Value				Total
	US\$	US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$		US\$
Lease Liabilities	27,210,266	-	-	-	27,210,266		27,210,266
Payables to the Government of Maldives	13,504,980	-	-	-	13,504,980		13,504,980
Bank Overdraft	3,092,838	-	-	-	-		-
Trade and Other Payables	2,997,681	-	-	-	-		-
	<u>46,805,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,715,246</u>		<u>40,715,246</u>

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2022

30 COMMITMENTS AND CONTINGENT LIABILITIES

30.1 Capital Commitments

There were no material capital commitments approved or contracted as at the reporting date.

30.2 Contingent Liabilities

(I) Dues to MIRA, in relation to the land rent

Following Rent, Fines and Interest are due to MIRA as at 31st December 2022 based on MIRA confirmation. The Board of Directors of the Company is of the view that no liability would arise on the above mentioned tax matters.

	Fines USD	Total USD
Gdh. Magudhuva	1,973,977	1,973,977
K. Farukolhufushi	6,120	6,120
	<u>1,980,097</u>	<u>1,980,097</u>

There are no ongoing legal proceedings against the Company as at 31st December 2022, which require adjustments to or disclosure in the financial statements other than disclosed above.

31 CAPITAL MANAGEMENT

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

The Company's debt to adjusted equity ratio was as follows.

	31/12/2022 US\$	31/12/2021 US\$
Total Liabilities	44,603,700	48,789,942
Less: Cash and Cash Equivalents	<u>(5,010,491)</u>	<u>(4,836,517)</u>
Net Debt	39,593,209	43,953,425
Total Equity	51,905,312	50,725,957
Net debt to equity ratio	<u>0.76</u>	<u>0.87</u>

**MALDIVES TOURISM DEVELOPMENT CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2022

32 EVENTS SUBSEQUENT TO THE REPORTING DATE

No circumstances have arisen since reporting date which requires adjustments to / or disclosure in the financial statements.

33 DIRECTORS' RESPONSIBILITY

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

34 Transactions with the Key Management Personnel

The Board of Directors of the Company are the members of the key management personnel. The Company has made USD 100,453/- payments to the key management personnel during the year ended 31st December 2022 (2021 : USD 103,697/-).